

EKURHULENI METROPOLITAN MUNICIPALITY

INDEX

Statement of Financial Position

Statement of Financial Performance

Statement of Changes in Net Assets

Cash Flow Statement

Accounting Policies

Notes to the Annual Financial Statements

Appendix A: Schedule of External Loans

Appendix B: Analysis of Property Plant and equipment

Appendix C: Segmental Analysis of Property ,Plant and Equipment

Appendix D: Segmental Statement of Financial Performance

Appendix E(1): Actual versus Budget (Revenue and Expenditure)

Appendix E(2): Actual versus Budget (Acquisition of Property,Plant and Equipment)

Appendix F: Disclosures of Grants and Subsidies in Terms of the Municipal Finance Management Act

**EKURHULENI
METROPOLITAN MUNICIPALITY**

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2006

NET ASSETS AND LIABILITIES	NOTE	2006 R	2005 R
NET ASSETS		5,471,923,022.57	4,526,608,614.68
Housing Development Fund	1	112,128,146.75	144,983,408.84
Capital Replacement Reserve		189,134,542.96	224,692,447.18
Capitalisation Reserve		952,501,376.00	1,049,290,585.75
Government Grant Reserve		1,028,480,415.00	912,313,950.94
Donations and Public Contribution Reserve		10,379,675.00	15,287,208.32
Insurance Reserve		181,969,382.00	171,969,382.49
Accumulated Surplus		2,997,329,484.86	2,008,071,631.16
NON CURRENT LIABILITIES		1,351,002,932.14	1,494,528,705.45
Long-term liabilities	2	1,295,539,839.83	1,441,481,099.17
Non- current Provisions	3	55,463,092.31	53,047,606.28
CURRENT LIABILITIES		1,843,930,200.00	1,664,138,942.90
Consumer deposits	4	262,287,757.00	240,079,422.94
Provisions	5	-	-
Creditors	6	1,457,114,161.63	1,206,984,158.00
Unspent conditional grants	7	71,720,238.37	124,890,837.96
Current portion of long-term liabilities	2	52,808,043.00	92,184,524.00
TOTAL NET ASSETS and LIABILITIES		<u>8,666,856,154.71</u>	<u>7,685,276,262.03</u>
ASSETS			
NON-CURRENT ASSETS		4,611,150,760.06	4,185,669,976.36
Property, plant and equipment	9	4,006,905,645.07	3,569,763,613.49
Investment property	10	22,411,240.35	22,411,240.35
Investments	11	317,190,660.00	292,751,770.63
Long-term receivables	12	264,643,214.64	300,743,351.89
CURRENT ASSETS		4,055,705,394.65	3,499,606,285.67
Inventory	13	61,906,220.07	58,537,124.48
Consumer and other debtors	14	1,171,249,474.13	991,995,222.93
Current portion of long-term debtors	12	20,592,894.95	24,050,099.00
Vat	8	64,017,073.72	49,130,854.23
Investments	16	85,540,834.02	132,382,116.00
Cash and cash equivalents	17	2,652,398,897.76	2,243,510,869.03
TOTAL ASSETS		<u>8,666,856,154.71</u>	<u>7,685,276,262.03</u>

EKURHULENI METROPOLITAN MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2006

	Pre- GAMAP Reserves and Funds	Self Insurance Reserve	Housing Development Fund	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	Donations and Public Contributions	Accumulated Surplus	Total Net Assets
Restated Balance : 30 June 2005	2,195,456,103.00	171,969,382.00	144,983,409.00	224,692,447.00	1,049,290,585.00	912,313,951.00	15,287,208.00	2,008,071,632.00	4,526,608,614.00
Post balance sheet correction									
Post balance sheet correction: Reserves									
Correction of error - p/y restated								-40,368,725.46	
Surplus/(deficit) for the year								985,683,135.03	
Transfer to CRR				379,965,135.96				-379,965,135.96	
Property Plant and Equipment purchased				-415,523,040.00				415,523,040.00	
Capital Grants used to purchase PPE						181,160,104.00		-181,160,104.00	
Donated/contributed PPE								-	
Contributions to Insurance Reserve		10,000,000.00						-10,000,000.00	
Insurance claims processed									
Transfer to Housing Development Fund			-32,855,261.25					32,855,261.25	
Assets disposals								-	
Offsetting of depreciation					-96,789,209.00	-64,993,640.00	-4,907,533.00	166,690,382.00	
Balance at 30 June 2006	-	181,969,382.00	112,128,147.75	189,134,542.96	952,501,376.00	1,028,480,415.00	10,379,675.00	2,997,329,484.86	5,471,923,023.57

**EKURHULENI
METROPOLITAN MUNICIPALITY**

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

CASH FLOW FROM OPERATING ACTIVITIES	Note	2006 R	2005 R
Cash receipts from ratepayers, government and other		8,052,433,151.65	6,112,496,857
Cash paid to suppliers and employees		6,955,894,010.96	6,021,657,925
Cash generated from/(utilised in) operations	28	<u>1,096,539,140.61</u>	<u>90,838,933</u>
Interest received		363,114,925.31	337,340,488
Interest paid		-187,679,793.11	-190,441,500
NET CASH FROM OPERATING ACTIVITIES		<u>1,271,974,272.81</u>	<u>237,737,921</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-765,817,171.57	-729,413,637
Proceeds on disposal of fixed assets		43,437,940.81	4,362,424
(Increase) / Decrease in non-current receivables		22,402,392.61	724,402,035
Increases in investment properties		-	-7,199
(Increases) / Decrease in investments		-43,405,363	-
NET CASH FROM INVESTING ACTIVITIES		<u>-699,976,838.15</u>	<u>-44,061,740</u>
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		-185,317,739.50	339,463,234
Increase in consumer deposits		22,208,334.06	18,106,099
Decrease in short-term loans		-	-
NET CASH FROM FINANCING ACTIVITIES		<u>-163,109,405.44</u>	<u>357,569,333</u>
TOTAL NET CASH FROM ACTIVITIES		<u>408,888,029.22</u>	<u>551,245,512</u>
NET (INCREASE) IN CASH AND CASH EQUIVALENTS		<u>-408,888,029.22</u>	<u>-551,245,512</u>
Cash and cash equivalents at the beginning of the year		2,243,510,868.54	1,692,265,357
Cash and cash equivalents at the end of the year		2,652,398,897.76	2,243,510,869

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

Annual Financial Statements

The annual financial statements are prepared on an accrual basis of accounting and are in accordance with historical cost convention.

These annual financial statements have been prepared in accordance with Generally Accepted Municipal Accounting Practices (GAMAP) and Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No.56 of 2003). These accounting policies are consistent with those of the previous financial year.

The Municipality may have transactions, events or balances that are outside the ambit of the accounting standards referred to above but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants' Accounting Practices Committee. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Consolidated Financial Statements

Consolidated financial statements are prepared in accordance with National Treasury MFMA Circular 18.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into

the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the utilisation of the Housing Development Fund:

- The fund is utilised for housing developments in accordance with the national housing policy and also for housing development projects approved by the MEC for housing.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.

5. RESERVES

The municipality creates and maintains Funds and Reserves in terms of specific requirements.

5.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the net surplus of the year or the accumulated surplus to the CRR in terms of a Council resolution. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (deficit) is credited by a corresponding amount when the amounts in the CRR are utilised. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan, subject to affordability in the budget process.

Interest earned on the CRR investment is recorded as interest earned in the Statement of Financial Performance and may be appropriated to the CRR in accordance with council policy.

The CRR may only be utilised for the purpose of purchasing / construction of items of property, plant and equipment and may not be used for the maintenance of these items.

5.2. Insurance Reserve

A general insurance reserve has been established and subject to re-insurance where deemed necessary, covers claims that may occur. Reinsurance premiums paid to external re-insurers are regarded as an expense and is shown as such in the Statement of Financial Performance.

A small portion of this reserve is cash backed and will be utilised for the replacement of assets. The larger non cash backed portion will be utilised to write down losses.

5.3. Capitalisation Reserve

On the implementation of GAMAP, the balances on certain legislated funds that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated

surplus/(deficit) in terms of a directive issued by National Treasury. The purpose of this reserve is to promote consumer equity.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to accumulated surplus / (deficit).

When an item of property, plant and equipment is disposed of, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus / (deficit).

5.4. Government Grant Reserve and the Public Contributions and Donations Reserve

When items of property, plant and equipment are financed from Government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grant Reserve equal to the Government grant recorded as revenue in the statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus / (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus / (deficit).

When items of property, plant and equipment are financed from donations or public contributions, the same accounting policy relating to the Government Grant Reserve is applied. A separate reserve is created to separately identify items of property, plant and equipment financed from Public Contributions and Donations in terms of a directive issued by National Treasury.

6. PROPERTY, PLANT AND EQUIPMENT (PPE)

Property, plant and equipment, is stated at cost, less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an infinite life.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Assets are capitalised in terms of the approved asset management policy

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The depreciation rates are based on the approved Asset

Management Policy of Council, as amended from time to time. Depreciation is calculated on a monthly basis. Incomplete construction is stated at historic cost. Depreciation only commences when the asset is brought into use.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Assets are written off on disposal. The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a profit or loss in the Statement of Financial Performance.

7. LAND AND BUILDINGS

Land and buildings are stated at cost.

8. INVESTMENTS

Financial Instruments

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Investment in Municipal Entities

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments.

9. INVENTORIES

Inventories consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of costs, determined on the first in first out basis, and net realisable value.

Cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to its present location and condition.

Redundant and slow-moving inventories are identified and written down with regard to their estimated net realisable values. Consumables are written down with regard to their age, condition and utility.

10. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

11. TRADE CREDITORS

Trade creditors are stated at their nominal value.

12. REVENUE RECOGNITION

Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a periodic basis and revenue is recognised when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period. There are areas within the Municipality where an un-metered water tariff is applied based on estimated consumption as per promulgated tariffs. Revenue for these is recognised when invoiced.

Various services are provided on a prepayment basis in which case no formal billing takes place and revenue is recognised when received.

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the CRR, the Housing Development Fund or the Insurance Reserve.

Income in respect of housing rental and instalments is accrued monthly in terms of the agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met.

Dividends are recognised when the municipality's right to receive payment is established.

Revenue from the sale of goods is recognised when the following conditions have been satisfied:

- ⇒ The municipality has transferred to the buyer the significant risks and rewards of ownership.
- ⇒ The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- ⇒ The amount of revenue can be measured reliably.
- ⇒ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- ⇒ The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from Non-Exchange Transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

A rating system charging one tariff is employed. Rebates and remissions are granted to certain categories of ratepayers and are recognised net of revenue.

The Regional Establishment Levy and Regional Services Levy are recognised at the time of receipt of the RSC4 return submitted by all registered levy payers. Where cash is received but the RSC4 returns are not submitted this cash is recognised as income for the year. This income is split between the Regional Establishment Levy and Regional Services Levy on a pro-rata basis based on the ratio between the Regional Establishment Levy and Regional Services Levy on the total amount declared for the year.

Revenue from spot fines is recognised when paid by the offender. Revenue from the issuing of summons is only recognised when notified by the public prosecutor of the amount actually collected.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use. Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

14. PROVISIONS

A provision is recognised when the Municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at year end and adjusted.

15. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

16. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

20. COMPARATIVE INFORMATION

Current year comparatives

Budgeted amounts have been included in the annual financial statements for the current financial year only.

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

21. EMPLOYEES BENEFITS

Retirement Funds

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are expensed in the year in which they become payable.

Medical Aid: Continued Members

The municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds, with which the municipality is associated, a member (subject to the applicable conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for the portion as determined by Council from time to time, of the medical aid membership fee, and the municipality for the remaining portion.

These contributions are charged to the operating account when paid.

Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. Provision is based on the total accrued leave days at year end. This provision is not cash backed.

22. LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Operating leases are those leases which do not fall within the scope of the above definition. Operating lease payments are expensed as they become due on a basis which is representative of the time pattern of the lessee's benefit.

Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment, using the effective interest rate method. Lease finance costs are expensed when incurred.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

23. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the payment basis.

24. SEGMENTAL INFORMATION

The principal segments have been identified on a primary basis by service operation and on a secondary basis by the classification of income and expenditure. The primary basis is representative of the internal structure for both budgeting and management purposes.

25. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

The transfers are recognised in the financial statements as expenses in the period in which the events giving rise to the transfer occurred.

**EKURHULENI
METROPOLITAN MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

	2006 R	2005 R
1 HOUSING DEVELOPMENT FUND		
Balance at beginning of the year	144,983,408.00	153,525,036.00
Income		
East	7,873,334.28	7,893,654.00
South	16,140,111.96	18,024,334.00
North	153,315.00	198,990.00
Less Expenditure		
East	-9,466,817.91	-6,134,297.00
South	-22,309,401.04	-18,687,737.00
North	-25,245,803.54	-9,836,572.00
Movement for the year	-32,855,261.25	-8,541,628.00
	<u><u>112,128,146.75</u></u>	<u><u>144,983,408.00</u></u>
2 LONG-TERM LIABILITIES		
Local Registered Stock Loans	275,020,733.00	390,060,733.00
Long Term Loans	1,073,327,149.83	1,143,604,890.17
Sub-total	1,348,347,882.83	1,533,665,623.17
Less: Current portion transferred to current liabilities	-52,808,043.00	-92,184,524.00
Local Registered Stock Loans	-4,069,000.00	-55,040,000.00
Long Term Loans	-48,739,043.00	-37,144,524.00
Total External Loans	<u><u>1,295,539,839.83</u></u>	<u><u>1,441,481,099.17</u></u>
Refer to Appendix A for more detail on long-term liabilities		
<i>R 268 611 008 (2005: R 354 019 897) has been invested specifically for the repayment of long term liabilities.</i>		
3 NON-CURRENT PROVISIONS		
	2006	2005
Provision for reclamation of refuse landfill site	14,964,445.93	9,737,264.45
Provision for workmans compensation liabilities	40,498,646.38	43,310,341.83
	<u><u>55,463,092.31</u></u>	<u><u>53,047,606.28</u></u>
The movement in the non-current provisions are reconciled as follows:	Landfill	WCA
30 June 2006		
Balance at beginning of year	9,737,264.05	43,310,341.83
Contributions to provision	5,227,181.88	
Expenditure incurred		2,811,695.45
Transfer to current provisions		
Balance at end of year	<u><u>14,964,445.93</u></u>	<u><u>40,498,646.38</u></u>
30 June 2005		
Balance at beginning of year	11,669,897.07	46,344,440.04
Contributions to provision	3,781,272.41	1,978,796.02
Expenditure incurred	-5,713,905.43	-5,012,894.23
Increase in provision due to discounting		
Transfer to current provisions		
Balance at end of year	<u><u>9,737,264.05</u></u>	<u><u>43,310,341.83</u></u>

4 CONSUMER DEPOSITS

Electricity and Water	262,287,757.00	240,079,422.94
Guarantees held in lieu of Electricity and water	73,348,558.90	69,939,910.71

5 PROVISIONS

Provisions	-	-
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6 CREDITORS

Trade creditors	781,899,532.94	585,607,792.00
Payments received in advance	284,098,053.56	145,723,617.00
Retentions	61,380,754.48	52,910,990.00
Staff leave	137,612,872.02	146,387,830.00
Staff bonus pro -rata	60,874,364.35	
Other creditors	131,248,584.28	276,353,929.00

