

KING SABATA DALINDYEBO MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2006

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

The 2005/2006 financial year is the first year that the municipality reports its financial results according to the new GRAP requirements. For this to be implemented, the services of various consultants were utilised to ensure compliance.

Various projects were undertaken during the financial year to improve financial accountability, inter alia:

- Asset verification
- Correction of External Audit queries
- Improved Internal Controls
- GRAP conversion

The impact of these can be seen in the financial results of the municipality.

2. KEY FINANCIAL INDICATORS

The following indicators give some insight into the financial results of the year under review.

Financial Statement Ratios:

INDICATOR	2006	2005
Surplus / (Deficit) before Appropriations	(97,195,353)	(25,380,405)
Surplus / (Deficit) at the end of the Year	(133,253,238)	(13,688,491)
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	38.76%	45.68%
Remuneration of Councilors	2.38%	2.96%
Bad Debts	17.66%	-
Depreciation	6.00%	8.58%
Repairs and Maintenance	1.26%	2.13%
Interest Paid	3.04%	7.23%
Bulk Purchases	14.17%	16.89%
Contracted Services	0.57%	-
Grants and Subsidies Paid	0.00%	0.02%
General Expenses	16.16%	16.53%

Financial Statement Ratios (Continued):

INDICATOR	2006	2005
Current Ratio:		
Creditors Days	240	206
Debtors Days	183	197

The ratio for Debtors Days was improved because of bad debts to the amount of R 62,281,924 written-off during the year under review.

3. OPERATING RESULTS

Funds not required in terms of GRAP / GAMAP were written back to the Appropriation Account and shown as prior year adjustments. Refer to note 26.

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

The overall operating results for the year ended 30 June 2006 are as follows:

DETAILS	Actual 2005/2006 R	Actual 2004/2005 R	Percentage Variance %	Budgeted 2005/2006 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	(13,688,491)	(31,607,033)	(56.69)%	-	-
Operating income for the year	255,398,673	193,852,771	31.75%	249,978,039	2.17%
Appropriations for the year	(22,369,394)	43,298,947	(151.66)%	-	-
	219,340,788	205,544,685	6.71%	249,978,039	(12.26)%
Expenditure:					
Operating expenditure for the year	352,594,026	219,233,176	60.83%	249,978,039	41.05%
Sundry transfers	-	-	-	-	-
Closing surplus / (deficit)	(133,253,238)	(13,688,491)	873.47%	-	-
	219,340,788	205,544,685	6.71%	249,978,039	(12.26)%

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 51,488,749 (2004/2005: R 13,861,784). Full details of Property, Plant and Equipment are disclosed in note number 7 and Appendix B to the Annual Financial Statements.

The capital expenditure of R 51,488,749 was financed as follows:

DETAILS	Actual 2005/2006 R	Actual 2004/2005 R	Percentage Variance %	Budgeted 2005/2006 R	Variance actual/ budgeted %
Capital Replacement Reserve	-	-	-	-	-
External Loans	-	617,699	(100.00)%	-	-
Grants and Subsidies	49,722,431	12,529,185	296.85%	-	-
Public Contributions	-	-	-	-	-
Own Funds (Accumulated Surplus)	1,766,317	714,900	147.07%	-	-
	51,488,748	13,861,784	271.44%	-	-

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2006	2005
Capital Replacement Reserve	-	-
External Loans	-	4.46%
Grants and Subsidies	96.57%	90.39%
Public Contributions	-	-
Own Funds (Accumulated Surplus)	3.43%	5.16%

Property, Plant and Equipment is funded to such a great extent from grants and subsidies because the municipality does not have the financial resources to finance capital from its own funds.

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2006	2005
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	-	-
Revenue variances	5,420,634	(11,516,526)
Expenditure variances:		
Employee Related Costs	6,169,129	8,041,270
Remuneration of Councilors	(8,385,700)	349,416
Bad Debts	(51,281,924)	-
Collection Costs	(5,891)	-
Depreciation	(21,143,882)	(18,804,682)
Repairs and Maintenance	4,906,401	6,679,734
Interest Paid	(3,143,497)	(6,525,974)
Bulk Purchases	(20,657,674)	(11,218,216)
Contracted Services	3,645,959	-
Grants and Subsidies Paid	(16,846)	(41,683)
General Expenses	(12,702,062)	7,656,256
Actual surplus before appropriations	(97,195,353)	(25,380,405)

DETAILS	2006	2005
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	-	-
Executive and Council	(26,842,621)	(17,554,280)
Finance and Administration	(20,293,110)	51,865,050
Planning and Development	(4,440,858)	(9,990,282)
Health	(10,494,541)	(1,155,869)
Community and Social Services	(5,759,224)	(4,293,354)
Housing	(792,502)	(39,528)
Public Safety	(32,407,668)	(25,991,117)
Sport and Recreation	(9,891,708)	(4,577,476)
Environmental Protection	1,688,146	(2,930,016)
Waste Management	(15,806,746)	(4,288,533)
Roads and Transport	27,506,372	(9,443,924)
Water	-	(108)
Electricity	1,404,951	3,282,447
Other	(1,065,843)	(263,415)
Actual surplus before appropriations	(97,195,353)	(25,380,405)

Details of the operating results per segmental classification of expenditure are included in Appendix "C", whilst operational results per category of expenditure, together with a cryptic explanation of significant variances of more than 10% from budget, are included in Appendix "D".

6. CAPITAL REPLACEMENT RESERVE

The balance of the Capital Replacement Reserve as at 30 June 2006 amounted to R 324,338 (30 June 2005: R 0).

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The municipality is dependent on external funds (external loans and grants) to finance its annual capital program.

Refer to the Statement of Change in Net Assets for more detail.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2006 was R 49,579,503 (30 June 2005: R 51,816,342).

Refer to Note number 1 and Appendix "A" for more detail.

8. CURRENT LIABILITIES

Current Liabilities amounted R 308,044,062 as at 30 June 2006 (30 June 2005: R 198,676,636) and is made up as follows:

Consumer Deposits	Note number 2	69,186
Provisions	Note number 3	6,207,906
Creditors	Note number 4	231,713,290
Unspent Conditional Grants and Receipts	Note number 5	44,543,136
Bank Overdraft	Note number 15	23,645,639
Current Portion of Long-term Liabilities	Note number 1	<u>1,864,906</u>
		<u>308,044,062</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R 340,942,209 as at 30 June 2006 (30 June 2005: R 289,151,751).

During the year a Deed search was done and vacant land to the value of R 11,976,555, previously not recorded, have been brought into the municipality's registers as at 30 June 2004.

Refer to Note number 7 and Appendix B for more detail.

10. INVESTMENTS

The municipality held Investments to the value of R 44,375,197 as at 30 June 2006 (30 June 2005: R 42,436,645).

The bulk of these investments are ring-fenced for purposes of the Capital Replacement Reserve, Self-Insurance Reserve, Unspent Conditional Grants and security for Long-term Liabilities, with the result that no significant amounts are available for own purposes.

Refer to Note number 8 and 14 for more detail.

11. LONG-TERM RECEIVABLES

Long-term Receivables of R 532,340 at 30 June 2006 (30 June 2005: R 551,050) is made up as follows:

Officials: Housing Loans 532,340

Refer to Note number 9 for more detail.

12. CURRENT ASSETS

Current Assets amounted to R 105,933,037 as at 30 June 2006 (30 June 2005: R 104,738,425) and is made up as follows:

Inventory	Note number 10	2,769,810
Consumer Debtors	Note number 11	66,523,430
Other Debtors	Note number 12	#REF!
Non-Current Assets held for sale	Note number 13	9,378,741
Call Investment Deposits	Note number 14	10,420,855
VAT	Note number 6	11,729,981
Bank Balances and Cash	Note number 15	1,879,035
		<u>#REF!</u>

There was an alarming increase in debt for Consumer Debtors. Council's Credit Control Policy will have to be applied strictly and adhered to in all circumstances in order to recover monies due to the municipality.

Refer to the indicated Note numbers for more detail.

13. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital program. Operating grants are utilised to finance indigent assistance.

Refer to Notes number 5, 18, and Appendix E for more detail.

14. GENERAL RECOGNISED ACCOUNTING PRACTICE (GRAP)

In order to adhere to principles and procedures prescribed by law and the directions of National Treasury, the Annual Financial Statements have been converted to the so-called GRAP-format.

The unbundling process was carried out as at 30 June 2004, with the result that comparative figures were also adjusted to the GRAP-format.