Total Creditors	1,457,114,161.63	1,206,984,158.00
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7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Finance Management Grant	5,097,830.56	5,846,835.86
Transformation	19,999.70	466,183.78
Restructuring	13,035,543.96	19,241,360.28
Local Economic Development (LED) Grant	3,914,192.71	286,562.33
HIV /Aids Grant	5,732,634.35	3,460,785.24
Indigent Burials	515,116.62	-
Bontle Ke Botho	23,069.68	340,799.29
Environment & Tourism	1,386,416.97	1,430,056.49
Foreign Grant- HIV	-	92,073.97
Skills Development	10,642,730.98	2,470,124.83
City Development MSI Grant	-	2,790,000.00
Electricity	52,006.23	73,489.85
Vuna Awards	2,000,000.00	2,000,000.00
Impumelelo	-	20,000.00
Zonki Trust	725,180.70	725,180.70
Municipal Revenue Enhancement	-	378,502.53
International Council for Local Environment Initiatives (ICLEI)	177,396.74	-
Consolidated Metropolitan Transport Fund (CMTF)	3,699,081.18	4,510,630.00
Sport Recreation Arts & Culture	-	985,392.71
Department of Water Affairs & Forestry	1,763,436.54	2,498,230.63
Intergrated National Electrification Programme (INEP)	2,175,977.04	2,443,762.21
Local Economic Development (LED) - Industrial Hives	1,000,000.00	-
Local Economic Development (LED) - Str Trading Facilities	3,300,000.00	-
Gautrans	-	690,249.97
Municipal Infrastructure Grant (MIG)	-	22,439,075.82
Provincial Housing Board (PHB)	16,459,624.41	51,701,541.47
Total unspent grants	71,720,238.37	124,890,837.96

8 VAT

VAT receivable	64,017,073.72	49,130,854.00
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VAT is payable on the payment basis

9 PROPERTY PLANT AND EQUIPMENT

30 June 2006

Reconciliation of Carrying Value

	Infrastructure	Community	Heritage	Other	Total
Carrying Value as at 1 July 2005	2,254,806,883.29	486,093,429.89	415,779.31	828,447,521.00	3,569,763,613.49
Cost	6,409,545,148.01	1,230,439,803.03	415,779.31	1,862,883,938.57	9,503,284,668.92
Accumulated Depreciation	-4,154,738,264.72	-744,346,373.14	0.00	-1,034,436,417.57	-5,933,521,055.43
Acquisitions	461,161,912.93	38,031,925.93	300,000.00	247,411,801.93	746,905,640.79
Capital Under Construction	553,233.75	15,795,603.11	1,788,261.74	774,432.18	18,911,530.78
Depreciation Based on cost	-136,274,743.49	-33,931,366.88	0.00	-158,469,029.62	-328,675,139.99
Carrying value of disposals	0.00	0.00	0.00	0.00	0.00
Cost				-3,019,907.59	-3,019,907.59
Accumulated Depreciation				3,019,907.59	3,019,907.59
Impairment Losses	0.00	0.00	0.00	0.00	0.00
Other movements			0.00		0.00
Carrying values at 30 June 2006					
Cost	6,871,260,294.69	1,284,267,332.07	2,504,041.05	2,114,090,080.27	10,272,121,748.08
Accumulated depreciation	-4,291,013,008.21	-778,277,740.02	0.00	-1,195,925,354.78	-6,265,216,103.01
Total	2,580,247,286.48	505,989,592.05	2,504,041.05	918,164,725.49	4,006,905,645.07

30 June 2005

Reconciliation of Carrying Value

	Infrastructure	Community	Heritage	Other	Total
Carrying Value as at 1 July 2004	2,062,650,278.92	466,047,522.80	415,779.31	865,775,762.11	3,394,889,343.14
Cost	6,051,612,927.35	1,177,000,012.43	415,779.31	1,841,031,387.11	9,070,060,106.20
Accumulated Depreciation	-3,988,962,648.43	-710,952,489.63	0.00	-975,255,625.00	-5,675,170,763.06
Acquisitions	465,969,090.00	53,445,092.00	0.00	210,006,654.00	729,420,836.00
Depreciation Based on cost	-179,552,963.00	-33,399,185.00	0.00	-179,783,780.00	-392,735,928.00
Carrying value of disposals	94,259,522.29	0.00	0.00	67,551,119.00	161,810,641.29
Cost	108,036,869.00	5,301.82	0.00	188,154,102.00	296,196,272.82
Accumulated Depreciation	-13,777,346.71	-5,301.82	0.00	-120,602,983.00	-134,385,631.53
Impairment Losses	0.00	0.00	0.00	0.00	0.00
Other movements			0.00		0.00
Carrying values at 30 June 2005					
Cost	6,409,545,148.01	1,230,439,803.03	415,779.31	1,862,883,938.57	9,503,284,668.92
Accumulated depreciation	-4,154,738,264.72	-744,346,373.14	0.00	-1,034,436,417.57	-5,933,521,055.43
Total	2,254,806,883.29	486,093,429.89	415,779.31	828,447,521.00	3,569,763,613.49

10 INVESTMENT PROPERTY

	2006	2005
Cost	22,411,240.35	22,411,240.35
Total Investment Prroperty	22,411,240.35	22,411,240.35

No revenue was earned from the investment property as the property is vacant land held for long-term capital appreciation.

11 INVESTMENTS

Listed	RSA Stock	-	435,726.00
Total Listed		<u>-</u>	<u>435,726.00</u>
Unlisted	Long Term Deposits	300,738,735.00	393,109,095.00
	Short Term Deposits	1,372,036,396.00	1,185,591,286.00
	Call Deposits	359,169,998.00	141,998,423.00
	Policies	25,992,659.00	11,807,035.00
	Shareholding in unlisted company	4,000,000.00	4,000,000.00
	Municipal Entities	100.00	100.00
Total Unlisted		<u>2,061,937,888.00</u>	<u>1,736,505,939.00</u>
Total listed and unlisted		2,061,937,888.00	1,736,941,665.00
Less provision for non payment			-5,594,950.69
Total Investments		<u>2,061,937,888.00</u>	<u>1,731,346,714.31</u>

No dividends were received from shareholding in companies.

Financial Instruments

Fixed Deposits	1,672,775,131.00	1,578,700,381.00
Other Deposits	389,162,757.00	158,241,284.00
Total Cash Investment	<u>2,061,937,888.00</u>	<u>1,736,941,665.00</u>
Less provision for non payment		-5,594,950.69
Total Investments	<u>2,061,937,888.00</u>	<u>1,731,346,714.31</u>

Investment terms

Three months or less	1,659,206,394.00	1,306,212,828.00
Four months to twelve months	85,540,834.00	132,382,116.00
Longer than twelve months	317,190,660.00	292,751,770.22
Total Investments	<u>2,061,937,888.00</u>	<u>1,731,346,714.22</u>

Market valuation of listed investments

RSA Stock	-	666,667.00
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Council's valuation of unlisted investments

Long Term Deposits	300,738,735.00	393,109,095.00
Short Term Deposits	1,372,036,396.00	1,185,591,286.00
Call Deposits	359,169,998.00	141,998,423.00
Policies	25,992,659.00	11,807,035.00
Shareholding in unlisted company	4,000,000.00	4,000,000.00
Municipal Entities	100.00	100.00
	<u>2,061,937,888.00</u>	<u>1,737,172,606.00</u>
Less provision for non payment		-5,594,950.69
	<u>2,061,937,888.00</u>	<u>1,731,577,655.31</u>

Longterm investments of R268 611 008 (R354 019 897: 2005) have been ring-fenced for the purpose of repaying long-term liabilities as set out in Note 29

Investment in Municipal Entity:

The municipality has full control in the following companies where the value of the investments is considered to be zero rand as there is no active market to trade the shares:

- East Rand Water Care Company (Section 21 Company)
- Lethabong Housing Institute (Section 21 Company)
- Brakpan Bus Company (PTY) LTD
- Greater Germiston Inner City Housing Corporation (PTY) LTD

In addition to the above the municipality has a 20% shareholding (R4 mil) in the Rand Airport Holding (PTY) LTD where the value of the investment is carried at cost. The Ekurhuleni Metropolitan Municipality resolved to sell the shares in the Rand Airport Holdings (Pty) Ltd. After a market valuation of the shares have been determined, it will be offered to the existing shareholders in terms of the shareholders agreement.

12 LONG-TERM RECEIVABLES

Consumer debtors	879,751,100.92	1,253,301,252.00
Housing	25,657,023.28	310,577,023.00
Staff loans	8,799,342.11	15,264,794.00
ERWAT	4,000,000.00	4,620,621.00
NRB	15,827,533.20	2,045,603.00
ERPM	3,880,600.59	
City of Johannesburg	41,125,355.22	41,125,355.00
Insurance	51,991,996.44	42,367,603.00
Property loans	299,998.26	4,245,893.00
	<u>1,031,332,950.02</u>	<u>1,673,548,144.00</u>
Less: current portion transferred to current receivables	20,592,894.95	24,050,099.00
Less: Provision for Bad Debt	746,096,840.43	1,348,754,694.00
Total	<u>264,643,214.64</u>	<u>300,743,351.00</u>

An amount deposited with New Republic Bank (NRB) was disclosed as an investment in previous financial years, but due to the uncertainty with regards to the collectability of the investment, it has been re-classified as a long term debtor.

13 INVENTORY

Consumable stores	61,906,220.07	58,537,125.00
Total Inventory	<u>61,906,220.07</u>	<u>58,537,125.00</u>

14 CONSUMER DEBTORS

	Gross Balances	Provision for Bad Debts	Net Balance
As at 30 June 2006	4,558,880,340.58	3,681,710,463.05	877,169,877.53
Service debtors			
Rates	1,575,513,870.80	1,315,120,022.41	260,393,848.39
Electricity	788,885,240.71	615,313,514.66	173,571,726.05
Water	1,350,925,366.09	1,088,631,602.50	262,293,763.59
Refuse	473,378,177.33	378,654,470.56	94,723,706.77
Sewerage	370,177,685.65	283,990,852.92	86,186,832.73
Regional Service Levies	115,595,951.51	115,595,951.51	-
Housing rentals	9,052,474.34	9,052,474.34	-
Sundries / Other/interest	1,680,312,433.97	1,386,232,837.37	294,079,596.60
Total	<u>6,363,841,200.40</u>	<u>5,192,591,726.27</u>	<u>1,171,249,474.13</u>
As at 30 June 2005	4,345,996,106.00	3,540,148,061.00	805,848,045.00
Service debtors			
Rates	1,459,085,244.00	1,188,537,144.00	270,548,100.00
Electricity	973,592,228.00	793,065,745.00	180,526,483.00
Water	1,154,197,151.00	940,182,344.00	214,014,807.00
Refuse	363,135,061.00	295,801,434.00	67,333,627.00
Sewerage	395,986,422.00	322,561,394.00	73,425,028.00
Regional Service Levies	171,469,518.00	100,000,000.00	71,469,518.00
Housing rentals	55,421,602.00	55,421,602.00	-
Sundries / Other/interest	1,317,390,655.00	1,202,712,992.00	114,677,663.00
Total	<u>5,890,277,881.00</u>	<u>4,898,282,655.00</u>	<u>991,995,226.00</u>

	2,006	2005
	R	R
Rates : Ageing		
Current (0-30days)	183,423,892.94	207,399,501.00
31-60 days	43,018,185.78	51,598,414.00
61-90 days	33,951,769.67	36,409,595.00
91days and more	1,315,120,022.41	1,163,677,734.00

Total	<u><u>1,575,513,870.80</u></u>	<u><u>1,459,085,244.00</u></u>
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Electricity, Water, Refuse and Sewerage : Ageing		
Current (0-30days)	430,049,377.02	474,877,175.00
31-60 days	114,678,455.23	113,622,657.00
61-90 days	72,048,196.74	74,236,878.00
91days and more	2,366,590,440.79	2,224,174,152.00

Total	<u><u>2,983,366,469.78</u></u>	<u><u>2,886,910,862.00</u></u>
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Housing rentals / RSC Levies : Ageing		
Current (0-30days)	24,161,246.55	-8,679,942.00
31-60 days	7,092,209.18	23,688,594.00
61-90 days	13,405,385.30	6,342,316.00
91days and more	79,989,584.82	205,540,153.00

Total	<u><u>124,648,425.85</u></u>	<u><u>226,891,121.00</u></u>
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Summary of debtors by customer classification

	Total	Residential	Industrial /Commercial	National and Provincial Gov.
	R	R	R	R
30 June 2006				
Current (0-30days)	927,815,786.62	656,475,252.95	259,353,131.38	11,987,402.29
31-60 days	207,887,192.72	149,535,173.56	45,437,898.48	12,914,120.68
61-90 days	178,623,719.43	142,240,706.81	30,545,745.23	5,837,267.39
91days and more	5,049,514,501.63	4,537,132,363.96	422,589,534.70	89,792,602.97
Sub total : Balance to Total Debtors	6,363,841,200.40	5,485,383,497.28	757,926,309.79	120,531,393.33
Less:Provision for bad debts	4,961,408,006.70	4,536,590,238.70	424,817,768.00	
Total debtors by customer classification	<u><u>1,402,433,193.70</u></u>	<u><u>948,793,258.58</u></u>	<u><u>333,108,541.79</u></u>	<u><u>120,531,393.33</u></u>

Summary of debtors by customer classification

	Total	Residential	Industrial /Commercial	National and Provincial Gov.
	R	R	R	R
30 June 2005				
Current (0-30days)	673,596,733.00	455,460,629.00	206,815,469.00	11,320,634.00
31-60 days	188,909,685.00	112,105,352.00	68,793,015.00	7,011,298.00
61-90 days	116,988,789.00	82,057,534.00	30,523,547.00	4,407,708.00
91days and more	4,910,782,694.00	4,226,955,902.00	587,221,303.00	96,605,488.00
121-365 days	-	-	-	-
+365 days	-	-	-	-
Sub total : Balance to Total Debtors	5,890,277,881.00	4,876,579,417.00	894,353,334.00	119,345,128.00
Less:Provision for bad debts	4,898,282,655.00	4,600,000,000.00	298,282,655.00	
Total debtors by customer classification	<u><u>991,995,226.00</u></u>	<u><u>276,579,417.00</u></u>	<u><u>596,070,679.00</u></u>	<u><u>119,345,128.00</u></u>

	2006	2005
15 OTHER DEBTORS		
Total Other Debtors	-	-
16 CALL INVESTMENT DEPOSITS		
Other Deposits	<u>85,540,834.02</u>	<u>132,382,116.00</u>
17 BANK, CASH AND OVERDRAFT BALANCES		
	<u>2,652,398,897.76</u>	<u>2,243,510,869.03</u>
The Municipality has the following bank accounts		
ABSA		
Alberton income account	838,872.42	-1,022,766.72
Alberton direct banking account	38,015.99	-132,822.95
Benoni income account	2,318,201.91	977,539.01
Benoni direct banking account	-1,389,260.45	150,640.48
Boksburg income account	6,504,794.37	1,315,735.99
Boksburg direct banking account KJ	-672,474.05	-377,615.90
Boksburg direct banking account Bt	-868,635.10	-459,086.11
Brakpan income account	-980,577.30	-230,142.80
Brakpan NER account	528.41	911,052.50
Germiston income account	1,979,774.96	4,968,241.70
Germiston direct banking account	-751,589.72	250.00
Kempton Park income account	1,731,506.50	454,208.04
Kempton direct banking account	-440,087.14	203,513.53
Lethabong direct banking account	1,499,350.59	259,492.93
Lethabong income account	-282,090.09	1,770,732.51
Nigel income account	395,661.59	188,023.20
Springs income account	1,259,095.26	-506,222.36
Springs direct banking account	-974,726.11	
Springs Market account	-1,017,892.88	-1,193,303.60
RSC Levies account	-3,578,999.13	7,625,897.06
External Finance Fund account	64,897.60	61,807,593.28
Capital Replacement Reserve account	116,343,001.68	35,181,240.32
Primary bank account (Capital from revenue account)	248,509,557.59	143,561,118.50
Salary account	6,054,696.58	13,864,190.88
Treasury account	366,741,963.43	368,175,802.10
Expenditure Imprest account	104,663,482.84	156,597,730.18
Cnip account (MIG)	74,516,600.22	61,112,846.45
Housing account	70,868,023.57	88,915,786.40
Solid waste account	-514,132.52	-6,596,804.90
Debit order account	-55,797.03	-526,563.77
Other		
Short Term deposits at various institutions with maturity dates within 3 months	1,659,206,394.00	1,306,212,828.49
Petty cash and floats	391,739.77	301,734.59
Cash book balance (overdraft) at beginning of the year -		
Cash book balance at beginning of the year -	2,243,510,869.03	1,699,282,526.00
Cash book balance (overdraft) at end of the year -		
Cash book balance at end of the year -	2,652,398,897.76	2,243,510,869.03
Bank statement balance (overdraft) at beginning of year -	-	-
Bank statement balance at beginning of year -	1,047,354,511.92	1,056,702,637.44
Bank statement balance (overdraft) at end of year -		-526,563.77
Bank statement balance at end of year -	1,082,218,919.43	1,047,354,511.92