15. EXPRESSION OF APPRECIATION

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councilors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER

15 September 2006

KING SABATA DALINDYEBO MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2006

	Note	2006 R	2005 R
NET ASSETS AND LIABILITIES			
Net Assets		134,159,217	186,384,892
Capital Replacement Reserve		324,338	-
Government Grant Reserve		234,605,192	200,073,383
Revaluation Reserve		32,230,734	-
Self-Insurance Reserve		252,190	-
Accumulated Surplus / (Deficit)		(133,253,238)	(13,688,491)
Non-Current Liabilities		49,579,503	51,816,342
Long-term Liabilities	1	49,579,503	51,816,342
Current Liabilities		308,044,062	198,676,636
Consumer Deposits	2	69,186	2,443,017
Provisions	3	6,207,906	-
Creditors	4	231,713,290	123,515,047
Unspent Conditional Grants and Receipts	5	44,543,136	38,706,802
Bank Overdraft	15	23,645,639	31,191,438
Current Portion of Long-term Liabilities	1	1,864,906	2,820,332
Total Net Assets and Liabilities		491,782,782	436,877,871
ASSETS			
Non-Current Assets		385,849,745	332,139,447
Property, Plant and Equipment	7	340,942,209	289,151,751
Investments	8	44,375,197	42,436,645
Long-term Receivables	9	532,340	551,050
Current Assets		#REF!	104,738,425
Inventory	10	2,769,810	2,626,771
Consumer Debtors	11	66,523,430	62,455,387
Other Debtors	12	#REF!	632,345
Non-current assets held for sale	13	9,378,741	-
Call Investment Deposits	14	10,420,855	10,000,000
VAT	6	11,729,981	13,723,939
Bank Balances and Cash	15	1,879,035	15,299,983
Total Assets		#REF!	436,877,871

KING SABATA DALINDYEBO MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006

Budget			Actual		
2005 R	2006 R		2006 R	2005 R	
		REVENUE			
46,070,380	60,784,000	Property Rates	16	51,473,313	44,688,989
75,760,317	83,746,861	Service Charges	17	81,133,147	71,210,321
3,802,405	5,788,155	Rental of Facilities and Equipment		6,805,567	6,498,526
550,000	500,000	Interest Earned - External investments		300,825	742,461
1,000,000	1,000,000	Interest Earned - Outstanding debtors		504,486	-
274,520	1,201,800	Fines		147,279	833,724
2,320,445	2,587,500	Licenses and Permits		5,041,502	2,072,889
71,964,000	59,987,790	Government Grants and Subsidies	18	106,891,205	65,563,148
3,486,430	3,726,121	Other Income	19	3,101,351	2,212,484
-	27,006,562	Budgeted Income from non-GAMAP compliant reserves		-	-
140,800	3,649,250	Gains on Disposal of Property, Plant and Equipment		-	30,229
205,369,297	249,978,039	Total Revenue		255,398,673	193,852,771
		EXPENDITURE			
108,182,521	142,845,844	Employee Related Costs	20	136,676,715	100,141,251
6,837,610	-	Remuneration of Councilors	21	8,385,700	6,488,194
-	11,000,000	Bad Debts		62,281,924	-
-	-	Collection Costs		5,891	-
-	-	Depreciation		21,143,882	18,804,682
11,342,340	9,334,158	Repairs and Maintenance		4,427,757	4,662,606
9,315,730	7,565,935	Interest Paid	22	10,709,432	15,841,704
25,806,000	29,306,285	Bulk Purchases	23	49,963,959	37,024,216
-	5,638,735	Contracted Services		1,992,776	-
-	-	Grants and Subsidies Paid	24	16,846	41,683
43,885,096	44,287,082	General Expenses		56,989,144	36,228,840
205,369,297	249,978,039	Total Expenditure		352,594,026	219,233,176
-	-	SURPLUS / (DEFICIT) FOR THE YEAR		(97,195,353)	(25,380,405)
		Refer to Appendix E(1) for explanation of variances			

KING SABATA DALINDYEBO MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 R	2005 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		#REF!	268,761,298
Cash paid to suppliers and employees		#REF!	(166,658,441)
Cash generated from/(utilised in) operations	28	#REF!	102,102,858
Interest received		805,311	742,461
Interest paid		(10,709,432)	(15,841,704)
NET CASH FROM OPERATING ACTIVITIES		#REF!	87,003,615
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(51,488,749)	-
Proceeds on disposal of property, plant and equipment		9,378,741	(250,353,376)
Increase in investment properties		-	-
(Increase)/decrease in non-current receivables		18,711	21,450
(Increase)/decrease in non-current investments		(1,938,552)	(9,939,240)
(Increase)/decrease in call investment deposits		(420,855)	-
NET CASH FROM INVESTING ACTIVITIES		(44,450,704)	(260,271,166)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		(2,236,839)	(2,212,294)
Increase/(decrease) in consumer deposits		(2,373,831)	16,560
Increase/(decrease) in Funds and Reserves		35,108,338	212,965,018
Increase/(decrease) in Trust Funds		-	(31,067,622)
(Increase)/decrease in short-term loans		(955,426)	1,064,702
NET CASH FROM FINANCING ACTIVITIES		29,542,242	180,766,364
NET INCREASE IN CASH AND CASH EQUIVALENTS		#REF!	7,498,814
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR		(15,891,455)	(23,390,269)
CASH AND CASH EQUIVALENTS - END OF THE YEAR	29	#REF!	(15,891,455)

KING SABATA DALINDYEBO MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2006

Description	Pre-GAMAP Reserves and Funds	Housing Development Fund	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	Donations and Public Contr Reserve	Self Insurance Reserve	Revaluation Reserve	Accumulated Surplus / (Deficit)	Total
	R	R	R	R	R	R	R	R	R	R
2005										
Balance at 30 June 2004	40,818,395	-	-	-	-	-	-	-	(31,607,033)	9,211,362
Implementation of GAMAP (Note 26)	(31,067,622)	-	-	-	200,435,833	-	-	-	56,015,720	225,383,931
Correction of error (Note 27)									-	-
Restated balance	9,750,773	-	-	-	200,435,833	-	-	-	24,408,687	234,595,293
Surplus/(deficit) for the year	(9,750,773)								(25,380,405)	(35,131,178)
Capital grants used to purchase PPE					12,529,185				(12,529,185)	-
Offsetting of depreciation					(12,891,635)				12,891,635	-
Correction of error (Note 27)									(13,079,223)	(13,079,223)
Balance at 30 June 2005	-	-	-	-	200,073,383	-	-	-	(13,688,491)	186,384,892
2006										
Restated balance	-	-	-	-	200,073,383	-	-	-	(13,688,491)	186,384,892
Net surplus/(deficit) for the year									(97,195,353)	(97,195,353)
Transfer to CRR			324,338						(324,338)	-
Capital grants used to purchase PPE					49,722,431				(49,722,431)	-
Revaluation of PPE								32,230,734	-	32,230,734
Contribution to Insurance Reserve							252,190		(252,190)	-
Correction of error (Note 27)									12,738,943	12,738,943
Offsetting of depreciation					(15,190,622)				15,190,622	-
Balance at 30 June 2006	-	-	324,338	-	234,605,192	-	252,190	32,230,734	(133,253,238)	134,159,217

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	R	R
1 LONG TERM LIABILITIES		
Local Registered Stock	36,980,600	36,980,600
Annuity Loans	13,349,793	16,157,212
Lease Liabilities	1,114,017	1,498,862
Sub-total	51,444,410	54,636,674
Less: Current Portion transferred to Current Liabilities	1,864,906	2,820,332
Annuity Loans	1,864,906	2,820,332
Lease Liabilities	-	-
Total External Loans	49,579,503	51,816,342
(Refer to Appendix A for more detail on long-term liabilities.)		
2 CONSUMER DEPOSITS		
Electricity	69,186	2,443,017
Total Consumer Deposits	69,186	2,443,017
3 CURRENT PROVISIONS		
Performance Bonus	618,506	-
Provision for Cleaning of Illegal Dumping	304,000	-
Provision for rehabilitation of tip sites	2,385,400	-
Provision for Clearing of Alien Vegetation	2,900,000	-
Total Current Provisions	6,207,906	-
The movement in current provisions are reconciled as follows:		
Performance Bonus		
Balance at beginning of year	-	-
Transfer from non-current	-	-
Contributions to provision	618,506	-
Expenditure incurred	-	-
Balance at end of year	618,506	-
Cleaning of Illegal Dumping and Tip sites		
Balance at beginning of year	-	-
Transfer from non-current	-	-
Contributions to provision	2,689,400	-
Expenditure incurred	-	-
Balance at end of year	2,689,400	-
Clearing of Alien Vegetation		
Balance at beginning of year	-	-
Transfer from non-current	-	-
Contributions to provision	2,900,000	-
Expenditure incurred	-	-
Balance at end of year	2,900,000	-

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	R	R
4 CREDITORS		
Trade Creditors	195,817,099	103,899,660
Other Creditors	8,318,892	15,887,351
Prepaid Income	9,325,990	-
Staff Leave	18,251,309	3,728,036
Total Creditors	<u>231,713,290</u>	<u>123,515,047</u>
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
<i>5.1 Conditional Grants from Other Spheres of Government</i>	44,543,136	38,706,802
National Government Grants	22,034,581	18,758,327
Provincial Government Grants	22,490,478	8,296,214
Other Sources	18,077	11,652,259
Total Conditional Grants and Receipts	<u>44,543,136</u>	<u>38,706,802</u>
See Note 18 for a reconciliation of grants from other spheres of government. These amounts are invested in ring-fenced investments until utilized.		
6 VAT		
VAT Receivable	<u>11,729,981</u>	<u>13,723,939</u>
VAT is refundable on the payment basis. Only once the payment is made to creditors is VAT claimed from SARS.		

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

7 PROPERTY, PLANT AND EQUIPMENT

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemising all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2009. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2009.

30 June 2006
Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing	Leased Infra-structure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2005	15,363,056	214,601,263	41,860,434	-	5,861,429	11,465,600	-	289,151,782
Cost	16,520,757	239,972,112	52,173,426	-	22,664,410	14,332,000	-	345,662,704
Correction of error	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation:	(1,157,701)	(25,370,849)	(10,312,992)	-	(16,802,980)	(2,866,400)	-	(56,510,922)
- Cost	(1,157,701)	(25,370,849)	(10,312,992)	-	(16,802,980)	(2,866,400)	-	(56,510,922)
- Revaluation	-	-	-	-	-	-	-	-
Acquisitions	-	47,382,352	1,583,758	-	2,522,639	-	-	51,488,749
Capital under construction	-	-	-	-	-	-	-	-
Increases/decreases in revaluation	13,647,200	1,675,368	14,205,967	-	-	2,702,200	-	32,230,734
Depreciation:	(917,560)	(15,414,693)	(1,769,603)	-	(2,564,292)	(477,733)	-	(21,143,882)
- based on cost	(917,560)	(15,414,693)	(1,769,603)	-	(2,564,292)	(477,733)	-	(21,143,882)
- based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposals:	-	-	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Non-current assets held for sale	-	-	-	-	(34,741)	(9,344,000)	-	(9,378,741)
Cost/revaluation	-	-	-	-	(1,296,855)	(11,577,000)	-	(12,873,855)
Accumulated depreciation	-	-	-	-	1,262,114	2,233,000	-	3,495,114
Impaired losses	-	-	(1,213,367)	-	-	(193,067)	-	(1,406,433)
Other movements	-	-	-	-	-	-	-	-
Carrying values at 30 June 2006	28,092,695	248,244,290	54,667,189	-	5,785,035	4,153,000	-	340,942,209
Cost	16,520,757	287,354,464	53,757,184	-	23,890,193	2,755,000	-	384,277,598
Revaluation	13,647,200	1,675,368	14,205,967	-	-	2,702,200	-	32,230,734
Accumulated depreciation:	(2,075,262)	(40,785,541)	(13,295,962)	-	(18,105,158)	(1,304,200)	-	(75,566,123)
- Cost	(2,075,262)	(40,785,541)	(13,295,962)	-	(18,105,158)	(1,304,200)	-	(75,566,123)
- Revaluation	-	-	-	-	-	-	-	-

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

30 June 2005 - Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing	Leased Infra-structure	Total
	R	R	R	R	R	R	R	R
Carrying values at 1 July 2004	16,280,616	216,638,753	43,361,581	-	5,870,397	11,943,333	-	294,094,680
Cost	16,520,757	228,631,561	51,935,569	-	20,381,034	14,332,000	-	331,800,921
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation:	(240,141)	(11,992,808)	(8,573,987)	-	(14,510,637)	(2,388,667)	-	(37,706,240)
- Cost	(240,141)	(11,992,808)	(8,573,987)	-	(14,510,637)	(2,388,667)	-	(37,706,240)
- Revaluation	-	-	-	-	-	-	-	-
Acquisitions	-	11,340,551	237,857	-	2,283,376	-	-	13,861,784
Capital under construction	-	-	-	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation:	(917,560)	(13,378,041)	(1,739,004)	-	(2,292,343)	(477,733)	-	(18,804,682)
- based on cost	(917,560)	(13,378,041)	(1,739,004)	-	(2,292,343)	(477,733)	-	(18,804,682)
- based on revaluation	-	-	-	-	-	-	-	-
Carrying value of disposals:	-	-	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Impaired losses	-	-	-	-	-	-	-	-
Carrying values at 30 June 2005	15,363,056	214,601,263	41,860,434	-	5,861,429	11,465,600	64,461,469	289,151,782
Cost	16,520,757	239,972,112	52,173,426	-	22,664,410	14,332,000	-	345,662,704
Correction of error	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	(1,157,701)	(25,370,849)	(10,312,992)	-	(16,802,980)	(2,866,400)	64,461,469	(56,510,922)
- Cost	(1,157,701)	(25,370,849)	(10,312,992)	-	(16,802,980)	(2,866,400)	-	(56,510,922)
- Revaluation	-	-	-	-	-	-	-	-

Land and Buildings: Land and buildings were revalued to fair value based on Municipal valuations. The effective date of the revaluation was 30 June 2006. The revaluations was performed by Khanyisa Properties and management Services who are registered independent property valuers. The revaluation process included market valuations. The revaluation process included market values of the land, cost of material, location, income potential and the size of the land.

The revaluation surplus is reconciled as follows:

	2006 R	2005 R
Balance at beginning of year	-	-
Surplus realised	32,230,734	-
Balance at end of year	<u>32,230,734</u>	-

Refer to appendix B for more detail on property, plant and equipment

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005	
	R	R	
8 INVESTMENTS			
Unlisted	43,106,206	29,077,165	
	<u>43,106,206</u>	<u>29,077,165</u>	
Financial Instruments			
Fixed Deposits	1,268,991	13,359,480	
Total Investments	<u>44,375,197</u>	<u>42,436,645</u>	
Unlisted investments of R 324,338 and R 252,190 are ring-fenced and attributable to Capital Replacement Reserve and Self Insurance Reserve respectively			
9 LONG-TERM RECEIVABLES			
Officials: Housing Loans	532,340	551,050	
	532,340	551,050	
Less: Current Portion transferred to Current Receivables	-	-	
Officials: Housing Loans	<u>-</u>	<u>-</u>	
Total Long-term Receivables	<u>532,340</u>	<u>551,050</u>	
HOUSING LOANS			
No Housing Loans are granted to officials of the municipality anymore. The outstanding amount is still collectable.			
10 INVENTORY			
Consumable Stores - at cost	2,769,810	2,626,771	
Total Inventory	<u>2,769,810</u>	<u>2,626,771</u>	
11 CONSUMER DEBTORS			
	Gross	Provision for	Net
	Balances	Bad Debts	Balance
As at 30 June 2006			
Service Debtors:	215,238,026	155,175,749	60,062,277
Assessment Rates	64,508,949	46,507,695	18,001,254
Refuse	31,574,546	22,763,654	8,810,893
Sewerage	15,130,514	10,908,336	4,222,177
Electricity	16,439,736	11,852,220	4,587,517
Other	48,276,550	34,804,955	13,471,595
Water	39,307,732	28,338,890	10,968,842
Housing Rentals	23,154,062	16,692,910	6,461,152
Total Consumer Debtors	<u>238,392,089</u>	<u>171,868,659</u>	<u>66,523,430</u>
As at 30 June 2005			
Service Debtors:	169,054,571	109,903,317	59,151,254
Other Debtors	3,304,134	-	3,304,134
Total Consumer Debtors	<u>172,358,704</u>	<u>109,903,317</u>	<u>62,455,387</u>
Rates: Ageing			
Current		4,892,939	-
Previous (0 - 30 days)		1,200,420	-
31 - 60 Days		1,137,992	-
61 - 90 Days		1,050,432	-
+ 90 Days		56,227,166	-
Total		<u>64,508,949</u>	<u>-</u>
Refuse: Ageing			
Current		2,976,723	-
Previous (0 - 30 days)		724,769	-
31 - 60 Days		695,825	-
61 - 90 Days		618,324	-
+ 90 Days		26,558,905	-
Total		<u>31,574,546</u>	<u>-</u>

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
Sewerage: Ageing		
Current	(143,833)	-
Previous (0 - 30 days)	-	-
31 - 60 Days	2,978	-
61 - 90 Days	-	-
+ 90 Days	15,271,369	-
Total	15,130,514	-
Electricity: Ageing		
Current	1,660,494	-
Previous (0 - 30 days)	641,922	-
31 - 60 Days	442,232	-
61 - 90 Days	333,317	-
+ 90 Days	13,361,771	-
Total	16,439,736	-
Other: Ageing		
Current	(8,967,441)	-
Previous (0 - 30 days)	4,883	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	57,283,649	-
Total	48,321,091	-
Water: Ageing		
Current	(1,500,576)	-
Previous (0 - 30 days)	9,742	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	40,798,566	-
Total	39,307,732	-
Housing rentals: Ageing		
Current	1,109,533	-
Previous (0 - 30 days)	507,687	-
31 - 60 Days	449,999	-
61 - 90 Days	451,940	-
+ 90 Days	20,634,903	-
Total	23,154,062	-

Summary of Debtors by Customer Classification

30 June 2006	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	3,925,941	2,062,784	83,130
31 - 60 Days	2,440,199	291,269	161,011
61 - 90 Days	2,260,932	212,069	137,054
91 - 120 Days	194,391,217	15,428,563	16,997,921
+ 120 Days	-	-	-
Sub-total	203,018,288	17,994,685	17,379,116
Less: Provision for bad debts	146,365,935	12,973,259	12,529,465
Total Debtors by Customer Classification	56,652,353	5,021,426	4,849,651

The previous year comparative figures cannot be provided due to the year-end reports, which can only be generated at the end of the year, not being prepared in the required format.

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	R	R
12 OTHER DEBTORS		
Sundry Debtors	#REF!	632,345
Total Other Debtors	<u>#REF!</u>	<u>632,345</u>

13 NON-CURRENT ASSETS HELD FOR SALE

During the year under review, the council made a resolution to dispose off some of the assets that consist mainly of vehicles and equipment. The disposal decision was based on the ageing of the assets and costs involved in maintaining those assets. To ensure transparency and fairness on the process an independent auctioneer has been appointed. The scheduled date of the disposal is 30 August 2006.

Due to a prior year resolution taken by the council to dispose off the residential property occupied by employees these have been accounted for as non-current assets held for sale. The disposal amount has not been determined however these have been disclosed at carrying values as at 30 June 2006.

Refer to note 7 and appendix B to the Financial Statements

14 CALL INVESTMENT DEPOSITS

Unlisted 88 Day Call Account	<u>10,420,855</u>	<u>10,000,000</u>
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An amount of R 10,000,000 of Investments is serving as security of the R14,500,000 overdraft facility.