18 PROPERTY RATES

	2006	2005
Actual		
Residential	1,386,165,844.63	1,339,084,467.46
Commercial	609,662,996.73	615,555,453.96
State	46,879,683.36	46,760,622.39
Small holdings and Farms	8,306,468.31	807,245.70
Less: Income Foregone	533,700,595.93	534,070,850.00
Total Assessment Rates	<u><u>1,517,314,397.10</u></u>	<u><u>1,468,136,939.51</u></u>

	July 2004 R000's	July 2003 R000's
Valuations		
Residential	12,205,790.00	11,540,147.00
Commercial	6,260,210.00	5,146,608.00
State	448,113.00	355,425.00
Municipal	2,071,089.00	807,785.00
Small holdings and Farms	1,634,376.00	983,946.00
Total Property Valuations	<u><u>22,619,578.00</u></u>	<u><u>18,833,911.00</u></u>

19 SERVICE CHARGES

	2006	2005
Sale of electricity	2,749,331,574.27	2,578,331,583.07
Sale of water	1,060,632,595.20	931,067,347.02
Solid Waste	326,036,722.49	303,188,448.92
Sewerage and sanitation charges	321,502,274.83	294,581,816.72
Fresh produce market	11,468,582.79	9,305,333.45
Minor Services	43,172,711.04	35,046,393.24
Total Service Charges	<u><u>4,512,144,460.62</u></u>	<u><u>4,151,520,922.42</u></u>

20 GOVERNMENT GRANTS AND SUBSIDIES

Included in the following (2005) is an amount of R42 250 being assets donated by Carnival City		
Equitable share	460,057,953.00	296,534,605.00
National Government	13,309,393.19	31,407,873.39
Provincial Government	349,320,420.54	286,135,873.27
Provincial Health	62,694,409.35	58,390,663.63
Provincial Ambulance	75,688,846.57	83,853,454.69
Projects and campaigns	5,000.00	1,677,060.54
Nutritional scheme	13,092,071.97	374,461.36
SETA		6,955,281.96
Total Government Grants and Subsidies	<u><u>974,168,094.62</u></u>	<u><u>765,329,273.84</u></u>

EQUITABLE SHARE

In terms of the constitution, Local Government is entitled to an equitable share of the nationally raised revenue.

<u><u>460,057,953.00</u></u>	<u><u>296,534,605.00</u></u>
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NATIONAL GOVERNMENT
FINANCE MANAGEMENT GRANT

Balance unspent at beginning of year	5,846,835.86	3,953,647.04
Current year receipts	3,000,000.00	3,000,000.00
Conditions met - transferred to revenue	-3,749,005.30	-1,106,811.18
Conditions still to be met - transferred to liabilities	<u><u>5,097,830.56</u></u>	<u><u>5,846,835.86</u></u>

TRANSFORMATION GRANT

Balance unspent at beginning of year	466,183.78	6,715,603.98
Current year receipts	-	-
Conditions met - transferred to revenue	<u>-446,184.08</u>	<u>-6,249,420.20</u>
Conditions still to be met - transferred to liabilities	<u>19,999.70</u>	<u>466,183.78</u>

RESTRUCTURING GRANT

Balance unspent at beginning of year	19,241,360.28	33,831,891.72
Current year receipts	-	2,159,643.72
Conditions met - transferred to revenue	<u>-6,205,816.32</u>	<u>-14,590,531.16</u>
Conditions still to be met - transferred to liabilities	<u>13,035,543.96</u>	<u>19,241,360.28</u>

HIV/AIDS GRANT

Balance unspent at beginning of year	2,768,817.64	325,529.24
Current year receipts	4,883,000.00	2,483,032.40
Conditions met - transferred to revenue	<u>-1,919,183.29</u>	<u>-39,744.00</u>
Conditions still to be met - transferred to liabilities	<u>5,732,634.35</u>	<u>2,768,817.64</u>

INDIGENT BURIALS

Balance unspent at beginning of year	691,967.60	-
Current year receipts	342,826.08	691,967.60
Conditions met - transferred to revenue	<u>-519,677.06</u>	<u>-</u>
Conditions still to be met - transferred to liabilities	<u>515,116.62</u>	<u>691,967.60</u>

BONTLE KE BOTLE

Balance unspent at beginning of year	340,799.29	652,048.44
Current year receipts	320,000.00	30,000.00
Conditions met - transferred to revenue	<u>-637,729.61</u>	<u>-341,249.15</u>
Conditions still to be met - transferred to liabilities	<u>23,069.68</u>	<u>340,799.29</u>

ENVIRONMENT & TOURISM

Balance unspent at beginning of year	1,430,056.49	443,160.49
Current year receipts	10,862.90	986,896.00
Conditions met - transferred to revenue	<u>-54,502.42</u>	<u>-</u>
Conditions still to be met - transferred to liabilities	<u>1,386,416.97</u>	<u>1,430,056.49</u>

FOREIGN GRANT - HIV

Balance unspent at beginning of year	92,073.97	92,073.97
Current year receipts	-	-
Conditions met - transferred to revenue	<u>-92,073.97</u>	<u>-</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>92,073.97</u>

MUNICIPAL SYSTEMS IMPROVEMENT GRANT

Balance unspent at beginning of year	2,790,000.00	290,000.00
Current year receipts	2,000,000.00	2,500,000.00
Conditions met - transferred to revenue	<u>-4,790,000.00</u>	<u>-</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>2,790,000.00</u>

ELECTRICITY

Balance unspent at beginning of year	73,489.85	73,489.85
Current year receipts	2,000,000.00	-
Conditions met - transferred to revenue	<u>-2,021,483.62</u>	<u>-</u>
Conditions still to be met - transferred to liabilities	<u><u>52,006.23</u></u>	<u><u>73,489.85</u></u>

VUNA AWARDS

Balance unspent at beginning of year	2,000,000.00	2,000,000.00
Current year receipts	-	-
Conditions met - transferred to revenue	<u>-</u>	<u>-</u>
Conditions still to be met - transferred to liabilities	<u><u>2,000,000.00</u></u>	<u><u>2,000,000.00</u></u>

ZONKI TRUST

Balance unspent at beginning of year	725,180.70	725,180.70
Current year receipts	-	-
Conditions met - transferred to revenue	<u>-</u>	<u>-</u>
Conditions still to be met - transferred to liabilities	<u><u>725,180.70</u></u>	<u><u>725,180.70</u></u>

LOSETA

Balance unspent at beginning of year	2,470,124.83	8,890,917.09
Current year receipts	21,264,678.12	1,476,744.93
Conditions met - transferred to revenue	<u>-13,092,071.97</u>	<u>-7,897,537.19</u>
Conditions still to be met - transferred to liabilities	<u><u>10,642,730.98</u></u>	<u><u>2,470,124.83</u></u>

MUNICIPAL REVENUE ENHANCEMENT PROGRAMME

Balance unspent at beginning of year	378,502.53	800,000.00
Current year receipts	-	-
Conditions met - transferred to revenue	<u>-378,502.53</u>	<u>-421,497.47</u>
Conditions still to be met - transferred to liabilities	<u><u>-</u></u>	<u><u>378,502.53</u></u>

PROVINCIAL HEALTH SUBSIDIES

To subsidise services in terms of section 26 of the Health Act (Act 63 of 1977) to support the provision of primary health care.

Balance unspent at beginning of year		
Current year receipts	62,694,409.35	58,390,664.00
Conditions met - transferred to revenue	<u>-62,694,409.35</u>	<u>-58,390,664.00</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

PROVINCIAL AMBULANCE SUBSIDIES

To subsidise Emergency Medical and Ambulance Services

Balance unspent at beginning of year		
Current year receipts	75,688,846.57	83,853,455.00
Conditions met - transferred to revenue	<u>-75,688,846.57</u>	<u>-83,853,455.00</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

PROVINCIAL NUTRITIONAL SCHEME

To provide a feeding scheme for malnourished babies/toddlers

Balance unspent at beginning of year		
Current year receipts	5,000.00	374,461.00
Conditions met - transferred to revenue	<u>-5,000.00</u>	<u>-374,461.00</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

IMPUMELELO GRANT

The Impumelelo Grant was an award made to Council

Balance unspent at beginning of year	-	
Current year receipts		20,000.00
Conditions met - transferred to revenue		<u>-20,000.00</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

PROVINCIAL LED PROJECTS

The Local Economic Development Grant is to be used for economic development initiatives by communities of Katlehong and Duduza.

Balance unspent at beginning of year	286,562.33	1,215,162.33
Current year receipts	3,700,000.00	-
Conditions met - transferred to revenue	<u>-72,369.62</u>	<u>-928,600.00</u>
Conditions still to be met - transferred to liabilities	<u>3,914,192.71</u>	<u>286,562.33</u>

SOLID WASTE METHANE GAS PLANT GRANT

The Solid Waste Methane Gas Plant Grant to be utilised for waste management feasibility study

Balance unspent at beginning of year	-	
Current year receipts		400,000.00
Conditions met - transferred to revenue		<u>-400,000.00</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

CONSOLIDATED METROPOLITAN TRANSPORT FUND (CMTF)

To be utilised for transport planning or transport implementation projects

Balance unspent at beginning of year	4,510,630.00	4,510,630.00
Current year receipts	-	-
Conditions met - transferred to revenue	-811,548.82	-
Conditions still to be met - transferred to liabilities	<u>3,699,081.18</u>	<u>4,510,630.00</u>

INTERNATIONAL COUNCIL FOR LOCAL ENVIRONMENT INITIATIVES (ICLEI)

To implement a project which will reduce greenhouse gas emissions

Balance unspent at beginning of year	-	-
Current year receipts	333,882.08	-
Conditions met - transferred to revenue	-156,485.34	-
Conditions still to be met - transferred to liabilities	<u>177,396.74</u>	<u>-</u>

SRAC

To subsidise Sports, Recreation, Arts and Culture projects

Balance unspent at beginning of year	985,392.71	3,480,307.00
Current year receipts	2,936,000.00	11,359,999.99
Conditions met - transferred to revenue	-3,921,392.71	-13,854,914.28
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>985,392.71</u>

DWAF - DEPARTMENT OF WATER AFFAIRS AND FORESTRY

To subsidise water schemes owned and/or operated by the Department or by other agencies on behalf of the department

Balance unspent at beginning of year	2,498,230.63	2,433,737.00
Current year receipts	-	2,500,000.00
Conditions met - transferred to revenue	-734,794.09	-2,435,506.37
Conditions still to be met - transferred to liabilities	<u>1,763,436.54</u>	<u>2,498,230.63</u>

INEP - INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME

To address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure

Balance unspent at beginning of year	2,443,762.21	24,443,960.00
Current year receipts	3,000,000.00	5,000,000.00
Conditions met - transferred to revenue	-3,267,785.17	-27,000,197.79
Conditions still to be met - transferred to liabilities	<u>2,175,977.04</u>	<u>2,443,762.21</u>

INDUSTRIAL HIVES - LED

To set up 10 Industrial Hives housing 25 Cooperatives

Balance unspent at beginning of year	-	-
Current year receipts	1,000,000.00	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	<u>1,000,000.00</u>	<u>-</u>

STREET TRADING - LED

Development of street trading facilities for the informal sector

Balance unspent at beginning of year	-	-
Current year receipts	3,300,000.00	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	<u>3,300,000.00</u>	<u>-</u>

GAUTRANS GRANT

To be utilised for transport infrastructure planning projects

Balance unspent at beginning of year	690,249.97	3,559,708.00
Current year receipts	162,805.00	-
Conditions met - transferred to revenue	-853,054.97	-2,869,458.03
Conditions still to be met - transferred to liabilities	-	690,249.97
	<u>690,249.97</u>	<u>690,249.97</u>

MUNICIPAL INFRASTRUCTURE GRANT

To fully subsidise the capital costs of providing basic services to poor households

Balance unspent at beginning of year	22,439,075.82	18,123,038.00
Current year receipts	201,703,132.00	183,909,976.00
Conditions met - transferred to revenue	-224,142,207.82	-179,593,938.18
Conditions still to be met - transferred to liabilities	-	22,439,075.82
	<u>22,439,075.82</u>	<u>22,439,075.82</u>

PROVINCIAL HOUSING BOARD - PHB

To provide adequate housing on a progressive basis to all inhabitants

Balance unspent at beginning of year	51,701,541.47	222,966,045.83
Current year receipts	70,693,989.82	-
Conditions met - transferred to revenue	-105,935,906.88	-171,264,504.36
Conditions still to be met - transferred to liabilities	16,459,624.41	51,701,541.47
	<u>51,701,541.47</u>	<u>51,701,541.47</u>

TOTAL UNSPENT GRANTS

71,720,238.37	124,870,837.96
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21 OTHER INCOME

Other income	100,452,849.00	87,006,830.23
Total Other income	100,452,849.00	87,006,830.23

22 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	1,620,091,786.11	1,488,620,860.00
Employee related costs - Contributions for UIF,pensions and medical aids	425,344,983.42	384,409,677.00
Travel,motor car,accommodation,subsistence and other allowances	1,710,881.84	3,429,283.00
Housing benefits and allowances	-	-
Overtime payments	196,295,118.84	162,612,833.00
Performance bonus	6,302,138.00	6,269,124.00
Long-service awards	1,499,362.92	284,951.00
Less: Employee costs capitalised to Property, Plant and Equipment	-	-
Less: Employee costs included in other expenses	-	-
Total Employee related Costs	2,251,244,271.13	2,045,626,728.00

Remuneration of the Municipal Manager

Annual Package	993,360.00	954,960.00
Performance Bonuses	91,105.00	147,471.00
Total	1,084,465.00	1,102,431.00

Remuneration of the Strategic Executive Directors

Annual Package	674 100 to 808 248	674 100 to 751 730
Performance Bonuses	Maximum of 15% of package	Maximum of 15% of package

Remuneration of the Chief Financial Officer,Executive Directors, Regional Executive Directors and Strategic Project Managers

Annual Package	462 000 to 700 441	462 000 to 652 050
Performance Bonuses	Maximum of 15% of package	Maximum of 15% of package

23 REMUNERATION OF COUNCILLORS

Executive Mayor	588,779.00	554,772.00
Speaker	503,121.00	479,720.00
Mayoral Committee Members & Chief Whip	4,918,943.00	4,748,576.00
Councillors	34,353,191.00	31,890,219.00
Councillors' pension contribution	3,721,307.00	3,469,221.00
Total Councillors' Remuneration	<u>44,085,341.00</u>	<u>41,142,508.00</u>

In-kind Benefits

The Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members that are full-time councillors - Each provided with an office and secretarial support at the cost of Council

24 INTEREST PAID

Long-term liabilities	187,679,793.11	190,441,499.77
Total interest on External Borrowings	<u>187,679,793.11</u>	<u>190,441,499.77</u>

25 BULK PURCHASES

Electricity	1,720,290,903.66	1,644,303,356.00
Water	806,954,563.03	748,136,317.50
Sewer purification	162,074,409.00	152,602,194.00
Total Bulk Purchases	<u>2,689,319,875.69</u>	<u>2,545,041,867.50</u>

26 GRANTS AND SUBSIDIES PAID

Free basic electricity	13,762,598.72	
Grants general	44,913,166.71	
Bursaries to staff - Paid to Educational Institutions	1,757,085.00	1,283,894.27
Grants to Social Organisations	2,837,350.00	2,720,000.00
Grants to Sport Organisations	2,900,000.00	-
Grants to SPCA	1,869,000.00	1,814,597.52
Bursaries to community members	4,072,530.90	2,605,906.89
Total Grants and Subsidies	<u>72,111,741.33</u>	<u>8,424,398.68</u>