15 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts:

MEEG Bank

Account Number 4048218780 (Primary Bank Account):

Cash book balance at beginning of year	(31,191,438)	(33,354,136)
Cash book balance at end of year	<u>(23,645,639)</u>	<u>(31,191,438)</u>

Bank statement balance at beginning of year	(10,154,200)	(11,790,586)
Bank statement balance at end of year	<u>(7,324,786)</u>	<u>(10,154,200)</u>

Account Number 4048400474 (IGG Call Account):

Cash book balance at beginning of year	15,246,782	9,787,809
Cash book balance at end of year	<u>1,876,835</u>	<u>15,246,782</u>

Bank statement balance at beginning of year	15,246,782	9,909,192
Bank statement balance at end of year	<u>1,876,835</u>	<u>15,246,782</u>

Account Number 4048399986 (Natis - Motor Vehicle License)

Cash book balance at beginning of year	51,001	173,359
Cash book balance at end of year	<u>-</u>	<u>51,001</u>

Bank statement balance at beginning of year	51,001	61,734
Bank statement balance at end of year	<u>-</u>	<u>51,001</u>

Cash on hand in Cash Floats and Advances	<u>2,200</u>	<u>2,200</u>
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Total Bank and Cash	1,879,035	15,299,983
Total Overdraft	<u>(23,645,639)</u>	<u>(31,191,438)</u>

Total Bank and Cash	<u>(21,766,604)</u>	<u>(15,891,455)</u>
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KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	R	R
16 PROPERTY RATES		
Actual		
Residential	24,469,925	25,814,632
Commercial	11,260,657	10,430,243
Municipal	3,716,498	12,226
State (Government Departments)	12,026,233	8,431,888
Total Assessment Rates	51,473,313	44,688,989
Valuations	July 2006	July 2005
	R	R
Residential	1,098,245,346	1,076,382,732
Commercial	605,990,179	605,840,979
Agricultural	2,649,445	2,649,445
State	606,869,732	606,869,732
Exempted properties	92,998,491	115,010,305
Total Property Valuations	2,406,753,193	2,406,753,193

Assessment Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 1999. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The last interim valuation came into effect on 1 May 2005.

A general rate of 0,019 c/R, 0,0208 c/R, 0,0199 c/R and 0,0280 c/R is applied to property valuations to determine assessment rates for domestic, commercial, agricultural and state respectively. The general rate of 0,0208 c/R, 0,0223 c/R, 0,0215 c/R and 0,0218 c/R was applied during 2004/2005. Rebates of 10% are applied to domestic consumers.

Rates are levied monthly and are payable at the end of the following month. No interest is charged on rates.

17 SERVICE CHARGES

Sale of Electricity	69,729,387	60,045,061
Refuse Removal	11,403,760	11,165,260
Total Service Charges	81,133,147	71,210,321

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
18 GOVERNMENT GRANTS AND SUBSIDIES		
Provincial Equitable Share	55,310,879	34,865,199
Provincial Health Subsidies	-	9,351,087
Government - Capital Projects	51,580,326	21,346,862
<i>National: MIG Grant</i>	35,535,966	6,985,473
<i>Provincial - Department of Transport - Consolidated Metro Grant</i>	3,799,304	3,429,347
<i>National - Finance Management Grant</i>	2,207,227	-
<i>National - Mqanduli Milling Project Grant</i>	499,545	-
<i>Provincial: Municipal Support Grant (MSP)</i>	748,884	2,148,739
<i>Provincial: Urban Renewal Grant</i>	675,589	1,954,431
<i>National: Tornado Damage Grant (NER)</i>	4,267,621	2,804,920
<i>Provincial: Disaster Management Grant</i>	1,416,858	3,597,483
<i>Provincial: Intervention Grant</i>	639	-
<i>National: Waste Water Feasibility Study</i>	400,694	-
<i>Provincial: Drivers Testing Ground</i>	18,777	-
<i>Provincial: Informal Settlement Plan Grant</i>	185,254	645
<i>Other: Integrated Development Plan Grant</i>	538,962	27,300
<i>Provincial: Ngangelizwe Nightsoil Conversion Grant</i>	104,462	237,206
<i>Provincial: Spatial Development Grant</i>	260,323	-
<i>Provincial: Vehicle Testing Station Grant</i>	592,367	-
<i>Other: Masakane Youth Eco Action Fund</i>	46,730	161,318
<i>Other: Mnweba Relief Grant</i>	292	-
<i>National: KSD Stadium Grant</i>	130,832	-
<i>Provincial: Municipal Systems Improvement Grant</i>	150,000	-
Total Government Grants and Subsidies	106,891,205	65,563,148
18.1 National: MIG Grant		
Balance unspent at beginning of year	12,543,382	3,317,821
Current year receipts	29,440,376	16,211,034
Conditions met - transferred to revenue	(35,535,966)	(6,985,473)
Conditions still to be met - transferred to liabilities (see note 5)	6,447,792	12,543,382
18.2 Provincial - Department of Transport - Consolidated Metro Grant		
Balance unspent at beginning of year	7,792,575	8,135,413
Current year receipts - included in roads maintenance vote	188,731	3,086,509
Conditions met - transferred to revenue	(3,799,304)	(3,429,347)
Conditions still to be met - transferred to liabilities (see note 5)	4,182,002	7,792,575
18.3 National - Finance Management Grant		
Balance unspent at beginning of year	1,457,355	1,415,439
Current year receipts	1,041,795	41,916
Conditions met - transferred to revenue	(2,207,227)	-
Conditions still to be met - transferred to liabilities (see note 5)	291,923	1,457,355
18.4 National - Mqanduli Milling Project Grant		
Balance unspent at beginning of year	1,002,951	677,116
Current year receipts	319,880	325,835
Conditions met - transferred to revenue	(499,545)	-
Conditions still to be met - transferred to liabilities (see note 5)	823,286	1,002,951
18.5 Provincial: Municipal Support Grant (MSP)		
Balance unspent at beginning of year	503,639	2,152,296
Current year receipts	970,938	500,082
Conditions met - transferred to revenue	(748,884)	(2,148,739)
Conditions still to be met - transferred to liabilities (see note 5)	725,693	503,639

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	R	R
18.6 Provincial: Urban Renewal Grant		
Balance unspent at beginning of year	6,051,967	7,419,694
Current year receipts	153,481	586,704
Conditions met - transferred to revenue	(675,589)	(1,954,431)
Conditions still to be met - transferred to liabilities (see note 5)	<u>5,529,859</u>	<u>6,051,967</u>
18.7 National: Tornado Damage Grant (NER)		
Balance unspent at beginning of year	3,754,639	128,914
Current year receipts	7,629,656	6,430,645
Conditions met - transferred to revenue	(4,267,621)	(2,804,920)
Conditions still to be met - transferred to liabilities (see note 5)	<u>7,116,674</u>	<u>3,754,639</u>
18.8 Provincial: Disaster Management Grant		
Balance unspent at beginning of year	1,454,273	1,884,978
Current year receipts	3,654,758	3,166,778
Conditions met - transferred to revenue	(1,416,858)	(3,597,483)
Conditions still to be met - transferred to liabilities (see note 5)	<u>3,692,173</u>	<u>1,454,273</u>
18.9 Provincial: Intervention Grant		
Balance unspent at beginning of year	2,002,980	-
Current year receipts	1,002	2,002,980
Conditions met - transferred to revenue	(639)	-
Conditions still to be met - transferred to liabilities (see note 5)	<u>2,003,343</u>	<u>2,002,980</u>
18.10 National: Aerial Photography Grant		
Balance unspent at beginning of year	399,774	388,299
Current year receipts	920	11,475
Conditions met - transferred to revenue	(400,694)	-
Conditions still to be met - transferred to liabilities (see note 5)	<u>-</u>	<u>399,774</u>
18.11 Provincial: Drivers Testing Ground		
Balance unspent at beginning of year	18,768	18,641
Current year receipts	9	127
Conditions met - transferred to revenue	(18,777)	-
Conditions still to be met - transferred to liabilities (see note 5)	<u>-</u>	<u>18,768</u>
18.12 Provincial: Informal Settlement Plan Grant		
Balance unspent at beginning of year	184,861	180,605
Current year receipts	393	4,901
Conditions met - transferred to revenue	(185,254)	(645)
Conditions still to be met - transferred to liabilities (see note 5)	<u>-</u>	<u>184,861</u>
18.13 Other: Integrated Development Plan Grant		
Balance unspent at beginning of year	537,764	256,653
Current year receipts	1,198	308,411
Conditions met - transferred to revenue	(538,962)	(27,300)
Conditions still to be met - transferred to liabilities (see note 5)	<u>-</u>	<u>537,764</u>

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R
18.14 Provincial: Ngangelizwe Nightsoil Conversion Grant		
Balance unspent at beginning of year	104,321	233,662
Current year receipts	141	107,865
Conditions met - transferred to revenue	(104,462)	(237,206)
Conditions still to be met - transferred to liabilities (see note 5)	-	104,321
18.15 Provincial: Spatial Development Grant		
Balance unspent at beginning of year	259,469	251,908
Current year receipts	854	7,561
Conditions met - transferred to revenue	(260,323)	-
Conditions still to be met - transferred to liabilities (see note 5)	-	259,469
18.16 Provincial: Vehicle Testing Station Grant		
Balance unspent at beginning of year	591,356	574,538
Current year receipts	1,011	16,818
Conditions met - transferred to revenue	(592,367)	-
Conditions still to be met - transferred to liabilities (see note 5)	-	591,356
18.17 Other: Masakane Youth Eco Action Fund		
Balance unspent at beginning of year	46,726	189,252
Current year receipts	4	18,792
Conditions met - transferred to revenue	(46,730)	(161,318)
Conditions still to be met - transferred to liabilities (see note 5)	-	46,726
18.18 Other: Mnweba Relief Grant		
Balance unspent at beginning of year	-	-
Current year receipts	18,369	-
Conditions met - transferred to revenue	(292)	-
Conditions still to be met - transferred to liabilities (see note 5)	18,077	-
18.19 National: Department of Housing and Local Government Grant		
Balance unspent at beginning of year	-	-
Current year receipts	3,936,312	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 5)	3,936,312	-
18.20 Provincial: MTAB Grant		
Balance unspent at beginning of year	-	-
Current year receipts	3,760,469	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 5)	3,760,469	-
18.21 National: Urban Renewal Grant		
Balance unspent at beginning of year	-	-
Current year receipts	500,059	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 5)	500,059	-
18.22 National: Electricity Regulator (NER)		
Balance unspent at beginning of year	-	-
Current year receipts	2,918,535	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 5)	2,918,535	-