27 GENERAL EXPENSES

27.1 General expenses	<u>548,648,950.34</u>	<u>593,920,026.00</u>
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Included in general expenses are the normal day to day expenditure needed to effectively administer the Municipality

27.2 Material losses

Roberies at Customer Care Centre's	<u>1,820,143.00</u>	<u>376,442.55</u>
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27.3 Change in accounting estimate

During the year ended 30 June 2005 unspent grants were disclosed as creditors

Restated

The comparative amount has been restated a follows:

Correction of unspent grants		82,709,239.00
Creditors		-82,709,239.00

Nett effect on surplus for the year

-**28 CASH GENERATED BY OPERATIONS**

	2006	2005
Net surplus for the year		187,408,161.67
Post balance sheet adj processed 2004/05 (Cr's)	985,683,135.03	29,506,886.00
Restatement of Previous year Expenditure & Revenue		-8,147,801.28
Adjustment for:-		
Depreciation	-40,368,725.46	392,735,929.64
Gain on disposal of property, plant and equipment	328,675,139.65	157,448,214.13
Contribution to provisions - non-current	2,415,486.66	-4,966,730.74
Contribution to provisions - current		-11,000,000.00
Contribution to bad debt provision	818,402,089.61	1,283,224,923.00
Equity accounted share of associate's surplus		-
Investment income :Interest received	-363,114,925.31	-337,340,488.14
Interest paid	187,679,793.11	190,441,499.77
Operating surplus before working capital:	1,919,371,993.29	1,879,310,594.05
(Increase)/decrease in inventories	-3,369,095.59	-4,977,081.13
(Increase)/decrease in debtors	-1,232,720,661.44	-1,707,854,567.84
(Increase)/decrease in other debtors		-
(Decrease)/increase in conditional grants and receipts	29,538,640.10	-18,312,113.23
(Decrease)/increase in creditors	398,604,483.74	-74,245,433.91
(Decrease)/increase in provisions	-	-
Decrease/(increase) in VAT debtor	-14,886,219.49	16,917,534.62
Cash generated by/(utilised in) operations	1,096,539,140.61	90,838,932.56

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating the financial position:

Bank balances and cash	2,663,925,159.28	2,254,576,939.54
Bank overdraft	-11,526,261.52	-11,066,071.00
Total cash and cash equivalents	2,652,398,897.76	2,243,510,868.54

29 UTILISATION OF LONG-TERM LIABILITIES

Long term liabilities (see note 2)	1,348,347,882.83	1,533,665,623.17
Used to finance property, plant and equipment- at cost	<u>1,330,595,415.00</u>	<u>1,515,913,155.00</u>
Sub-total	17,752,467.83	17,752,468.17
Cash set aside for the repayment of long-term liabilities (See note 11)	<u>268,611,008.00</u>	<u>354,019,897.00</u>
Cash invested for repayment of long-term liabilities	<u>286,363,475.83</u>	<u>371,772,365.17</u>

Long-term liabilities have been utilized in accordance with the MFMA. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

30 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

30.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure	2006	2005
Opening balance		
Unauthorised expenditure current year	224,761.75	
Approved by Council or condoned		
Transfer to receivables for recovery		
Unauthorised expenditure awaiting authorisation	<u>224,761.75</u>	<u></u>

Incident

Unauthorised extension of contract

Action Taken

Item submitted to Council.

30.2 Fruitless and wasteful expenditure

None

30.3 Irregular expenditure

None

31 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

31.1 Contributions to organised local government

	2006	2005
Opening balance	-	2,000,000.00
Council subscriptions	6,000,000.00	3,000,000.00
Amount paid - current year	6,000,000.00	3,000,000.00
Amount paid - previous years		2,000,000.00
Balance unpaid(included in creditors)	<u>-</u>	<u>-</u>

31.2 Audit fees

Opening balance	-	-
Current year audit fee	5,954,208.54	4,376,180.00
Amount paid - current year	<u>5,954,208.54</u>	<u>4,376,180.00</u>
Balance unpaid(included in creditors)	<u>-</u>	<u>-</u>

31.3 PAYE and UIF

Opening balance	20,014,864.53	20,457,111.24
Current year payroll deductions	297,449,716.00	277,443,935.00
Amount paid- current year	317,464,581.00	257,429,070.71
Amount paid- previous years		20,457,111.00
Balance unpaid(included in creditors)	<u>-</u>	<u>20,014,864.53</u>

31.4 Pension and Medical Aid Deduction:

Opening Balance	42,434,046	37,837,606
Current year payroll deductions and Council Contributions	525,668,299	488,593,502
Amount paid- current year	568,102,345	446,159,456
Amount paid- previous years		37,837,606
Balance unpaid(included in creditors)	-	42,434,046

31.5 Council arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:-

30th June 2005	Total	Outstanding less than 90 days	Outstanding more than 90 days
NKWANA KD	276.37	47.68	228.69
SEPIRWA DA&HM	760.88	242.38	519.50
(R)KHOZA BJ	711.85	93.99	617.86
MOREMA D	1,409.86	206.47	1,203.39
DLADLA N.J	35,307.11	435.12	34,871.99
SITHOLE M	4,245.72	581.05	3,664.67
NGOBESE A.	1,723.68	164.54	1,559.14
Total Councillor Arrear Consumer Accounts	44,435.47	1,771.23	42,664.24

30 June 2006	Total	Outstanding less than 90 days	Outstanding more than 90 days
BALEKA G N	442.97	101.36	341.61
CHIYA N K	1,257.81	617.56	640.25
DLADLA R	1,838.41	147.74	1,690.67
KWELENTINI M L	1,582.36	28.61	1,553.75
MABENA N A	29,742.02	1,277.45	28,464.57
MAHANO F L	24,800.91	5,877.46	18,923.45
MAROLENG B C S	22,842.41	1,030.26	21,812.15
MGUNI N A	8,959.26	8,301.81	657.45
MKHIZE P S	11,077.19	3,024.47	8,052.72
MLAMBO M D	9,019.02	772.81	8,246.21
MNGOMEZULU J M	476.39	277.95	198.44
MFOKENG G T	1,745.86	145.85	1,600.01
MOGALE E A	15,876.08	440.36	15,435.72
NDIMA E N	45,191.06	1,829.77	43,361.29
NKUNJANA P	10,848.01	365.00	10,483.01
SEBOLA T A	3,717.28	379.50	3,337.78
THEBE TF	918.77	809.80	108.97
VILAKAZI L B	13,819.43	662.36	13,157.07
VON RONGE L	6,808.05	3,212.36	3,595.69
ZWANE M Z	67,157.68	3,178.55	63,979.13
Total Councillor arrear Consumer Accounts	278,120.97	32,481.03	245,639.94

30 June 2005	Total	Outstanding less than 90 days	Outstanding more than 90 days
MOSEHLA VD	35,307.11	435.12	34,871.99
SITHOLE SM	4,245.72	581.05	3,664.67
NGOBESE A K	1,723.68	164.54	1,559.14
MOREMA N D	1,409.86	206.47	1,203.39
SEPIRWA DA	760.88	242.38	518.50
KHOZA BJ	711.85	93.99	617.86
NKWANA KD	276.37	47.68	228.69
Total Councillor arrear Consumer Accounts	44,435.47	1,771.23	42,664.24

During the year the following Councillors had arrear accounts for more than 90 days

30 June 2005	Highest Amount Outstanding	Ageing (months)
DLADLA N.J	34,871.99	14
SITHOLE M	3,664.67	18
NGOBESE A.	1,559.14	18
MOREMA D	1,203.39	6
(R)KHOZA BJ	617.86	4
SEPIRWA DA&HM	518.50	4
NKWANA KD	228.69	4
DUMALISILE E	613.81	13
ZULU M&KL	549.79	5

30 June 2006	Highest Amount Outstanding	Ageing (months)
BALEKA G N	442.97	62
MGUNI N A	8,959.26	62
MLAMBO M D	9,019.02	62
NDIMA E N	45,191.06	62
NKUNJANA P	10,848.01	62
SEBOLA T A	3,717.28	62
VILAKAZI L B	13,768.96	62
MABENA N A	29,742.02	51
THEBE T F	918.77	42
MOGALE E A	15,876.08	41
DLADLA R	1,838.41	37
MOFOKENG G T	1,745.86	37
ZWANE M Z	67,157.68	34
MKHIZE P S	11,077.19	24
KWELEMTINI M L	1,582.36	16
VON RONGE L	6,808.05	5
CHIYA N K	1,257.81	4
MNGOMEZULU J M	476.39	4
BANGILIZWE I	565.58	3
DUBE N	425.90	3
THABA L J	634.84	3

32 CAPITAL COMMITMENTS

2006

2005

Commitments in respect of capital expenditure:

- Approved and contracted for	18,911,530.78	-
Infrastructure	18,911,530.78	
Community		
Other		
- Approved but not yet contracted for	1,203,601,126.00	1,020,562,989.00
Infrastructure	794,682,606.00	843,157,989.00
Community	230,743,598.00	99,955,000.00
Other	178,174,922.00	77,450,000.00
Total	1,222,512,656.78	1,020,562,989.00

This expenditure will be financed from:

- External Loans	405,205,302.00	-
- Capital Replacement Reserve	273,408,698.00	380,000,000.00
- Government Grants	539,444,657.00	511,912,989.00
- Own Resources	4,454,000.00	128,650,000.00
	1,222,512,657.00	1,020,562,989.00

33 RETIREMENT BENEFIT INFORMATION

FUND NAME

Date of Actuarial Valuation	Defined Contribution/ Benefit	Calculated Contingent Liability
31-12-2004	Benefit	R76 million
30-06-2006	Contribution	No liability
29-02-2004	Benefit	No liability
30-06-2004	Contribution	No liability
01-07-2005	Benefit	R7 million
30-06-2004	Contribution	R61 million
30-06-2005	Contribution	No liability
No valuation	Contribution	No liability
No valuation	Contribution	No liability
30-06-2005	Contribution	No liability

JOINT MUNICIPAL PENSION FUND
MUNICIPAL GRATUITY FUND
MUNICIPAL EMPLOYEES PENSION FUND
SALA PROVIDENT FUND
SALA PENSION FUND
GERMISTON MUNICIPAL RETIREMENT FUND
SAMWU NATIONAL PROVIDENT FUND
GREATER BENONI PROVIDENT FUND
MEU
NATIONAL FUND FOR MUNICIPAL WORKERS

34 CONTINGENT LIABILITIES

Britti CC - claim for damages to clay mine resulting from engineering works conducted by EMM	Alberton	86,000,000.00	20,000,000.00
MEC Housing - claim for EMM to repay amount which was paid in respect of arrears assessment rates and charges for Greenfields	Alberton		3,800,000.00
NEWHCO	Boksburg	2,025,000.00	2,025,000.00
The Unlawful occupiers of the remaining extent of the farm Driefontein (Chri Hani)	Boksburg	500,000.00	
Van Dyk, Corf, Scott and Brebbario - damage to infrastructure due to flooding	Boksburg	545,272.00	545,272.00
Costann Investments CC - claim to set aside council resolution to alienate portion of land	Edenvale	875,000.00	875,000.00
Germiston Retirement Fund - claim that EMM failed to meet its obligation to contribute to the Fund due to a drop in the interest rate	Germiston	61,000,000.00	61,000,000.00
Erwat - damage to infrastructure due to stormwater	Germiston		3,000,000.00
Standard Bank (Geonett) - claim for balance of rentals from an agreement which was cancelled	Germiston	3,662,291.00	3,662,291.00
Intoyethu CC - claim for damages due to construction before transfer was effected	Germiston	4,003,580.00	4,003,580.00
South African Rail Commuter Corporation Ltd - claim for damages due to derailment of passenger train	Kempton Park	2,200,362.00	2,200,361.85
Spano Investments - claim for breach of contract for refuse removal services	Kempton Park	38,000,000.00	38,000,000.00
Gishen, Gilcrest & Reid Attorneys - guarantee provided for previous Nigel administration	Metro	600.00	600.00
SA Post Service	Metro	1,500,000.00	1,500,000.00
SALA Pension fund	Metro	7,871,633.00	7,871,633.00
JOINT MUNICIPAL PENSION FUND	Metro	76,442,298.00	76,442,298.00
Henic (Pty) Ltd - Claim for remuneration for improvements on buildings in Pam Brink Stadium	Metro	2,500,000.00	2,500,000.00
Snyman & Robbertse - Disciplinary hearing	Metro	500,000.00	
Claims not exceeding R500 000	Other	1,019,512.00	247,029.14

Other matters	Other	1,289,800.00	
Malherbe Rigg & Ranwell Inc	Metro	1,000,000.00	
Eskom Nigel	Metro	423,900.00	
Attorneys : Yende Incorporated	Metro	8,400,000.00	
Attorneys : Bham & Dahya	Metro	215,460.00	
Attorneys: Botha Massyn & Thobejane	Metro	22,625.00	
Victor & Partners	Metro	11,742.00	
Messrs Du PLESSIS, De Heus & Van Wyk	Metro	90,941.50	
Attorneys Knowles Husain Lindsay	Metro	3,232,792.47	
ABSA BANK Recoveries	Metro	417,207.53	
Attorneys Knowles Husain Lindsay	Metro	3,950,000.00	
		<u>307,700,016.50</u>	<u>227,673,064.99</u>

35 CONTINGENT ASSETS

Losses incurred by the Municipality as a result of dismissed employees' conduct.	4,000,000.00	4,000,000.00
Civil claims against former employee's conduct.	850,000.00	850,000.00
Claim against Senior Business Brokers who failed to deposit moneys collected on behalf of EMM	1,734,776.00	1,400,000.00
Claim against Wallace Pienaar Properties who failed to procure the proclamation of a township	860,000.00	860,000.00
Claims not exceeding R500 000	517,147.00	
	<u>7,961,923.00</u>	<u>7,110,000.00</u>

36 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following in-kind donations and assistance.

Description

Secondment of International Finance Advisor by National Treasury.

37 EVENTS AFTER THE REPORTING DATE

RESTRUCTURING OF THE ELECTRICITY DISTRIBUTION INDUSTRY

During the 2005/06 financial year Council commenced with a project to ringfence the electricity business in Council, with the intention of establishing a municipal entity as envisaged in section 78 of the Municipal Systems Act. After the approval of the section 78(1) process, Council approved the establishment of the separate municipal entity, as defined in section 78(3) of the Municipal Systems Act. Resulting from the Council's decision to form a separate municipal entity for electricity, Council had to comply with section 84 of the MFMA. In line with the Cabinet's decision of 14 September 2005, Council has engaged with negotiations on various platforms with Eskom to integrate the distribution business of Eskom into the new entity to be formed. Considering all the various facts of which the compensation model (determining values for transfer of assets and liabilities), personnel transfers compilation of service level agreements, etc, it is likely to expect that the entity will start to operate as a separate municipal entity as from 1 July 2007.

RSC LEVIES

Section 93 (6) of the Local Government Municipal Structures Act (Act 117 of 1998), which enables district and metropolitan municipalities to levy and claim a regional services levy and a regional establishment levy referred to in section 129(1)(a) of the Regional Services Council Act, 1985, were repealed by section 59 of the Small Business Tax Amnesty and Amendment of Taxation Laws Act, 2006. As a result of this, the Ekurhuleni Metropolitan Municipality will not levy any RSC levies with effect from 1 July 2006. The Ekurhuleni Metropolitan Municipality will collect outstanding RSC levies that accrued up to 30 June 2006, up to 30 June 2008. National Treasury has gazetted an increase in the Equitable Share Grant payable to municipalities for the next three financial years to compensate municipalities for the loss in income due to the abolishment of RSC levies.