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	R	R
18.23 Provincial KSD Stadium Grant		
Balance unspent at beginning of year	-	-
Current year receipts	1,984,870	-
Conditions met - transferred to revenue	(130,832)	-
Conditions still to be met - transferred to liabilities (see note 5)	<u>1,854,038</u>	<u>-</u>
18.24 Provincial: Municipal Systems Improvement Grant		
Balance unspent at beginning of year	-	-
Current year receipts	892,902	-
Conditions met - transferred to revenue	(150,000)	-
Conditions still to be met - transferred to liabilities (see note 5)	<u>742,902</u>	<u>-</u>
18.25 Changes in levels of government grants		
Based on the allocations set out in the Division of Revenue Act, (2004), government grant funding is expected to increase over the two years 2005/2006 and 2006/2007.		
19 OTHER INCOME		
Sundry Services Rendered	954,260	-
Other Income	2,147,091	2,212,484
Total Other Income	<u>3,101,351</u>	<u>2,212,484</u>
20 EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	83,303,898	68,696,706
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	23,708,178	13,861,169
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	7,200,047	2,973,680
Housing Benefits and Allowances	9,895,640	3,896,121
Overtime Payments	7,420,067	7,691,581
Performance Bonuses	481,201	20,836
Long-service Awards	3,682,899	3,001,158
Total Employee Related Costs	<u>135,691,930</u>	<u>100,141,251</u>
There were no advances to employees. Loans to employees are set out in note 9.		
Remuneration of the Municipal Manager		
Annual Remuneration	854,104	639,000
Car Allowance	-	-
Company Contributions to UIF, Medical and Pension Funds	-	-
Total	<u>854,104</u>	<u>639,000</u>
Remuneration of the Chief Financial Officer		
Annual Remuneration	398,249	125,000
Car/ Travel Allowance	90,298	46,642
Acting Allowance	3,130	4,883
Performance bonus	50,000	-
Company Contributions to UIF, Medical and Pension Funds	1,279	445
Total	<u>542,956</u>	<u>176,970</u>
Remuneration of the Director: Community Services		
Annual Remuneration	263,768	90,462
Car/ Travel Allowance	177,318	52,991
Acting Allowance	12,406	5,274
Cell phone allowance	4,000	-
Housing Allowance	23,079	5,580
Performance bonus	44,000	-
Company Contributions to UIF, Medical and Pension Funds	1,279	445
Total	<u>525,850</u>	<u>154,751</u>

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	R	R
Remuneration of the Director : Infrastructure		
Annual Remuneration	454,664	287,885
Car/ Travel Allowance	-	26,654
Acting Allowance	2,392	3,320
Housing Allowance	-	6,302
Performance bonus	84,000	-
Leave encashment	28,616	-
Long service bonus	-	2,164
13th Cheque	-	33,333
Locomotion Allowance	-	7,633
Company Contributions to UIF, Medical and Pension Funds	82	26,739
Total	569,754	394,029
Remuneration of the Director : Corporate Services		
Annual Remuneration	287,192	105,000
Car/ Travel Allowance	134,750	58,600
Acting Allowance	17,031	-
Housing Allowance	33,892	11,167
Performance bonus	44,000	-
Company Contributions to UIF, Medical and Pension Funds	1,279	445
Total	518,143	175,211
Remuneration of the Director : Planning, Social and Economic Development		
Annual Remuneration	518,700	228,518
Car/ Travel Allowance	-	99,184
Performance bonus	51,450	-
Long service bonus	-	2,003
13th Cheque	-	19,468
Locomotion Allowance	-	8,259
Cell phone Allowance	2,400	-
Company Contributions to UIF, Medical and Pension Funds	126	71,847
Total	572,676	429,279
Remuneration of the Director : Public Safety		
Annual Remuneration	456,498	399,996
Acting Allowance	11,059	10,580
Performance bonus	84,000	-
Company Contributions to UIF, Medical and Pension Funds	1,284	1,063
Total	552,842	411,639
21 REMUNERATION OF COUNCILORS		
Mayor	384,998	333,871
Speaker	337,727	276,652
Executive Committee Members	2,148,134	1,837,289
Councilors	5,514,840	4,040,382
Total Councilors' Remuneration	8,385,700	6,488,194

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. Councilors may utilize official Council transportation when engaged in official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councilors and in-kind benefits are in accordance with the Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with that Act.

Signed: Municipal Manager

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	R	R
22 INTEREST PAID		
Long-term Liabilities	9,847,947	14,494,853
Bank Overdrafts and Other	861,484	1,346,851
Total Interest on External Borrowings	<u>10,709,432</u>	<u>15,841,704</u>
23 BULK PURCHASES		
Electricity	49,963,959	37,024,216
Total Bulk Purchases	<u>49,963,959</u>	<u>37,024,216</u>
24 GRANTS AND SUBSIDIES PAID		
Other	16,846	41,683
Total Grants and Subsidies	<u>16,846</u>	<u>41,683</u>
26 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:-		
<i>26.1 Loans Redeemed and Other Capital Receipts</i>		
Balance previously reported:-		<u>137,919,155</u>
Implementation of GAMAP		
Transferred to Government Grant Reserve		83,792,996
Transferred to Accumulated Depreciation		37,706,240
Transferred to Accumulated Surplus/(Deficit) (See 26.5 below)		16,419,919
Total		<u>137,919,155</u>
<i>26.2 Trust Funds</i>		
Balance previously reported:-		<u>31,067,622</u>
Implementation of GAMAP		
Transferred to Unspent Conditional Grants and Receipts		27,225,229
Transferred to Accumulated Surplus/(Deficit) (See 26.5 below)		3,761,096
Transferred to Current liabilities - Other Creditors		81,297
Total		<u>31,067,622</u>
<i>26.3 Property, plant and equipment</i>		
Balance previously reported:-		<u>-</u>
Implementation of GAMAP		
- Revaluation of Infrastructure assets at 30 June 2004 credited to Accumulated Surplus/Deficit (See 26.5 below)		7,499,436
- Cost of Other assets previously not recorded credited to Accumulated Surplus/Deficit (See 26.5 below)		831,630
- Cost of Vacant Land previously not recorded credited to Accumulated Surplus/Deficit (See 26.5 below)		11,976,555
- Correction of difference between Assets in FAR and Financial Statements credited to Accumulated Surplus/Deficit (See 26.5 below)		1,518,242
		<u>21,825,863</u>
<i>26.4 Accumulated Depreciation</i>		
Balance previously reported		<u>-</u>
Implementation of GAMAP		
Backlog Depreciation: Land and Buildings		(240,141)
Backlog Depreciation: Infrastructure		(11,992,808)
Backlog Depreciation: Community Assets		(8,573,987)
Backlog Depreciation: Other Assets		(14,510,637)
Backlog Depreciation: Housing		(2,388,667)
Total		<u>(37,706,240)</u>

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	R	R
26.5 Accumulated Surplus/(Deficit)		
Balance previously reported		
Plus/(Minus): Implementation of GAMAP		
Transferred from Loans Redeemed and Other Capital Receipts (See 26.1 above)		16,419,919
Transferred from Trusts Funds (See 26.2 above)		3,761,096
Fair value of Property, Plant and Equipment previously not recorded (See 26.3 above)		14,326,427
Revaluation of Infrastructure assets at 30 June 2004 (See 26.3 above)		7,499,436
Movement on unconditional Grants for the year ended 30 June 2005		(1,635,440)
Movement on Loans Redeemed and Other Capital Receipts for the year ended 30 June 2005		15,644,282
Total		<u>56,015,720</u>
26.6 Surplus/(Deficit) for the year		
Balance previously reported		(6,998,932)
Deduct: Expenditure now to be included under GAMAP:-		
Depreciation		(18,804,682)
Deficit for 2004/2005 restated to comply with GAMAP		<u>(25,803,614)</u>
27 CORRECTION OF ERROR		
During the year ended 30 June 2005 corrections were made and appropriated to the Accumulated Surplus Account.		
Details of the appropriations are as follows:		
Appropriations for the year	13,399,047	(11,649,904)
Correction to Property, Plant and Equipment	761,934	(1,429,319)
Correction of Unconditional Grants wrongly allocated to CRR	(1,422,038)	-
Decrease in accumulated surplus	<u>12,738,943</u>	<u>(13,079,223)</u>
28 CASH GENERATED BY OPERATIONS		
Surplus for the Year	(97,195,353)	(35,131,178)
Adjustment for:		
Correction of prior year Error	12,738,943	(13,079,223)
Depreciation	21,143,882	18,804,682
Impairment loss	1,406,433	-
Provision for Bad debts	61,965,342	-
Implementation of GAMAP (Note 26)	-	56,015,720
Contribution to CRR	(324,338)	-
Contribution to GRR	(34,531,809)	(12,529,185)
Contribution to Self Insurance Reserve	(252,190)	-
Investment Income	(805,311)	(742,461)
Interest Paid	10,709,432	15,841,704
Operating surplus before working capital changes	<u>(25,144,969)</u>	<u>29,180,059</u>
(Increase)/Decrease in Inventories	(143,039)	(395,931)
(Increase)/Decrease in Debtors	(66,033,384)	35,804,068
(Increase)/Decrease in Other Debtors	#REF!	397,657
(Increase)/Decrease in Non-current assets held for sale	(9,378,741)	-
Increase/(Decrease) in Provisions	6,207,906	(2,774,565)
Increase/(Decrease) in Conditional Grants and Receipts	5,836,333	38,706,802
Increase/(Decrease) in Creditors	108,198,212	23,026,975
Decrease/(Increase) in VAT	1,993,958	(21,842,208)
Cash generated by operations	<u>#REF!</u>	<u>102,102,858</u>

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	R	R
29 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Bank Balances and Cash	1,879,035	15,299,983
Bank Overdraft	(23,645,639)	(31,191,438)
Total Cash and Cash Equivalents	(21,766,604)	(15,891,455)

30 UTILIZATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities (See Note 2)	51,444,410	54,636,674
Used to finance Property, Plant and Equipment - at cost	-	617,699
Sub-total	51,444,410	54,018,975

Cash set aside for the Repayment of Long-term Liabilities	-	-
Cash invested for Repayment of Long-term Liabilities	-	-

External loans have been utilized in accordance with the Municipal Finance Management Act.

31 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

31.1 Unauthorized Expenditure

Reconciliation of unauthorized expenditure:

Opening balance	-	-
Unauthorized expenditure current year	81,472,105	-
Approved by Council or condoned	(81,472,105)	-
Transfer to receivables for recovery	-	-
Unauthorized expenditure awaiting authorization	-	-

Incident	Disciplinary Steps / Criminal Proceedings
<i>Over expenditure of approved budget</i>	<i>None</i>

31.2 Fruitless and Wasteful Expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	-	-
Fruitless and wasteful expenditure current year	501,553	2,514,081
Condoned or written off by Council	(501,553)	(2,514,081)
To be recovered – contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-

Incident	Disciplinary Steps / Criminal Proceedings

31.3 Irregular Expenditure

There was no irregular expenditure during the financial year

32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

32.1 Contributions to organised local government - SALGA

Opening Balance	1,051,240	377,195
Council Subscriptions	539,236	674,045
Amount Paid - current year	(539,236)	-
Amount Paid - previous years	(1,051,240)	-
Balance Unpaid (included in Creditors)	-	1,051,240

32.2 Audit Fees

Opening Balance	13,082	2,407
Current year Audit Fee	833,497	391,563
Amount Paid - current year	(799,453)	(378,481)
Amount Paid - previous years	(13,082)	(2,407)
Balance Unpaid (included in Creditors)	34,044	13,082

32.3 VAT

VAT inputs receivables and VAT outputs payables are included in Debtors and Creditors respectively. All VAT returns have been submitted by the due date throughout the year.

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	2005 R	
32.4 PAYE and UIF			
Opening Balance	11,214,237	-	
Current year Payroll Deductions	18,345,390	-	
Amount Paid - current year	(18,275,890)	-	
Amount Paid - previous years	(8,672,203)	-	
Balance Unpaid (included in Creditors)	2,611,534	Not available	
32.5 Pension and Medical Aid Deductions			
Opening Balance	1,493,627	-	
Current year Payroll Deductions and Council Contributions	28,924,983	-	
Amount Paid - current year	(29,844,965)	(12,744,724)	
Amount Paid - previous years	-	-	
Balance Unpaid (included in Creditors)	573,645	(12,744,724)	
32.6 Councilor's arrear Consumer Accounts			
The following Councilors had arrear accounts outstanding for more than 90 days as at:	Total	Outstanding up to 90 days	Outstanding more than 90 days
30 June 2006			
Councilor Bodlani, B.S.	1,089	1,089	-
Councilor Dondashe F.V.	15,705	1,352	14,353
Councilor Gwadiso J.P.	5,795	556	5,238
Councilor Kwetana K.N.	37,470	801	36,669
Councilor Lumkwana A.N.	30,123	1,419	28,703
Councilor Madalane L.H.	18,737	716	18,020
Councilor Mantanga P.N.	11,235	696	10,539
Councilor Mlandu M.S.	10,021	647	9,374
Councilor Mvusi N	356	356	-
Councilor Mzimane N.F.	43,404	678	42,726
Councilor Ngcobo, F.R.S.	7,478	5,820	1,658
Councilor Ngxisho G.V.	20,449	858	19,591
Councilor Nilonze L.N.	19,338	719	18,618
Councilor Piece, B.	1,950	-	1,950
Councilor Sangovana, E.	4,828	38	4,790
Councilor Sobahle, Nomvuyo A.	7,761	757	7,003
Councilor Soldati N.F.	32,848	672	32,176
Councilor Tsipa K.W.	9,130	-	9,130
Total Councilor Arrear Consumer Accounts	277,716	17,177	260,538
30 June 2005			
	Total	Outstanding up to 90 days	Outstanding more than 90 days
Councilor Bodlani, B.S.	11,344	4,508	6,836
Councilor Dondashe F.V.	12,444	1,406	11,038
Councilor Gwadiso J.P.	3,569	557	3,012
Councilor Kwetana K.N.	40,265	818	39,447
Councilor Lumkwana A.N.	28,845	492	28,353
Councilor Madalane L.H.	15,871	716	15,155
Councilor Mantanga P.N.	13,210	685	12,525
Councilor Mashiyi, B.T.	2,780	1,223	1,557
Councilor Mkatshwa, D.	2,001	1,522	479
Councilor Mlandu M.S.	9,507	654	8,853
Councilor Mvusi N	830	830	-
Councilor Mzimane N.F.	50,991	687	50,304
Councilor Ngcobo, F.R.S.	48,598	6,039	42,559
Councilor Ngqongwa N.	362	-	362
Councilor Ngxisho G.V.	17,016	879	16,137
Councilor Nilonze L.N.	27,299	731	26,568
Councilor Piece, B.	1,950	-	1,950
Councilor Sangovana, E.	4,676	38	4,638
Councilor Sobahle, Nomvuyo A.	6,431	771	5,660
Councilor Soldati N.F.	31,436	680	30,757
Councilor Tsipa K.W.	9,130	-	9,130
Total Councilor Arrear Consumer Accounts	338,555	23,236	315,319

Most of the councilors listed above had arrear accounts outstanding for more than 90 days.

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

2006
R 2005
R

32.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

The Municipality has developed a supply chain management policy which was approved by Council on 29 September 2005. The Municipality has not established a supply chain management unit as required by paragraph 7 of the supply chain management regulations.

33 CAPITAL COMMITMENTS

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

	13,198,147	7,800,490
<i>Infrastructure</i>	13,198,147	7,800,490
<i>Community</i>	-	-
<i>Heritage</i>	-	-
<i>Other</i>	-	-
<i>Housing Development Fund</i>	-	-
<i>Investment Properties</i>	-	-

- Approved but Not Yet contracted for:-

	-	-
<i>Infrastructure</i>	-	-
<i>Community</i>	-	-
<i>Heritage</i>	-	-
<i>Other</i>	-	-
<i>Housing Development Fund</i>	-	-
<i>Investment Properties</i>	-	-

Total Capital Commitments

	13,198,147	7,800,490
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This expenditure will be financed from:

Provincial government

	-	7,800,490
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District Municipality

	13,198,147	-
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	13,198,147	7,800,490
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34 RETIREMENT BENEFIT INFORMATION

Most councilors and employees belong to 2 defined benefit funds and 4 defined contribution funds administered by Provincial and National Pension Funds. These funds are subject to a triennial actuarial valuation. The last valuation was performed in June 2005 and interim valuations were performed between 2005 and 2006. These valuations indicate that the funds are in a sound financial position. Based on the confirmations received from the fund managers, the estimated liability of the funds is R 1,727.3 million which is adequately financed by assets of R 7,334.1 million.

An amount of R 18,5 million was contributed by Council in respect of Councilor and employees retirement funding. These contributions have been expensed.

35 CONTINGENT LIABILITIES

The Council is currently defending two cases lodged by a current and a former employee. In one case, the matter involves the payment of an extra duty allowance and the adjustment of a salary grade of the employee. In the other case, the matter relates to a claim of constructive dismissal. Both cases are being defended by the municipality. The total claim intimated in the former case is R37 594 while it is currently not possible to estimate the amount of claim in the second case.

The municipality is being sued in four separate cases for damages arising of the execution of official duties by the employees of the municipality. The estimated amount probable loss arising out of these claims is R144 932. In two of the cases, no summons have been issued yet, whereas in the remaining other two cases, the municipality is defending the matters.

KING SABATA DALINDYEBO MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

2006	2005
R	R

36 CONTINGENT ASSET

Subsequent to a disciplinary hearing relating to the fraudulent creation of ghost employees by an employee in the Finance and Asset Management directorate, an amount of R20 379 has been quantified and is likely to be recovered from the employee. This recovery is not virtually certain.

37 IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donation and assistance during the financial year

38 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year 2005/2006.

39 EVENTS AFTER THE REPORTING DATE

There are no events subsequent to the reporting date which require to be reported on.