38 PROVISION FOR BAD DEBTS

Balance at beginning of the year	6,247,037,348.70	4,964,114,510.00
Contributions during the year	818,402,090.00	1,283,224,923.00
Expenditure during the year	<u>1,126,750,872.00</u>	<u>302,084.30</u>
Balance at end of the year	<u>5,938,688,566.70</u>	<u>6,247,037,348.70</u>

39 AWARDS TO CLOSE FAMILY MEMBERS IN TERMS OF SECTION 45 OF THE SUPPLY CHAIN MANAGEMENT POLICY

Name of person :	Ms P M Lekgwathi
Capacity in which the person is in service :	Senior clerk, Income section
Amount of the award :	R 2 807 471
Successful tender:	Seletje Construction and Management

40 DEVIATIONS IN TERMS OF SECTION 36 OF THE SUPPLY CHAIN MANAGEMENT POLICY

The following contracts were approved in terms of paragraph 36 of the supply chain management regulations

NAME OF SUPPLIER	AMOUNT
Juta Law	673,382.00
List of library media suppliers	As and when
Landis & Gyr (Pty) Ltd	498,015.00
Bula Mahlo Construction (PTY) LTD.	4,268,531.00
Semenya Furumele Consulting Newton Landscape Architects: 20% extension	570,310.00

**EKURHULENI
METROPOLITAN MUNICIPALITY**

**APPENDIX A
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2006**

EXTERNAL LOANS	Loan Number	Redeemable	Balance at	Received	Redeemed	Balance at	Carrying value of	Other costs in
			30/06/05	during	written off	30/06/06	property, plant and	accordance with the
			R	R	R	R	R	R
STOCK LOANS								
Stock loan @17.3%	146	2005.12.31	1,000,000		1,000,000	-	567,522	-
Stock loan @17.3%	173	2005.12.31	1,000,000		1,000,000	-	622,146	-
Stock loan @10%	40	2005.12.31	30,000		30,000	-	19,340	-
Stock loan @10%	41	2006.03.31	10,000		10,000	-	7,747	-
Stock loan @16.5%	177	2006.06.30	3,000,000		3,000,000	-	1,848,326	-
Stock loan @16.75%	74	2006.06.30	20,000,000		20,000,000	-	12,369,862	-
Stock loan @16.75%	73	2006.06.30	20,000,000		20,000,000	-	12,693,954	-
Stock loan @13.3%	90	2006.06.30	10,000,000		10,000,000	-	5,991,040	-
Stock loan @10%	43	2006.09.30	8,000			8,000	5,988	-
Stock loan @10%	46	2007.03.31	13,500			13,500	6,987	-
Stock loan @10%	47	2007.03.31	2,000			2,000	963	-
Stock loan @16.5%	107	2007.06.30	4,000,000			4,000,000	2,761,130	-
Stock loan @10%	49	2007.06.30	8,000			8,000	4,687	-
Stock loan @10%	50	2007.06.30	37,500			37,500	37,203	-
Stock loan @10%	51	2007.09.30	5,000			5,000	3,998	-
Stock loan @10%	52	2007.09.30	5,400			5,400	1,689	-
Stock loan @10%	44	2007.12.30	73,500			73,500	44,709	-
Stock loan @14.4%	88	2008.12.31	5,000,000			5,000,000	1,523,391	-
Stock loan @10%	53	2008.12.31	8,000			8,000	6,398	-
Stock loan @10%	56	2008.12.31	25,000			25,000	19,998	-
Stock loan @10%	57	2008.12.31	6,000			6,000	4,400	-
Stock loan @10%	59	2008.12.31	15,000			15,000	10,999	-
Stock loan @10%	60	2009.06.30	15,000			15,000	9,996	-
Stock loan @10%	61	2009.06.30	7,300			7,300	4,213	-
Stock loan @10%	62	2009.06.30	6,500			6,500	3,972	-
Stock loan @10%	63	2009.06.30	1,000			1,000	278	-
Stock loan @10%	64	2009.06.30	20,000			20,000	11,984	-
Stock loan @10%	66	2010.06.30	18,000			18,000	10,785	-
Stock loan @10%	67	2010.09.30	10,000			10,000	6,146	-
Total carried forward			64,324,700	-	55,040,000	9,284,700	38,599,850	-

APPENDIX A (cont)
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2006

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/05	Received during the period	Redeemed written off during the period	Balance at 30/06/06	Carrying value of property, plant and equipment	Other costs in accordance with the MFMA
			R	R	R	R	R	R
STOCK LOANS								
Total brought forward			64,324,700	-	55,040,000	9,284,700	38,599,850	
Stock loan @10%	68	2010.12.31	5,000			5,000	2,249	-
Stock loan @10%	69	2011.03.31	45,000			45,000	27,030	-
Stock loan @10%	70	2011.03.31	10,000			10,000	5,831	-
Stock loan @15.8%	405	2011.06.30	29,000,000			29,000,000	9,331,394	-
Stock loan @16.3%	75	2011.06.30	25,000,000			25,000,000	15,158,545	-
Stock loan @16.5%	76	2011.06.30	2,400,000			2,400,000	1,655,492	-
Stock loan @16.5%	77	2011.06.30	73,319,100			73,319,100	45,343,448	-
Stock loan @10%	73	2011.06.30	32,000			32,000	19,176	-
Stock loan @15.8%	96	2011.06.30	31,000,000			31,000,000	19,324,590	-
Stock loan @15.65%	2	2011.06.30	50,000,000			50,000,000	30,881,918	-
Stock loan @16.7%	97	2011.06.30	22,004,587			22,004,587	12,924,225	-
Stock loan @10%	74	2011.09.30	14,333			14,333	4,512	-
Stock loan @10%	75	2011.12.31	60,000			60,000	36,062	-
Stock loan @15.3%	1	2005.12.31	60,000,000		60,000,000	-	37,047,334	-
Stock loan @10%	77	2012.06.30	5,257			5,257	3,010	-
Stock loan @10%	78	2012.06.30	9,000			9,000	4,721	-
Stock loan @10%	81	2013.03.31	10,000			10,000	3,678	-
Stock loan @10%	80	2013.06.30	1,190			1,190	926	-
Stock loan @10%	82	2013.06.30	18,733			18,733	10,427	-
Stock loan @10%	83	2013.06.30	20,000			20,000	6,013	-
Stock loan @10%	84	2013.06.30	5,000			5,000	4,005	-
Stock loan @10%	87	2013.09.30	13,333			13,333	9,119	-
Stock loan @10%	89	2013.12.31	7,000			7,000	5,600	-
Stock loan @14.2%	26	2014.06.30	32,620,000			32,620,000	28,952,630	-
Stock loan @10%	91	2014.09.30	69,000			69,000	51,686	-
Stock loan @10%	92	2014.12.31	26,666			26,666	26,654	-
Stock loan @10%	93	2014.12.31	16,667			16,667	10,848	-
Stock loan @10%	94	2015.06.30	4,167			4,167	1,542	-
Stock loan @10%	95	2015.06.30	20,000			20,000	6,350	-
TOTAL STOCK LOANS			390,060,733	-	115,040,000	275,020,733	239,458,866	-
LONG TERM LOANS								
INCA @ 18.5%		2006.06.30	30,000,000		30,000,000	-	18,658,771	-
INCA @ 15.7%		2008.04.30	11,448,497		3,800,212	7,648,285	9,119,479	-
INCA @ 16.95%		2009.02.23	11,000,000			11,000,000	6,664,378	-
ABSA @ 15.9%		2009.12.31	50,000,000			50,000,000	32,159,894	-
INCA @ 16.5%		2011.06.30	19,453,504			19,453,504	11,309,872	-
City of Joburg		2011.06.30	28,746,023	3,251,063		31,997,086	17,647,422	-
Total carried forward			150,648,024	3,251,063	33,800,212	120,098,875	95,559,817	-

APPENDIX A (cont)
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2006

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/05	Received during the period	Redeemed written off during the period	Balance at 30/06/06	Carrying value of property, plant and equipment	Other costs in accordance with the MFMA
			R	R	R	R	R	R
LONG TERM LOANS								
Total brought forward			150,648,024	3,251,063	33,800,212	120,098,875	95,559,817	
City of Joburg NRB		2011.06.30	5,861,689			5,861,689	4,201,721	-
INCA @ 12.25%		2011.12.31	117,050,386		12,680,335	104,370,051	113,250,102	-
DBSA NO 2 @ 12.2%		2013.03.31	140,085,627		11,169,650	128,915,977	69,656,672	-
DBSA NO 1 @ 13.5%		2014.06.30	254,710,342		15,878,606	238,831,736	133,690,334	-
ABSA		2014.06.30	400,000,000			400,000,000	217,310,887	-
TOTAL LONG TERM LOANS			1,068,356,068	3,251,063	73,528,803	998,078,328	633,669,533	-
ESKOM								-
Eskom Liability			75,248,822			75,248,822		-
TOTAL EXTERNAL LOANS			1,533,665,623	3,251,063	188,568,803	1,348,347,883	873,128,399	-

**EKURHULENI
METROPOLITAN MUNICIPALITY**

**APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006**

	Cost / Revaluation				Accumulated Depreciation					Budget	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value	Additions 2006
INFRASTRUCTURE	6,409,545,148.01	461,161,912.93	553,233.75	0.00	6,871,260,294.69	4,154,738,264.72	136,274,743.49	0.00	4,291,013,008.21	2,580,247,286.48	
POWER STATIONS	6,025,183.48	2,542,673.60	-	-	8,567,857.08	20,650.76	214,438.63	-	235,089.39	8,332,767.69	2,570,000
COOLING TOWERS	0.00	-	0.00	-	0.00	-	-	-	0.00	0.00	
TRANSFORMER KIOSKS	1,024,642.33	-	-	-	1,024,642.33	113,203.76	33,031.95	-	146,235.71	878,406.62	0
ELECTRICITY METERS	9,371,163.94	-	-	-	9,371,163.94	6,097,241.57	246,514.63	-	6,343,756.20	3,027,407.74	
LOAD CONTROL EQUIPMENT	2,610,719.45	-	-	-	2,610,719.45	1,612,945.60	55,947.90	-	1,668,893.50	941,825.95	
SWITCHGEAR EQUIPMENT	650.00	-	-	-	650.00	271.43	25.18	-	296.61	353.39	0
ELECTRICITY SUPPLY AND RETICUL	1,180,044,934.20	37,431,148.50	-	-	1,217,476,082.70	1,015,301,024.03	10,720,138.72	-	1,026,021,162.75	191,454,919.95	37,398,333
ELECTRICITY MAINS	43,212,657.27	19,847,654.17	-	-	63,060,311.44	24,287,811.96	1,270,168.95	-	25,557,980.91	37,502,330.53	12,055,078
SUBSTATIONS AND SWITCHGEAR	177,772,236.55	17,850,271.29	-	-	195,622,507.84	123,968,745.34	3,843,521.46	-	127,812,266.80	67,810,241.04	15,377,364
TRANSFORMERS AND MINISUBS	26,757,009.80	-	-	-	26,757,009.80	9,507,259.08	1,126,042.42	-	10,633,301.50	16,123,708.30	
MOTORWAYS	18,601,612.96	118,272,074.06	-	-	136,873,687.02	828,826.96	2,676,744.99	-	3,505,571.95	133,368,115.07	127,729,487
ROADS OTHER	796,262,443.43	80,429,040.84	-	-	876,691,484.27	568,451,149.55	24,919,279.99	-	593,370,429.54	283,321,054.73	81,818,703
TRAFFIC ISLANDS	448,929.54	2,064,879.01	-	-	2,513,808.55	293,813.96	44,269.59	-	338,083.55	2,175,725.00	2,307,000
TRAFFIC LIGHTS	24,263,860.98	2,799,844.95	-	-	27,063,705.93	13,894,507.56	780,628.05	-	14,675,135.61	12,388,570.32	5,916,000
STREET LIGHTING	102,335,468.80	4,077,700.05	-	-	106,413,168.85	59,721,536.27	2,335,916.44	-	62,057,452.71	44,355,716.14	7,920,955
OVERHEAD BRIDGES	75,355,428.54	-	-	-	75,355,428.54	27,855,132.32	2,420,532.36	-	30,275,664.68	45,079,763.86	
STORMWATER DRAINS	33,883,854.40	8,325,000.00	-	-	42,208,854.40	134,607.12	1,852,947.77	-	1,987,554.89	40,221,299.51	9,329,270
BRIDGES SUBWAYS AND CULVERTS	49,287,084.28	11,378,524.74	-	-	60,665,609.02	20,718,396.69	1,330,671.86	-	22,049,068.55	38,616,540.47	11,797,742
CAR PARKS	1,151,703.39	151,196.77	-	-	1,302,900.16	581,291.60	28,093.32	-	609,384.92	693,515.24	200,000
BUS TERMINALS	5,521,362.66	1,936,200.09	-	-	7,457,562.75	4,591,622.34	92,768.52	-	4,684,390.86	2,773,171.89	3,191,438
PARKING AND INTERMODAL TRANSF	29,259,033.54	-	-	-	29,259,033.54	17,650,046.13	984,785.03	-	18,634,831.16	10,624,202.38	
TAXI RANKS	87,245,135.59	4,007,724.06	-	-	91,252,859.65	34,093,305.38	2,527,669.57	-	36,620,974.95	54,631,884.70	6,920,385
PUBLIC TRANSPORT FACILITIES	8,855,851.85	1,257,479.41	-	-	10,113,331.26	4,364,628.38	293,060.81	-	4,657,689.19	5,455,642.07	1,373,400
ROADS GRAVEL	105,981,524.75	749,720.22	-	-	106,731,244.97	50,907,132.17	3,368,741.37	-	54,275,873.54	52,455,371.43	750,000
TRAFFIC SIGNS AND STREET NAME	10,090,418.49	3,431,270.67	-	-	13,521,689.16	4,801,653.99	349,562.26	-	5,151,216.25	8,370,472.91	3,368,018
STORMWATER CHANNELS	58,727,121.29	3,142,783.45	-	-	61,869,904.74	27,209,197.96	1,843,816.17	-	29,053,014.13	32,816,890.61	4,390,000
STORMWATER PIPES	168,677,063.68	16,787,575.94	-	-	185,464,639.62	90,168,495.10	5,355,661.01	-	95,524,156.11	89,940,483.51	26,352,652
TARRED ROADS	953,381,548.74	28,201,958.72	-	-	981,583,507.46	730,184,937.92	15,522,551.28	-	745,707,489.20	235,876,018.26	30,454,277
WATER METERS	41,347,351.78	2,701,858.33	-	-	44,049,210.11	30,069,941.10	1,212,487.79	-	31,282,428.89	12,766,781.22	3,550,000
WATER MAINS	2,169,499.72	-	-	-	2,169,499.72	21,611.83	104,908.71	-	126,520.54	2,042,979.18	
WATER RIGHTS	0.00	-	0.00	-	0.00	-	-	-	0.00	0.00	
WATER SUPPLY AND RETICULATION	88,850,320.11	27,916,186.31	-	-	116,766,506.42	4,501,018.39	4,673,722.29	-	9,174,740.68	107,591,765.74	30,681,170
WATER RESERVOIRS AND TANKS	0.00	271,226.57	-	-	271,226.57	0.00	3,078.50	-	3,078.50	268,148.07	1,090,000
WATER TOWERS	9,444,318.47	-	-	-	9,444,318.47	5,470,140.01	289,107.11	-	5,759,247.12	3,685,071.35	
RESEVOIR	86,379,221.33	-	-	-	86,379,221.33	48,164,910.64	2,929,820.19	-	51,094,730.83	35,284,490.50	
WATER PUMP STATIONS	6,729,073.25	-	-	-	6,729,073.25	4,648,138.38	157,095.39	-	4,805,233.77	1,923,839.48	1,450,000
BULK WATER PIPES	144,444,764.82	389,546.69	-	-	144,834,311.51	70,129,283.34	4,816,911.31	-	74,946,194.65	69,888,116.86	3,737,000
WATER RETICULATION PIPES < 20	319,525,599.26	217,300.25	-	-	319,742,899.51	232,677,004.20	6,207,453.28	-	238,884,457.48	80,858,442.03	550,000
RAND WATER CONNECTIONS AND BU	72,133,194.67	-	-	-	72,133,194.67	50,795,839.92	1,544,428.22	-	52,340,268.14	19,792,926.53	
ZONE CONTROL METERS	110,395,097.43	4,788.00	-	-	110,399,885.43	102,626,545.83	695,916.29	-	103,322,462.12	7,077,423.31	1,260,000
PRESSURE REDUCING/RELIEF VAL	53,514,227.22	-	-	-	53,514,227.22	45,942,801.52	753,539.85	-	46,696,341.37	6,817,885.85	
GAS METERS	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
GAS MAINS	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	