APPENDIX A									
KING SABATA DALINDYEBO MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2006									
Details	Interest Rate	Loan Number	Redeemable	Balance at 30/06/2005	Received during the Period	Redeemed/ Written Off during Period	Balance at 30/06/2006	Carrying Value of Property, Plant & Equip	Other Costs in accordance with MFMA
				R	R	R	R	R	R
LOCAL REGISTERED STOCK									
PIC	14.50%	UA01B		10,000,000	-	-	10,000,000		
PIC	10.30%	UA01C		-	-	-	-		
PIC	18.00%	UA01D		2,500,000	-	-	2,500,000		
PIC	14.00%	UA01E		-	-	-	-		
PIC	15.00%	UA01F		1,300,000	-	-	1,300,000		
PIC	13.40%	UA01G		13,180,600	-	-	13,180,600		
PIC	15.75%	UA45		10,000,000	-	-	10,000,000		
				36,980,600	-	-	36,980,600		
ANNUITY LOANS									
DBSA	5.00%	1221/103	2008	2,323,735	-	(644,785)	1,678,949		
DBSA	10.00%	1328/103	2008	1,998,216	-	(636,963)	1,361,252		
DBSA	15.00%	10875/102	2018	6,798,642	-	(431,167)	6,367,475		
DBSA	15.81%	13335/101	2005	496,206	-	(496,206)	-		
DBSA	8.34%	13335/201	2020	4,540,414	-	(598,297)	3,942,116		
				16,157,212	-	(2,807,419)	13,349,793		
LEASE LIABILITIES									
MEEG	Prime	3008704699		25,535		(11,564)	13,971		
MEEG		3006815915		11,449		(11,449)	-		
MEEG	Prime +6%	3007375508		13,797		(11,655)	2,142		
MEEG	Prime +6%	3007375477		13,797		(11,655)	2,142		
MEEG		3006430612		10,867		(10,867)	-		
MEEG	Prime -1%	3011547329		40,086		(21,012)	19,074		
MEEG	Prime -1%	3011547345		228,381		(56,222)	172,159		
MEEG	Prime -1%	3011777974		25,388		(13,307)	12,081		
MEEG	Prime + 0.35%	3012250260		97,760		(20,667)	77,093		
MEEG	Prime + 0.35%	3012250317		97,760		(20,667)	77,093		
MEEG	Prime + 0.35%	3012250309		97,760		(20,667)	77,093		
MEEG	Prime + 0.3%	3011921943		109,549		(23,178)	86,371		
MEEG	Prime + 0.35%	3011921977		97,760		(20,667)	77,093		
MEEG	Prime + 0.3%	3011922004		109,549		(23,178)	86,371		
MEEG	Prime -1.5%	3012472131		170,303		(35,935)	134,368		
MEEG	Prime - 1.05%	3012472199		174,382		(36,011)	138,371		
MEEG	Prime - 1.05%	3012472220		174,740		(36,144)	138,596		
				1,498,861		(384,845)	1,114,016		
TOTAL EXTERNAL LOANS									
				54,636,673	-	(3,192,264)	51,444,410	-	-

APPENDIX B

KING SABATA DALINDYEBO MUNICIPALITY : ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2006

Description	Cost							Accumulated Depreciation					Carrying Value
	Opening	Additions	Impairment loss	Revaluation	Transferred to Non-Current Assets held for sale	Disposals	Closing	Opening	Additions	Transferred to Non-Current Assets held for sale	Disposals	Closing	
	Balance						Balance	Balance					
R	R				R	R	R	R		R	R	R	
Land and Buildings													
Farms	-	-	-	-	-	-	-	-	-	-	-	-	-
Hostels: Public and Tourist	-	-	-	-	-	-	-	-	-	-	-	-	-
Hostels: Workers	-	-	-	-	-	-	-	-	-	-	-	-	-
Land	10,684,034	-	-	13,647,200	-	-	24,331,234	-	-	-	-	-	24,331,234
Vehicle Testing Station	4,536,723	-	-	-	-	-	4,536,723	(897,701)	(874,227)	-	-	(1,771,928)	2,764,795
Workshops and Depots	1,300,000	-	-	-	-	-	1,300,000	(260,000)	(43,333)	-	-	(303,333)	996,667
	16,520,757	-	-	13,647,200	-	-	30,167,957	(1,157,701)	(917,560)	-	-	(2,075,262)	28,092,695
Infrastructure													
Access Control	-	-	-	-	-	-	-	-	-	-	-	-	-
Aprons	-	-	-	-	-	-	-	-	-	-	-	-	-
Bridges, Subways and Culverts	-	82,400	-	-	-	-	82,400	-	(916)	-	-	(916)	81,484
Bus Terminals	115,000	-	-	-	-	-	115,000	(23,000)	(3,833)	-	-	(26,833)	88,167
Car Parks	10,488	-	-	-	-	-	10,488	(466)	(350)	-	-	(816)	9,672
Electricity: Cable Stations	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity: Supply & Reticulation	175,652,479	2,870,410	-	-	-	-	178,522,889	(16,640,121)	(8,226,070)	-	-	(24,866,190)	153,656,699
Electricity: Meters	8,163,720	-	-	-	-	-	8,163,720	(1,020,189)	(753,090)	-	-	(1,773,279)	6,390,441
Fencing	-	-	-	-	-	-	-	-	-	-	-	-	-
Footways	-	378,937	-	-	-	-	378,937	-	(5,421)	-	-	(5,421)	373,515
Outfall Sewers	-	-	-	-	-	-	-	-	-	-	-	-	-
Overhead Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-
Paving	-	-	-	-	-	-	-	-	-	-	-	-	-
Purification Works	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Works	3,858,000	-	-	-	-	-	3,858,000	(771,600)	(128,600)	-	-	(900,200)	2,957,800
Roads	49,652,905	43,176,707	-	-	-	-	92,829,612	(6,647,120)	(6,152,489)	-	-	(12,799,609)	80,030,004
Runways	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Systems	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Pumps	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewers	144,503	-	-	-	-	-	144,503	-	(7,225)	-	-	(7,225)	137,278
Storm water	250,000	-	-	-	-	-	250,000	(2,604)	(12,500)	-	-	(15,104)	234,896
Storm water Drains	-	-	-	-	-	-	-	-	-	-	-	-	-
Street Lighting	412,449	761,920	-	-	-	-	1,174,370	(9,219)	(34,684)	-	-	(43,903)	1,130,466
Taxiways	1,712,567	111,979	-	1,675,368	-	-	3,499,914	(256,530)	(89,515)	-	-	(346,045)	3,153,869
Transformer Kiosks	-	-	-	-	-	-	-	-	-	-	-	-	-
Water: Meters	-	-	-	-	-	-	-	-	-	-	-	-	-
Water: Reservoirs and Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-
Water: Rights	-	-	-	-	-	-	-	-	-	-	-	-	-
Water: Supply & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-
	239,972,112	47,382,352	-	1,675,368	-	-	289,029,832	(25,370,849)	(15,414,693)	-	-	(40,785,541)	248,244,290

APPENDIX B

KING SABATA DALINDYEBO MUNICIPALITY : ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2006

Description	Cost							Accumulated Depreciation					Carrying Value
	Opening	Additions	Impairment loss	Revaluation	Transferred to Non-Current Assets held for sale	Disposals	Closing	Opening	Additions	Transferred to Non-Current Assets held for sale	Disposals	Closing	
	Balance						Balance	Balance					
R	R	R	R	R	R	R	R	R	R	R	R	R	
Community Assets													
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	360	-	-	-	-	-	360	(359)	-	-	-	(359)	1
Civic Theatres	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics and Hospitals	3,086,000	-	(64,667)	129,433	-	-	3,150,767	(617,200)	(102,867)	-	-	(720,067)	2,430,700
Community Centers	13,517,262	1,554,954	(1,148,700)	1,322,133	-	-	15,245,649	(2,589,930)	(468,175)	-	-	(3,058,105)	12,187,544
Fire Stations	2,200,000	-	-	1,406,333	-	-	3,606,333	(440,000)	(73,333)	-	-	(513,333)	3,093,000
Floodlighting	-	-	-	-	-	-	-	-	-	-	-	-	-
Fountains	-	-	-	-	-	-	-	-	-	-	-	-	-
Game Reserves and Rest Camps	-	-	-	-	-	-	-	-	-	-	-	-	-
Indoor Sports Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Jukskei Pitches	-	-	-	-	-	-	-	-	-	-	-	-	-
Lakes and Dams	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	1,119,869	-	-	382,067	-	-	1,501,936	(227,501)	(45,129)	-	-	(272,630)	1,229,306
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-
Nurseries	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	21,277,259	-	-	10,823,333	-	-	32,100,592	(4,259,550)	(708,742)	-	-	(4,968,293)	27,132,300
Outdoor Sports Facilities	321,676	-	-	-	-	-	321,676	(48,251)	(16,084)	-	-	(64,335)	257,340
Parks	1,115,000	-	-	-	-	-	1,115,000	(223,000)	(37,167)	-	-	(260,167)	854,833
Public Conveniences/Bathrooms	56,000	-	-	-	-	-	56,000	(11,200)	(1,867)	-	-	(13,067)	42,933
Recreation Centers	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	6,870,000	28,804	-	-	-	-	6,898,804	(1,374,000)	(229,240)	-	-	(1,603,240)	5,295,564
Swimming Pools	2,610,000	-	-	142,667	-	-	2,752,667	(522,000)	(87,000)	-	-	(609,000)	2,143,667
Tennis Courts	-	-	-	-	-	-	-	-	-	-	-	-	-
	52,173,426	1,583,758	(1,213,367)	14,205,967	-	-	66,749,784	(10,312,992)	(1,769,603)			(12,082,595)	54,667,189
Heritage Assets													
Paintings	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing													
Housing Schemes	14,332,000	-	(193,067)	2,702,200	(11,577,000)	-	5,264,133	(2,866,400)	(477,733)	2,233,000	-	(1,111,133)	4,153,000
	14,332,000	-	(193,067)	2,702,200	(11,577,000)	-	5,264,133	(2,866,400)	(477,733)	2,233,000	-	(1,111,133)	4,153,000