**EKURHULENI
METROPOLITAN MUNICIPALITY**

**APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006**

GAS STORAGE TANKS	0.00				0.00	0.00		-	0.00	0.00	
GAS SUPPLY AND RETICULATION	0.00	2,691,242.31	-	-	2,691,242.31	0.00	71,274.91	-	71,274.91	2,619,967.40	
SEWERS	161,608,805.88	10,690,053.23	-	-	172,298,859.11	82,377,577.54	5,125,278.72	-	87,502,856.26	84,796,002.85	10,662,800
OUTFALL SEWERS	42,723,142.47	4,583,439.90	-	-	47,306,582.37	11,681,183.16	1,600,935.50	-	13,282,118.66	34,024,463.71	8,981,192
PURIFICATION WORKS	842,240.40	48,880.44	-	-	891,120.84	44,236.86	41,282.33	-	85,519.19	805,601.65	417,906
SEWERAGE PUMPS	1,992,677.66	81,904.97	-	-	2,074,582.63	10,554.82	129,407.29	-	139,962.11	1,934,620.52	
SEWERAGE SLUDGE MACHINES	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
SEWER PIPES < 200MM	229,315,518.69	-	-	-	229,315,518.69	194,731,693.19	1,964,295.40	-	196,695,988.59	32,619,530.10	
RISING MAINS	7,652,389.31	-	-	-	7,652,389.31	2,763,911.65	369,950.56	-	3,133,862.21	4,518,527.10	
SEWERAGE PUMP STATIONS	95,255,983.73	1,046,151.35	-	-	96,302,135.08	66,216,691.59	1,897,597.25	-	68,114,288.84	28,187,846.24	1,050,000
MANHOLES	490,479.81	-	-	-	490,479.81	100,014.37	23,717.53	-	123,731.90	366,747.91	
FOOTWAYS	455,307.80	281,205.40	-	-	736,513.20	1,808.76	22,761.71	-	24,570.47	711,942.73	731,206
KERBING	4,564,871.61	-	-	-	4,564,871.61	1,674,673.78	200,567.99	-	1,875,241.77	2,689,629.84	
PAVING	22,263,809.23	-	-	-	22,263,809.23	10,999,925.24	869,439.40	-	11,869,364.64	10,394,444.59	
FOOTWAYS AND BICYCLE PATHS	13,560,361.99	812,807.45	-	-	14,373,169.44	5,429,066.53	565,718.46	-	5,994,784.99	8,378,384.45	650,000
ASPHALT PLANT	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
CABLE STATIONS	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
COMPACTING STATIONS	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
HOSTELS - PUBLIC AND TOURIST	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
HOSTELS WORKERS	113,383,691.21	8,229,941.10	-	-	121,613,632.31	51,272,665.97	3,618,359.63	-	54,891,025.60	66,722,606.71	1,460,000
HOUSING SCHEMES	133,299,010.57	-	-	-	133,299,010.57	94,085,138.59	2,862,366.48	-	96,947,505.07	36,351,505.50	28,702,980
QUARRIES	0.00	7,774,538.21	100,903.25	-	7,875,441.46	0.00	190,264.72	-	190,264.72	7,685,176.74	700,000
TIP SITES	99,452,144.70	19,793,820.20	452,330.50	-	119,698,295.40	29,104,422.04	3,110,314.64	-	32,214,736.68	87,483,558.72	53,260,000
TRANSPORT FACILITIES	2,389,115.29	197,148.10	-	-	2,586,263.39	327,035.11	79,230.73	-	406,265.84	2,179,997.55	
FLATS BLOCK	114,136,131.50	88,130.00	-	-	114,224,261.50	68,790,125.89	3,568,773.30	-	72,358,899.19	41,865,362.31	
HOUSES	139,056,047.51	8,657,023.58	-	-	147,713,071.09	102,720,869.54	2,337,207.78	-	105,058,077.32	42,654,993.77	
CABLE CARS	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
HOUSING: SELLING SCHEMES	316,022,106.66	-	-	-	316,022,106.66	0.00	-	-	0.00	316,022,106.66	

COMMUNITY ASSETS	1,230,439,803.03	38,031,925.93	15,795,603.11	0.00	1,284,267,332.07	744,346,373.14	33,931,366.88	0.00	778,277,740.02	505,989,592.05	
AMBULANCE STATIONS	269,904.00	-	-	-	269,904.00	11,027.41	8,701.08	-	19,728.49	250,175.51	
CARE CENTRES	6,980,990.22	2,870,020.07	-	-	9,851,010.29	3,206,004.07	253,580.74	-	3,459,584.81	6,391,425.48	675,000
CEMETERIES	85,937,732.49	2,698,668.55	105,692.16	-	88,742,093.20	37,142,720.51	2,339,070.35	-	39,481,790.86	49,260,302.34	3,367,515
CLINICS AND HOSPITALS	98,712,868.07	13,400,702.15	-	-	112,113,570.22	52,420,962.31	3,235,609.52	-	55,656,571.83	56,456,998.39	15,559,865
COMMUNITY CENTRES	302,476,222.17	-	-	-	302,476,222.17	181,887,471.94	8,424,603.33	-	190,312,075.27	112,164,146.90	3,960,000
FIRE STATIONS	85,956,747.52	485,502.97	-	-	86,442,250.49	48,586,071.67	2,764,329.11	-	51,350,400.78	35,091,849.71	500,000
GAME RESERVES AND REST CAMPS	13,362,168.78	-	-	-	13,362,168.78	10,873,133.59	410,184.48	-	11,283,318.07	2,078,850.71	
INDOOR SPORTS FACILITIES	26,735,081.36	-	-	-	26,735,081.36	12,525,170.65	826,165.42	-	13,351,336.07	13,383,745.29	
LIBRARIES	86,367,335.36	3,060,807.18	290,076.38	-	89,718,218.92	68,316,862.65	2,778,717.70	-	71,095,580.35	18,622,638.57	4,002,400
MUSEUMS AND ART GALLERIES	1,943,522.56	2,597,551.50	2,615,679.22	-	7,156,753.28	1,741,539.95	93,911.31	-	1,835,451.26	5,321,302.02	4,600,000
PARKS	47,878,128.22	6,167,317.15	9,364,725.23	-	63,410,170.60	30,787,505.86	1,551,087.92	-	32,338,593.78	31,071,576.82	15,050,000
PUBLIC CONVENIENCES AND BATHHO	45,069,912.69	1,415,854.29	-	-	46,485,766.98	24,088,867.06	1,071,129.29	-	25,159,996.35	21,325,770.63	631,505
RECREATION CENTRES	4,803,579.21	1,687,503.28	-	-	6,491,082.49	1,944,943.44	169,858.28	-	2,114,801.72	4,376,280.77	2,438,889
STADIUMS	93,931,157.75	943,269.80	2,062,359.89	-	96,936,787.44	56,815,280.88	2,412,928.18	-	59,228,209.06	37,708,578.38	5,333,115
ZOOS	3,233,338.76	-	-	-	3,233,338.76	2,958,756.33	102,513.34	-	3,061,269.67	172,069.09	
CLINICS ANIMAL	887,427.86	-	-	-	887,427.86	859,339.51	28,088.35	-	887,427.86	0.00	
BOWLING GREENS	3,331,717.85	-	-	-	3,331,717.85	2,025,417.91	112,444.51	-	2,137,862.42	1,193,855.43	
TENNIS COURTS	20,888,411.12	-	-	-	20,888,411.12	13,061,171.46	622,840.97	-	13,684,012.43	7,204,398.69	
SWIMMING POOLS	56,184,170.04	-	-	-	56,184,170.04	44,321,443.76	778,614.67	-	45,100,058.43	11,084,111.61	167,496
GOLF COURSES	56,754,479.02	-	-	-	56,754,479.02	16,424,716.88	2,394,148.91	-	18,818,865.79	37,935,613.23	
JUKSKEI PITCHES	266,889.22	-	-	-	266,889.22	239,893.00	2,017.19	-	241,910.19	24,979.03	
OUTDOOR SPORTS FACILITIES	158,450,726.82	982,953.20	1,336,070.23	-	160,769,750.25	119,980,102.72	2,641,064.12	-	122,621,166.84	38,148,583.41	5,296,612
ORGAN AND CASE	7,646.52	-	-	-	7,646.52	2,695.56	369.74	-	3,065.30	4,581.22	
LAKES AND DAMS	9,376,671.15	1,721,775.79	21,000.00	-	11,119,446.94	6,039,930.62	241,285.53	-	6,281,216.15	4,838,230.79	690,000
FOUNTAINS	56,956.04	-	-	-	56,956.04	20,932.90	2,754.28	-	23,687.18	33,268.86	
FLOODLIGHTING	7,507,145.98	-	-	-	7,507,145.98	4,229,993.86	244,575.26	-	4,474,569.12	3,032,576.86	
NURSERIES	1,404,532.03	-	-	-	1,404,532.03	463,061.58	45,087.99	-	508,149.57	896,382.46	400,000
OLD AGE HOMES	11,664,340.22	-	-	-	11,664,340.22	3,371,355.06	375,685.31	-	3,747,040.37	7,917,299.85	
HERITAGE ASSETS	415,779.31	300,000.00	1,788,261.74	0.00	2,504,041.05	0.00	0.00	0.00	0.00	2,504,041.05	
PUBLIC STATUES	7,943.78	0.00	-	0.00	7,943.78	0.00	0.00	0	0.00	7,943.78	
HISTORICAL BUILDINGS AND STRU	407,835.53	300,000.00	1,788,261.74	0.00	2,496,097.27	0.00	0.00	0	0.00	2,496,097.27	300,000
INVESTMENT PROPERTIES	22,411,240.35	0.00	0.00	0.00	22,411,240.35	0.00	0.00	0.00	0.00	22,411,240.35	
LAND MAIN INVESTMENT	13,892,402.44	0.00	-	0.00	13,892,402.44	0.00	0.00	0	0.00	13,892,402.44	
FARMS	8,511,639.67	0.00	-	0.00	8,511,639.67	0.00	0.00	0	0.00	8,511,639.67	
MINERAL RIGHTS	0.00	0.00	-	0.00	0.00	0.00	0.00	0	0.00	0.00	
SHOPPING CENTRES	7,198.24	0.00	-	0.00	7,198.24	0.00	0.00	0	0.00	7,198.24	
MINERAL RIGHTS	0.00	0.00	-	0.00	0.00	0.00	0.00	0	0.00	0.00	

OTHER ASSETS	1,862,883,938.57	247,411,801.93	774,432.18	-3,019,907.59	2,108,050,265.09	1,034,436,417.57	158,469,029.62	-3,019,907.59	1,189,885,539.60	918,164,725.49	
AIRPORTS	2,690,617.74	2,653,106.11	-	-	5,343,723.85	1,009,835.68	137,134.52	-	1,146,970.20	4,196,753.65	3,980,000
APRONS	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
RUNWAYS	6,193,084.24	-	-	-	6,193,084.24	4,085,739.56	157,384.92	-	4,243,124.48	1,949,959.76	
TAXIWAYS	0.00	499,999.87	-	-	499,999.87	0.00	3,972.60	-	3,972.60	496,027.27	600,000
RADIO BEACONS	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
FENCING	27,092,733.48	549,724.32	-	-	27,642,457.80	22,089,778.42	2,433,242.81	-	24,523,021.23	3,119,436.57	5,933,850
	36,500,842.13	2,407,314.64	-	-	38,908,156.77	26,111,100.19	2,270,429.26	-	28,381,529.45	10,526,627.32	3,636,000
ACCESS CONTROL	7,539,132.12	100,869.50	-	-	7,640,001.62	1,543,502.88	1,198,386.05	-	2,741,888.93	4,898,112.69	1,029,100
AQUARIUMS	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
BEACH DEVELOPMENTS	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
CIVIC THEATRES	1,526,334.38	-	-	-	1,526,334.38	1,290,795.76	48,472.13	-	1,339,267.89	187,066.49	
ABATTOIRS	213,776.51	-	-	-	213,776.51	192,758.38	6,891.59	-	199,649.97	14,126.54	
CARAVAN PARKS	12,488.68	-	-	-	12,488.68	6,131.04	267.92	-	6,398.96	6,089.72	
CINEMAS	1,546,555.61	-	-	-	1,546,555.61	708,612.74	49,802.03	-	758,414.77	788,140.84	
KILNS	98,483.10	-	-	-	98,483.10	3,435.64	3,174.81	-	6,610.45	91,872.65	
LABORATORIES	2,153,595.13	-	-	-	2,153,595.13	102,812.29	69,381.20	-	172,193.49	1,981,401.64	
MARKETS	61,300,093.35	1,127,551.79	-	-	62,427,645.14	14,466,628.68	1,978,112.18	-	16,444,740.86	45,982,904.28	
OFFICE BUILDINGS	477,333,851.93	25,268,588.84	103,721.18	-	502,706,161.95	230,879,948.69	13,564,733.84	-	244,444,682.53	258,261,479.42	31,342,504
TRAINING CENTRES	8,281,781.21	6,506,912.37	-	-	14,788,693.58	3,419,495.17	337,002.47	-	3,756,497.64	11,032,195.94	2,483,590
WORKSHOPS AND DEPOTS	216,322,930.36	4,264,758.82	670,711.00	-	221,258,400.18	142,562,051.47	5,976,909.77	-	148,538,961.24	72,719,438.94	13,613,986
RAIL SIDINGS	2,383,862.16	-	-	-	2,383,862.16	1,109,995.33	71,410.57	-	1,181,405.90	1,202,456.26	270,000
COMPUTER HARDWARE	141,927,837.52	38,247,077.52	-	(11,254.14)	180,163,660.90	74,907,600.32	22,392,707.57	(11,254.14)	97,289,053.75	82,874,607.15	38,892,856
COMPUTER SOFTWARE	24,756,136.79	5,929,958.04	-	-	30,686,094.83	13,081,599.62	3,983,119.44	-	17,064,719.06	13,621,375.77	36,768,821
OFFICE MACHINES	56,629,052.42	8,343,220.47	-	(19,484.45)	64,952,788.44	42,676,095.99	7,581,032.35	(19,484.45)	50,237,643.89	14,715,144.55	9,717,765
AIR CONDITIONERS	2,350,844.26	2,405,642.64	-	-	4,756,486.90	1,828,586.65	239,788.32	-	2,068,374.97	2,688,111.93	839,950
CHAIRS	22,613,486.38	1,364,825.53	-	-	23,978,311.91	11,221,413.10	2,455,725.36	-	13,677,138.46	10,301,173.45	1,510,800
TABLES AND DESKS	28,602,551.61	1,829,189.19	-	-	30,431,740.80	14,161,234.81	3,212,923.71	-	17,374,158.52	13,057,582.28	1,885,800
CABINETS AND CUPBOARDS	29,271,421.55	1,607,087.19	-	-	30,878,508.74	14,714,027.75	3,161,126.08	-	17,875,153.83	13,003,354.91	1,672,718
FURNITURE AND FITTINGS OTHER	106,761,821.48	10,475,830.34	-	(650.00)	117,237,001.82	55,280,153.56	11,957,780.08	(650.00)	67,237,283.64	49,999,718.18	13,761,674
HOUSEHOLD REFUSE BINS	29,014.62	-	-	-	29,014.62	12,895.79	5,459.78	-	18,355.57	10,659.05	
BULK CONTAINERS	15,716,510.67	187,473.29	-	-	15,903,983.96	175,609.88	1,524,937.61	-	1,700,547.49	14,203,436.47	300,000
FIRE EQUIPMENT	2,608,930.93	15,056.75	-	-	2,623,987.68	95,332.12	168,324.81	-	263,656.93	2,360,330.75	1,540,374
AMBULANCE EQUIPMENT	3,086,757.09	293,573.35	-	(240.00)	3,380,090.44	1,820,595.49	425,818.56	(240.00)	2,246,174.05	1,133,916.39	2,310,000
FIRE HOSES	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
EMERGENCY LIGHTS	318,338.22	-	-	-	318,338.22	44,883.00	61,574.46	-	106,457.46	211,880.76	

FIRE ENGINES	10,156,437.01	-	-	-	10,156,437.01	3,661,349.38	473,260.52	-	4,134,609.90	6,021,827.11	
BUSES	35,887,281.77	7,712,355.32	-	(2,788,155.00)	40,811,482.09	9,825,232.21	2,037,450.93	(2,788,155.00)	9,074,528.14	31,736,953.95	33,461,880
MOTOR VEHICLES	72,804,712.48	21,713,872.33	-	(200,124.00)	94,318,460.81	49,053,717.42	8,324,563.73	(200,124.00)	57,178,157.15	37,140,303.66	20,701,039
MOTOR CYCLES	1,602,801.84	-	-	-	1,602,801.84	1,601,620.96	1,180.88	-	1,602,801.84	0.00	
TRUCKS AND BAKKIES	174,023,040.83	54,998,292.53	-	-	229,021,333.36	130,500,463.42	16,372,215.10	-	146,872,678.52	82,148,654.84	55,602,577
AIRCRAFT	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
WATERCRAFT	2,912.00	-	-	-	2,912.00	985.57	187.76	-	1,173.33	1,738.67	
GRADERS	4,812,520.37	453,720.00	-	-	5,266,240.37	3,093,156.71	235,984.89	-	3,329,141.60	1,937,098.77	948,500
TRACTORS	21,145,015.89	2,102,652.97	-	-	23,247,668.86	12,333,012.59	1,981,252.55	-	14,314,265.14	8,933,403.72	200,000
MECHANICAL HORSES	2,507,460.74	-	-	-	2,507,460.74	1,071,989.78	199,552.21	-	1,271,541.99	1,235,918.75	
FARM EQUIPMENT	194,146.50	-	-	-	194,146.50	64,443.62	31,749.96	-	96,193.58	97,952.92	
LAWNMOWERS	12,501,843.67	69,900.00	-	-	12,571,743.67	11,845,389.28	626,227.10	-	12,471,616.38	100,127.29	0
COMPRESSORS	2,378,036.73	-	-	-	2,378,036.73	1,353,185.49	406,360.12	-	1,759,545.61	618,491.12	
LABORATORY EQUIPMENT	1,088,595.98	-	-	-	1,088,595.98	968,580.91	32,083.23	-	1,000,664.14	87,931.84	
RADIO EQUIPMENT	7,342,571.16	1,692,218.37	-	-	9,034,789.53	4,189,982.93	1,264,959.49	-	5,454,942.42	3,579,847.11	
FIRE ARMS	1,266,828.60	363,318.00	-	-	1,630,146.60	472,791.54	231,807.93	-	704,599.47	925,547.13	
TELECOMMUNICATION EQUIPMENT	2,424,551.19	7,355,704.13	-	-	9,780,255.32	730,520.19	981,419.89	-	1,711,940.08	8,068,315.24	850,000
PLANT AND EQUIPMENT GENERAL	204,945,889.62	19,269,900.84	-	-	224,215,790.46	118,588,520.37	38,578,332.00	-	157,166,852.37	67,048,938.09	18,054,850
IRRIGATION SYSTEMS	1,128,070.22	-	-	-	1,128,070.22	1,080,032.44	4,116.05	-	1,084,148.49	43,921.73	
CREMATORS	1,500,000.00	951,866.37	-	-	2,451,866.37	7,945.21	111,837.91	-	119,783.12	2,332,083.25	1,000,000
LATHES	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
MILLING EQUIPMENT	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
CONVEYORS	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
FEEDERS	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
TIPPERS	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
PULVERISING MILLS	0.00	-	-	-	0.00	0.00	-	-	0.00	0.00	
MEDICAL EQUIPMENT	6,685,529.62	8,900.00	-	-	6,694,429.62	4,390,847.55	1,097,460.57	-	5,488,308.12	1,206,121.50	10,000
LAND	12,622,826.68	1,904,374.00	-	-	14,527,200.68	0.00	-	-	0.00	14,527,200.68	2,000,000
LAND	0.00	14,736,966.50	-	-	14,736,966.50	0.00	-	-	0.00	14,736,966.50	44,898,741
	9,525,695,909.27	746,905,640.79	18,911,530.78	-3,019,907.59	10,288,493,173.25	5,933,521,055.43	328,675,139.99	-3,019,907.59	6,259,176,287.83	4,029,316,885.42	952,944,128

**EKURHULENI
METROPOLITAN MUNICIPALITY**

**APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006**

	Cost				Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	This Year	Disposals		Closing Balance
POLITICAL OFFICE	7,287,314.18	350,209.06	-	-	7,637,523.24	3,254,448.69	1,294,184.00	-	4,548,632.69	3,088,890.55
CITY MANAGERS OFFICE	226,755,905.71	21,945,680.26	-	-	248,701,585.97	149,362,606.04	29,619,921.16	-	178,982,527.20	69,719,058.77
MI - ELECTRICITY	18,720,947.86	94,494,308.58	-	-	113,215,256.44	9,502,678.86	1,545,355.46	-	11,048,034.32	102,167,222.12
- SOLID WASTE	4,501,299,160.42	75,161,778.69	574,233.75	-	4,577,035,172.86	3,070,427,500.38	4,000,160.37	-	3,074,427,660.75	1,502,607,512.11
- WATER SERVICES	3,533,788,159.11	53,180,263.32	-	-	3,586,968,422.43	2,314,822,296.43	111,799,073.56	-	2,426,621,369.99	1,160,347,052.44
ROADS TRANSPORT & CIVIL WORKS	10,713,133.35	319,010,055.31	-	2,988,279.00	326,734,909.66	5,134,226.78	63,003,891.97	2,988,279.00	65,149,839.75	261,585,069.91
HEALTH & SOCIAL DEVELOPMENT	1,325,993.62	23,391,142.16	-	31,628.59	24,685,507.19	801,570.40	253,518.28	31,628.59	1,023,460.09	23,662,047.10
PUBLIC SAFETY	719,924,675.08	26,399,291.78	-	-	746,323,966.86	109,844,768.98	50,048,589.20	-	159,893,358.18	586,430,608.68
SPORT RECREATION ART & CULTURE	7,517,626.03	27,341,783.33	18,337,297.03	-	53,196,706.39	3,972,940.59	3,015,617.57	-	6,988,558.16	46,208,148.23
HOUSING	37,780,007.00	50,916,473.21	-	-	88,696,480.21	13,139,776.65	5,460,335.92	-	18,600,112.57	70,096,367.64
FINANCE	79,348,262.56	3,341,571.93	-	-	82,689,834.49	32,249,151.06	13,178,478.45	-	45,427,629.51	37,262,204.98
HUMAN RESOURCES	38,512,215.75	4,092,244.90	-	-	42,604,460.65	22,391,958.20	5,362,762.87	-	27,754,721.07	14,849,739.58
INFORMATION TECHNOLOGY	69,145,779.50	43,551,896.99	-	-	112,697,676.49	44,003,495.92	9,944,489.93	-	53,947,985.85	58,749,690.64
CORPORATE AND LEGAL	273,576,729.10	3,728,941.27	-	-	277,305,670.37	154,613,636.45	30,148,761.25	-	184,762,397.70	92,543,272.67
TOTAL	9,525,695,909.27	746,905,640.79	18,911,530.78	3,019,907.59	10,288,493,173.25	5,933,521,055.43	328,675,139.99	3,019,907.59	6,259,176,287.83	4,029,316,885.42

**EKURHULENI
METROPOLITAN MUNICIPALITY**

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual Income R	2005 Actual Expenditure R	2005 Surplus/ (Deficit) R		2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R
172,500.00	54,136,893.72	-53,964,393.72	POLITICAL OFFICE	36,061,949.11	106,316,625.34	-70,254,676.23
64,520,287.00	142,753,975.00	-78,233,688.00	CITY MANAGERS OFFICE	108,987,574.07	278,142,566.45	-169,154,992.38
2,871,725,754.93	2,576,802,070.81	294,923,684.12	MI - ELECTRICITY	2,895,495,699.04	2,487,470,215.59	408,025,483.45
426,279,863.43	515,663,996.16	-89,384,132.73	- SOLID WASTE	404,210,626.63	434,033,458.22	-29,822,831.59
2,192,174,638.90	2,318,991,929.80	-126,817,290.90	- WATER AND SANITATION	1,502,421,582.94	1,492,222,975.24	10,198,607.70
173,992,834.16	637,496,777.36	-463,503,943.20	ROADS TRANSPORT & CIVIL WORKS	330,729,869.99	664,427,351.04	-333,697,481.05
59,567,820.59	259,004,318.35	-199,436,497.76	HEALTH & SOCIAL DEVELOPMENT	68,018,158.96	272,690,739.52	-204,672,580.56
266,847,589.05	736,964,181.78	-470,116,592.73	PUBLIC SAFETY	335,154,391.34	771,205,709.79	-436,051,318.45
65,134,914.58	436,608,110.53	-371,473,195.95	SPORT RECREATION ART & CULTURE	50,486,938.52	495,433,689.86	-444,946,751.34
175,969,254.53	273,864,096.45	-97,894,841.92	HOUSING	130,749,760.49	229,879,866.64	-99,130,106.15
3,383,723,389.58	1,007,794,673.13	2,375,928,716.45	FINANCE	3,608,409,551.51	1,026,100,975.79	2,582,308,575.72
6,963,565.20	78,288,144.88	-71,324,579.68	HUMAN RESOURCES	58,171,923.65	80,407,837.69	-22,235,914.04
2,493.08	71,901,025.74	-71,898,532.66	INFORMATION TECHNOLOGY	71,115,398.12	71,461,474.83	-346,076.71
9,644,193.21	243,692,789.28	-234,048,596.07	CORPORATE AND LEGAL	33,602,893.42	228,315,472.22	-194,712,578.80
	144,095,235.00	-144,095,235.00	Post balance sheet adjustments			-
9,696,719,098.24	9,498,058,217.99	198,660,880.25	Sub Total	9,633,616,317.79	8,638,108,958.22	995,507,359.57
1,534,543,127.40	1,523,290,409.99	11,252,717.41	Less Inter- Departmental Charges	921,860,966.99	912,036,742.45	9,824,224.54
8,162,175,970.84	7,974,767,808.00	187,408,162.84	Total	8,711,755,350.80	7,726,072,215.77	985,683,135.03

**EKURHULENI
METROPOLITAN MUNICIPALITY**

APPENDIX E(1)

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2006 R	2006 R	2006 R	2006 Amended Variance (%)	Explanation of Significant Variances greater than 10 % versus budget
REVENUE	Actual	Budget	Amended Budget	Amended Variance		
Property rates	1,517,314,397.10	1,417,780,460.00	1,417,280,460.00	100,033,937.10	7%	
Property rates - penalties imposed and collection charges	236,402,197.30	30,660,000.00	220,000,000.00	16,402,197.30	7%	
Service charges	4,512,144,460.62	4,882,982,361.00	4,888,393,666.00	-376,249,205.38	-8%	
Regional Services Levies - turnover	509,691,891.64	416,720,000.00	416,720,000.00	92,971,891.64	22%	Higher income due to recognition of cash amounts received without declarations as income and not payments in advance.
Regional Services Levies - remuneration	181,598,416.77	154,809,000.00	154,809,000.00	26,789,416.77	17%	Higher income due to recognition of cash amounts received without declarations as income and not payments in advance.
Rental of facilities and equipment	39,285,083.35	38,326,910.00	38,326,910.00	958,173.35	3%	
Interest earned - external investments	241,411,632.84	120,051,600.00	120,051,600.00	121,360,032.84	101%	Higher cash balances than anticipated due to lower spending level on budget. As a direct result, interest income exceeded the budget.
Interest earned - outstanding debtors	121,703,292.47	74,926,880.00	91,700,003.00	30,003,289.47	33%	Interest accrued on outstanding debtor balances in excess of budget.
Dividends received	-	-	-	-	-	
Fines	104,822,591.74	103,091,727.00	103,091,727.00	1,730,864.74	2%	
Licences and permits	64,577,275.23	69,781,319.00	69,781,319.00	-5,204,043.77	-7%	
Income from agency services	93,638,808.25	85,756,801.00	85,756,801.00	7,882,007.25	9%	
Government grants and subsidies	974,168,094.62	643,485,655.00	702,216,738.00	271,951,356.62	39%	Additional capital grants received
Other income	114,997,208.87	18,921,315.00	22,429,554.00	92,567,654.87	413%	Unforeseen sundry income exceeded budget.
Public contributions, donated and contributed property, plant and equipment	-	-	-	-	-	
Gains on disposal of property, plant and equipment	-	-	-	-	-	
Total Revenue	8,711,755,350.80	8,057,294,028.00	8,330,557,778.00	381,197,572.80		

**EKURHULENI
METROPOLITAN MUNICIPALITY**

APPENDIX E(1)

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2006 R	2006 R	2006 R	2006 Amended Variance (%)	Explanation of Significant Variances greater than 10 % versus budget
EXPENDITURE	Actual	Budget	Amended Budget	Amended Variance		
Employee related costs	2,251,244,271.13	2,389,202,445.00	2,342,343,386.00	-91,099,114.87	-4%	
Remuneration of councillors	44,085,340.72	46,265,387.00	47,981,726.00	-3,896,385.28	-8%	
Bad debts	818,402,089.61	612,753,306.00	818,866,429.00	-464,339.39	0%	New Tenders were called for a panel of debt collectors. Tenders were awarded during the year.
Collection costs	26,322,206.89	35,894,095.00	35,129,860.00	-8,807,653.11	-25%	
Depreciation	328,675,139.65	269,115,419.00	328,675,147.00	-7.35	0%	New vehicles reduced maintenance cost previously incurred on old vehicles especially specialized vehicles
Repairs and maintenance	445,345,645.88	534,809,482.00	523,863,677.00	-78,518,031.12	-15%	
Interest paid	187,679,793.11	211,706,791.00	191,706,791.00	-4,026,997.89	-2%	
Bulk purchases	2,689,319,875.69	2,844,719,483.00	2,835,862,624.00	-146,542,748.31	-5%	The metro is reaping economies-of-scale benefits due to a number of small contracts which are now combined resulting in competitive tender prices.
Contracted Services	314,237,161.39	332,647,082.00	370,792,882.00	-56,555,720.61	-15%	Lower than anticipated spending rate on a project implemented by one of the Municipal Entities and funded by MIG via the EMM.
Grants and subsidies paid	72,111,741.36	88,410,500.00	89,706,350.00	-17,594,608.64	-20%	Savings on general overhead costs.
General expenses	548,648,950.34	556,733,485.00	671,377,587.00	-122,728,636.66	-18%	
Contributions to/(transfers from) provisions	-	-	-	-	-	
Loss on disposal of property, plant and equipment	-	-	-	-	-	
Total Expenditure	7,726,072,215.77	7,922,257,475.00	8,256,306,459.00	-530,234,243.23		
NET SURPLUS / (DEFICIT) FOR THE YEAR	985,683,135.03	135,036,553.00	74,251,319.00	911,431,816.03		

**EKURHULENI
METROPOLITAN MUNICIPALITY**

APPENDIX E(2)

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2006

	2006 Actual	2006 Under Construction	2006 Total Additions	2006 Budget	2006 Variance	2006 Variance	2006 Amended Budget	2006 Amended Variance	Explanation of Significant Variances greater than 5 % versus budget
	R	R	R	R	R	%	R	%	
INFRASTRUCTURE	461,161,913	553,234	461,715,147	703,734,469	242,019,322	-34%	540,154,356	85%	Adjustments budget approved due to
POWER STATIONS	2,542,674	-	2,542,674	500,000	-2,042,674	509%	2,570,000	99%	non-availability of external grant funding
COOLING TOWERS	-	-	-	-	-	-	-	-	budgeted for.
TRANSFORMER KIOSKS	-	-	-	-	-	-	-	-	
ELECTRICITY METERS	-	-	-	-	-	-	-	-	Capacity constraints in the implementation
LOAD CONTROL EQUIPMENT	-	-	-	-	-	-	-	-	of the capital budget.
SWITCHGEAR EQUIPMENT	-	-	-	-	-	-	-	-	
ELECTRICITY SUPPLY AND RETICUL	37,431,149	-	37,431,149	22,126,500	-15,304,649	169%	37,398,333	100%	
ELECTRICITY MAINS	19,847,654	-	19,847,654	14,350,000	-5,497,654	138%	12,055,078	165%	
SUBSTATIONS AND SWITCHGEAR	17,850,271	-	17,850,271	26,373,500	8,523,229	68%	15,377,364	116%	
TRANSFORMERS AND MINISUBS	-	-	-	-	-	-	-	-	
MOTORWAYS	118,272,074	-	118,272,074	110,227,418	-8,044,656	107%	127,729,487	93%	
ROADS OTHER	80,429,041	-	80,429,041	44,661,869	-35,767,172	180%	81,818,703	98%	
TRAFFIC ISLANDS	2,064,879	-	2,064,879	2,265,000	200,121	91%	2,307,000	90%	
TRAFFIC LIGHTS	2,799,845	-	2,799,845	4,784,000	1,984,155	59%	5,916,000	47%	
STREET LIGHTING	4,077,700	-	4,077,700	1,769,555	-2,308,145	230%	7,920,955	51%	
OVERHEAD BRIDGES	-	-	-	-	-	-	-	-	
STORMWATER DRAINS	8,325,000	-	8,325,000	13,283,846	4,958,846	63%	9,329,270	89%	
BRIDGES SUBWAYS AND CULVERTS	11,378,525	-	11,378,525	7,110,000	-4,268,525	160%	11,797,742	96%	
CAR PARKS	151,197	-	151,197	1,400,000	1,248,803	11%	200,000	76%	
BUS TERMINALS	1,936,200	-	1,936,200	898,000	-1,038,200	216%	3,191,438	61%	
PARKING AND INTERMODAL TRANSF	-	-	-	-	-	-	-	-	
TAXI RANKS	4,007,724	-	4,007,724	10,848,380	6,840,656	37%	6,920,385	58%	
PUBLIC TRANSPORT FACILITIES	1,257,479	-	1,257,479	15,500,000	14,242,521	8%	1,373,400	92%	
ROADS GRAVEL	749,720	-	749,720	750,000	280	100%	750,000	100%	
TRAFFIC SIGNS AND STREET NAME	3,431,271	-	3,431,271	4,275,018	843,747	80%	3,368,018	102%	
STORMWATER CHANNELS	3,142,783	-	3,142,783	10,180,000	7,037,217	31%	4,390,000	72%	
STORMWATER PIPES	16,787,576	-	16,787,576	20,785,068	3,997,492	81%	26,352,652	64%	
TARRED ROADS	28,201,959	-	28,201,959	20,487,850	-7,714,109	138%	30,454,277	93%	
WATER METERS	2,701,858	-	2,701,858	3,200,000	498,142	84%	3,550,000	76%	
WATER MAINS	-	-	-	-	-	-	-	-	
WATER RIGHTS	-	-	-	25,420,000	25,420,000	0%	-	-	
WATER SUPPLY AND RETICULATION	27,916,186	-	27,916,186	1,090,000	-26,826,186	2561%	30,681,170	91%	
WATER RESERVOIRS AND TANKS	271,227	-	271,227	-	-271,227	-	1,090,000	25%	
WATER TOWERS	-	-	-	-	-	-	-	-	
RESEVOIR	-	-	-	2,000,000	2,000,000	0%	-	-	
WATER PUMP STATIONS	-	-	-	12,610,000	12,610,000	0%	1,450,000	0%	
BULK WATER PIPES	389,547	-	389,547	-	-389,547	-	3,737,000	10%	
WATER RETICULATION PIPES < 20	217,300	-	217,300	-	-217,300	-	550,000	40%	
RAND WATER CONNECTIONS AND BU	-	-	-	1,260,000	1,260,000	0%	-	-	

**EKURHULENI
METROPOLITAN MUNICIPALITY**

APPENDIX E(2)

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2006

	2006 Actual	2006 Under Construction	2006 Total Additions	2006 Budget	2006 Variance	2006 Variance	2006 Amended Budget	2006 Amended Variance	Explanation of Significant Variances greater than 5 % versus budget
	R	R	R	R	R	%	R	%	
ZONE CONTROL METERS	4,788	-	4,788		-4,788		1,260,000	0%	
PRESSURE REDUCING/RELIEF VAL	-	-	-		-				
GAS METERS	-	-	-		-				
GAS MAINS	-	-	-		-				
GAS STORAGE TANKS	-	-	-		-				
GAS SUPPLY AND RETICULATION	2,691,242	-	2,691,242	28,200,000	25,508,758	10%			
SEWERS	10,690,053	-	10,690,053	16,512,000	5,821,947	65%	10,662,800	100%	
OUTFALL SEWERS	4,583,440	-	4,583,440	2,000,000	-2,583,440	229%	8,981,192	51%	
PURIFICATION WORKS	48,880	-	48,880		-48,880		417,906	12%	
SEWERAGE PUMPS	81,905	-	81,905		-81,905				
SEWERAGE SLUDGE MACHINES	-	-	-		-				
SEWER PIPES < 200MM	-	-	-		-				
RISING MAINS	-	-	-	200,000	200,000	0%			
SEWERAGE PUMP STATIONS	1,046,151	-	1,046,151		-1,046,151		1,050,000	100%	
MANHOLES	-	-	-	4,769,135	4,769,135	0%			
FOOTWAYS	281,205	-	281,205		-281,205		731,206	38%	
KERBING	-	-	-		-				
PAVING	-	-	-	500,000	500,000	0%			
FOOTWAYS AND BICYCLE PATHS	812,807	-	812,807		-812,807		650,000	125%	
ASPHALT PLANT	-	-	-		-				
CABLE STATIONS	-	-	-		-				
COMPACTING STATIONS	-	-	-		-				
HOSTELS - PUBLIC AND TOURIST	-	-	-		-				
HOSTELS WORKERS	8,229,941	-	8,229,941	8,167,000	-62,941	101%	1,460,000	564%	
HOUSING SCHEMES	-	-	-	171,130,330	171,130,330	0%	28,702,980	0%	
QUARRIES	7,774,538	100,903	7,875,441	1,100,000	-6,775,441	716%	700,000	1125%	
TIP SITES	19,793,820	452,331	20,246,151	93,000,000	72,753,849	22%	53,260,000	38%	
TRANSPORT FACILITIES	197,148	-	197,148		-197,148				
FLATS BLOCK	88,130	-	88,130		-88,130				
HOUSES	8,657,024	-	8,657,024		-8,657,024				
CABLE CARS	-	-	-		-				
HOUSING: SELLING SCHEMES	-	-	-		-				
COMMUNITY ASSETS	38,031,926	15,795,603	53,827,529	94,286,010	-40,458,481	-4291%	62,672,397		
AMBULANCE STATIONS	-	-	-		-				
CARE CENTRES	2,870,020	-	2,870,020	8,300,000	5,429,980	35%	675,000	425%	
CEMETERIES	2,698,669	105,692	2,804,361	11,699,000	8,894,639	24%	3,367,515	83%	
CLINICS AND HOSPITALS	13,400,702	-	13,400,702	20,417,010	7,016,308	66%	15,559,865	86%	
COMMUNITY CENTRES	-	-	-	5,010,000	5,010,000	0%	3,960,000	0%	
FIRE STATIONS	485,503	-	485,503	500,000	14,497	97%	500,000	97%	
GAME RESERVES AND REST CAMPS	-	-	-		-				
INDOOR SPORTS FACILITIES	-	-	-		-				
LIBRARIES	3,060,807	290,076	3,350,884	5,600,000	2,249,116	60%	4,002,400	84%	

**EKURHULENI
METROPOLITAN MUNICIPALITY**

APPENDIX E(2)

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2006

	2006 Actual	2006 Under Construction	2006 Total Additions	2006 Budget	2006 Variance	2006 Variance	2006 Amended Budget	2006 Amended Variance	Explanation of Significant Variances greater than 5 % versus budget
	R	R	R	R	R	%	R	%	
CINEMAS	-	-	-	-	-				
KILNS	-	-	-	-	-				
LABORATORIES	-	-	-	-	-				
MARKETS	1,127,552	-	1,127,552	-	1,127,552				
OFFICE BUILDINGS	25,268,589	103,721	25,372,310	27,060,000	-1,687,690	94%	31,342,504	81%	
TRAINING CENTRES	6,506,912	-	6,506,912	2,989,990	3,516,922	218%	2,483,590	262%	
WORKSHOPS AND DEPOTS	4,264,759	670,711	4,935,470	12,400,000	-7,464,530	40%	13,613,986	36%	
RAIL SIDINGS	-	-	-	150,000	-150,000	0%	270,000	0%	
COMPUTER HARDWARE	38,247,078	-	38,247,078	22,739,500	15,507,578	168%	38,892,856	98%	
COMPUTER SOFTWARE	5,929,958	-	5,929,958	22,370,000	-16,440,042	27%	36,768,821	16%	
OFFICE MACHINES	8,343,220	-	8,343,220	57,979,000	-49,635,780	14%	9,717,765	86%	
AIR CONDITIONERS	2,405,643	-	2,405,643	551,000	1,854,643	437%	839,950	286%	
CHAIRS	1,364,826	-	1,364,826	1,112,500	252,326	123%	1,510,800	90%	
TABLES AND DESKS	1,829,189	-	1,829,189	1,410,000	419,189	130%	1,885,800	97%	
CABINETS AND CUPBOARDS	1,607,087	-	1,607,087	1,742,000	-134,913	92%	1,672,718	96%	
FURNITURE AND FITTINGS OTHER	10,475,830	-	10,475,830	12,062,000	-1,586,170	87%	13,761,674	76%	
HOUSEHOLD REFUSE BINS	-	-	-	-	-				
BULK CONTAINERS	187,473	-	187,473	15,000,000	-14,812,527	1%	300,000	62%	
FIRE EQUIPMENT	15,057	-	15,057	500,000	-484,943	3%	1,540,374	1%	
AMBULANCE EQUIPMENT	293,573	-	293,573	300,000	-6,427	98%	2,310,000	13%	
FIRE HOSES	-	-	-	-	-				
EMERGENCY LIGHTS	-	-	-	-	-				
FIRE ENGINES	-	-	-	-	-				
BUSES	7,712,355	-	7,712,355	2,700,000	5,012,355	286%	33,461,880	23%	
MOTOR VEHICLES	21,713,872	-	21,713,872	32,395,000	-10,681,128	67%	20,701,039	105%	
MOTOR CYCLES	-	-	-	-	-				
TRUCKS AND BAKKIES	54,998,293	-	54,998,293	12,130,000	42,868,293	453%	55,602,577	99%	
AIRCRAFT	-	-	-	-	-				
WATERCRAFT	-	-	-	-	-				
GRADERS	453,720	-	453,720	1,000,000	-546,280	45%	948,500	48%	
TRACTORS	2,102,653	-	2,102,653	-	2,102,653		200,000	1051%	
MECHANICAL HORSES	-	-	-	-	-				
FARM EQUIPMENT	-	-	-	-	-				
LAWN MOWERS	69,900	-	69,900	-	69,900		-		
COMPRESSORS	-	-	-	-	-				
LABORATORY EQUIPMENT	-	-	-	-	-				
RADIO EQUIPMENT	1,692,218	-	1,692,218	-	1,692,218				
FIRE ARMS	363,318	-	363,318	-	363,318				
TELECOMMUNICATION EQUIPMENT	7,355,704	-	7,355,704	500,000	6,855,704	1471%	850,000	865%	
PLANT AND EQUIPMENT GENERAL	19,269,901	-	19,269,901	17,950,000	1,319,901	107%	18,054,850	107%	
IRRIGATION SYSTEMS	-	-	-	-	-				
CREMATORS	951,866	-	951,866	1,500,000	-548,134	63%	1,000,000	95%	

EKURHULENI
METROPOLITAN MUNICIPALITY

APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, ACT 56 OF 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/withheld				Reason for delay/witholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sept	Dec	Mar	June	Sept	Dec	Mar	June	Sept	Dec	Mar	June			
Operating Grants																
Finance Management Grant	NT	3,000,000.00				232,123.00	706,852.00	346,890.00	2,463,140.30						Yes	
Transformation Grant	NT					0.00	16,404.00	94,225.00	355,555.00						Yes	
Restructuring Grant	NT					4,362,477.00	681,467.79		1,161,871.32						Yes	
Local Economic Ddevelopment Grant	DFEA			3,700,000.00			72,370.00								Yes	
HIV/Aids Grant	DPLG			4,883,000.00		309,788.00	607,900.00	557,165.00	536,404.00						Yes	
Bontle Ke Botle	GDACE			320,000.00		57,741.00	132,245.00	175,517.00	272,226.00						Yes	
Environment & Tourism	GDACE			10,863.00					54,502.00						Yes	
Skills Development Grant	DPLG	1,948,706.00	94,737.00	18,543,534.00	677,701.00	2,155,568.01	3,309,988.00	3,397,974.00	4,228,541.00						Yes	
Vuna Awards	DPLG															
Zonki Trust	GDPW															
Municipal Revenue Enhancement Programme	NT								378,502.00						Yes	
Consolidated Metropolitan Transport Fund	GAUTRANS								811,549.00						Yes	
International Council for Local Environment Initiatives	FOREIGN	125,950.00	84,282.00	123,650.00				125,456.00	31,029.00						Yes	
Municipal Systems Improvement Grant	NT	1,000,000.00		1,000,000.00				2,000,000.00	2,790,000.00						Yes	
Total Operating Grants		6,074,656.00	179,019.00	28,581,047.00	677,701.00	7,117,697.01	5,527,226.79	6,697,227.00	13,083,319.62	0	0	0	0			
Capital Grants																
SRAC	GPG			2,936,000.00		464,617.00	79,146.00	365,870.00	1,974,377.00						Yes	
Roads Transport & Civil Works	GPG				162,805.00			162,805.00	1,992,418.00						Yes	
Water And Sanitation	DWAF					35,484.00	546,467.00	102,433.00	50,491.00						Yes	
Local Economic Development	DFEA			4,300,000.00											Yes	
Integrated National Electrification Programme	Dept of ME			3,000,000.00		375,065.00	843,518.00	979,373.00	1,069,829.00						Yes	
Total Capital Grants		0.00	0.00	10,236,000.00	162,805.00	875,166.00	1,469,131.00	1,610,481.00	5,087,115.00	0	0	0	0			
MIG Grants	DPLG	33,821,655.00	80,818,701.00	76,973,853.00	10,088,921.00	8,698,729.00	37,700,807.11	41,013,065.42	139,032,842.13						Yes	
Total MIG Grants		33,821,655.00	80,818,701.00	76,973,853.00	10,088,921.00	8,698,729.00	37,700,807.11	41,013,065.42	139,032,842.13	0	0	0	0			
PHB Grants	GPG	27,883,862.00	1,590,404.00	11,495,512.00	12,759,064.00	24,091,073.00	17,527,689.00	11,679,996.00	52,637,149.00						Yes	
Total Housing Grants		27,883,862.00	1,590,404.00	11,495,512.00	12,759,064.00	24,091,073.00	17,527,689.00	11,679,996.00	52,637,149.00	0	0	0	0			