APPENDIX B

KING SABATA DALINDYEBO MUNICIPALITY : ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2006

Description	Cost							Accumulated Depreciation					Carrying Value
	Opening	Additions	Impairment loss	Revaluation	Transferred to Non-Current Assets held for sale	Disposals	Closing	Opening	Additions	Transferred to Non-Current Assets held for sale	Disposals	Closing	
	Balance						Balance	Balance					
R	R	R	R	R	R	R	R	R	R	R	R	R	
Other Assets													
Air Conditioners	213,856	660	-	-	-	-	214,516	(213,521)	(659)	-	-	(214,180)	336
Bulk Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Hardware	2,743,528	474,661	-	-	-	-	3,218,189	(1,519,521)	(617,257)	-	-	(2,136,778)	1,081,411
Computer Software	396,180	456	-	-	-	-	396,636	(396,039)	(455)	-	-	(396,494)	142
Conveyors	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment: Ambulance & Medical	162,016	53,466	-	-	-	-	215,482	(161,834)	(14,220)	-	-	(176,053)	39,429
Equipment: Emergency Lights	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment: Fire	49,325	6,974	-	-	-	-	56,299	(49,268)	(6,970)	-	-	(56,238)	61
Equipment: Laboratories	30,720	-	-	-	-	-	30,720	(30,706)	-	-	-	(30,706)	14
Equipment: Lawnmowers	393,378	83,500	-	-	-	-	476,878	(393,233)	(34,792)	-	-	(428,025)	48,853
Equipment: Other	1,630,843	319,372	-	-	(81,225)	-	1,868,990	(1,235,706)	(251,114)	81,223	-	(1,405,597)	463,393
Equipment: Radio	55,092	-	-	-	-	-	55,092	(55,051)	-	-	-	(55,051)	41
Equipment: Telecommunication	151,750	1,709	-	-	-	-	153,459	(151,646)	(1,708)	-	-	(153,354)	105
Furniture: Cabinets & Cupboards	726,015	69,665	-	-	-	-	795,680	(680,503)	(82,355)	-	-	(762,858)	32,822
Furniture: Chairs	720,673	73,830	-	-	-	-	794,504	(717,064)	(73,802)	-	-	(790,867)	3,637
Furniture: Other	173,405	63,611	-	-	-	-	237,016	(113,309)	(73,089)	-	-	(186,398)	50,618
Furniture: Tables & Desks	781,033	64,479	-	-	-	-	845,512	(770,531)	(57,704)	-	-	(828,235)	17,277
Household Refuse Bins	3,085	217,667	-	-	-	-	220,752	(3,050)	(37,274)	-	-	(40,324)	180,428
Laboratories	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Machines	242,502	129,724	-	-	-	-	372,225	(178,123)	(57,439)	-	-	(235,562)	136,663
Tip Sites	900,207	-	-	-	-	-	900,207	(136,162)	(30,007)	-	-	(166,169)	734,037
Vehicles: Buses	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles: Compressors	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles: Fire	1,106,380	-	-	-	(90,000)	-	1,016,380	(605,642)	(43,569)	89,999	-	(559,212)	457,168
Vehicles: Graders	362,520	-	-	-	-	-	362,520	(169,176)	(36,252)	-	-	(205,428)	157,092
Vehicles: Lawnmowers	-	297,840	-	-	-	-	297,840	-	(45,695)	-	-	(45,695)	252,145
Vehicles: Motor Cars	785,580	560,160	-	-	(76,690)	-	1,269,050	(462,043)	(192,341)	76,686	-	(577,698)	691,353
Vehicles: Plant	988,775	-	-	-	(544,375)	-	444,400	(966,560)	(22,186)	544,364	-	(444,382)	18
Vehicles: Tractors	263,700	-	-	-	(94,700)	-	169,000	(137,969)	(25,330)	59,998	-	(103,301)	65,699
Vehicles: Trailer	174,900	-	-	-	(70,100)	-	104,800	(169,735)	(5,149)	70,091	-	(104,793)	7
Vehicles: Trucks and Bakkies	9,608,946	104,865	-	-	(339,765)	-	9,374,046	(7,486,588)	(854,927)	339,753	-	(8,001,762)	1,372,285
	22,664,410	2,522,639	-	-	(1,296,855)	-	23,890,193	(16,802,980)	(2,564,292)	1,262,114	-	(18,105,158)	5,785,035
Total	345,662,704	51,488,749	(1,406,433)	32,230,734	(12,873,855)	-	415,101,899	(56,510,922)	(21,143,882)	3,495,114	-	(74,159,690)	340,942,209

APPENDIX C
KING SABATA DALINDYEBO MUNICIPALITY: SEGMENTAL STATEMENT OF
FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual Income	2005 Actual Expenditure	2005 Surplus/ (Deficit)	Description	2006 Actual Income	2006 Actual Expenditure	2006 Surplus/ (Deficit)
R	R	R		R	R	R
5,290,885	22,845,166	(17,554,280)	Executive and Council	3,144,061	29,986,681	(26,842,621)
102,097,378	50,232,328	51,865,050	Finance and Administration	112,600,011	132,893,121	(20,293,110)
581,667	10,571,950	(9,990,282)	Planning and Development	3,330,445	7,771,303	(4,440,858)
9,351,361	10,507,230	(1,155,869)	Health	2,699,227	13,193,768	(10,494,541)
446,974	4,740,328	(4,293,354)	Community and Social Services	467,310	6,226,535	(5,759,224)
999,758	1,039,286	(39,528)	Housing	3,566,049	4,358,550	(792,502)
2,931,336	28,922,453	(25,991,117)	Public Safety	5,928,289	38,335,958	(32,407,668)
76,651	4,654,127	(4,577,476)	Sport and Recreation	49,587	9,941,295	(9,891,708)
36	2,930,052	(2,930,016)	Environmental Protection	5,057,202	3,369,056	1,688,146
11,173,227	15,461,759	(4,288,533)	Waste Management	11,574,167	27,380,914	(15,806,746)
-	9,443,924	(9,443,924)	Roads and Transport	36,666,518	9,160,146	27,506,372
-	108	(108)	Water	-	-	-
60,718,511	57,436,064	3,282,447	Electricity	70,202,010	68,797,058	1,404,951
184,986	448,401	(263,415)	Other	113,798	1,179,641	(1,065,843)
193,852,771	219,233,176	(25,380,405)	Sub-Total	255,398,673	352,594,026	(97,195,353)
-	-	-	Less: Inter-departmental Charges	-	-	-
193,852,771	219,233,176	(25,380,405)	Total	255,398,673	352,594,026	(97,195,353)

APPENDIX D
KING SABATA DALINDYEBO MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2006

Description	2005/2006 Actual	2005/2006 Budget	2005/2006 Variance	2005/2006 Variance	Explanation of Significant Variances Greater than 10% versus Budget
	R	R	R	%	
REVENUE					
Property Rates	51,473,313	60,784,000	(9,310,687)	-15%	The 2006 budgeted figure was overstated hence the budgeted figure for 2007 has been reduced to R 57 million.
Service Charges	81,133,147	83,746,861	(2,613,714)	-3%	
Rental of Facilities and Equipment	6,805,567	5,788,155	1,017,412	18%	
Interest Earned - External investments	300,825	500,000	(199,175)	-40%	The municipality has no external investments due to liquidity problems
Interest Earned - Outstanding debtors	504,486	1,000,000	(495,514)	-50%	Interest has not been charged on a systematic basis.
Fines	147,279	1,201,800	(1,054,521)	-88%	Due to poor work ethic
Licenses and Permits	5,041,502	2,587,500	2,454,002	95%	The Natis facility was closed off some years ago and opened in May 2005
Government Grants and Subsidies	106,891,205	59,987,790	46,903,415	78%	
Other Income	3,101,351	3,726,121	(624,770)	-17%	
Gains on Disposal of Property, Plant and Equipment	-	3,649,250	(3,649,250)	-100%	Initially projected to receive money from staff housing disposal that has not yet realised.
Budgeted Income from non-GAMAP compliant reserves	-	27,006,562	(27,006,562)	-100%	
Total Revenue	255,398,673	249,978,039	5,420,634	2%	
EXPENDITURE					
Employee Related Costs	136,676,715	142,845,844	(6,169,129)	-4%	Could not employ all budgeted employees due to cash flow problems
Remuneration of Councilors	8,385,700	-	8,385,700	-	
Bad Debts	62,281,924	11,000,000	51,281,924	466%	
Collection Costs	5,891	-	5,891	-	
Depreciation	21,143,882	-	21,143,882	-	
Repairs and Maintenance	4,427,757	9,334,158	(4,906,401)	-53%	Due to cash flow limitations
Interest Paid	10,709,432	7,565,935	3,143,497	42%	Initially planned to reduce overdraft facility to R 5 million by 31/12/2005 and could not happen.
Bulk Purchases	49,963,959	29,306,285	20,657,674	70%	Due to the non acquisition of a Load Management System.
Contracted Services	1,992,776	5,638,735	(3,645,959)	-65%	There has been a drastic reduction in the utilization of consultants.
Grants and Subsidies Paid	16,846	-	16,846	-	
General Expenses	56,989,144	44,287,082	12,702,062	29%	Due to provisions made not budgeted for i.e. clearance of alien vegetation and cleaning of illegal dumping
Total Expenditure	352,594,026	249,978,039	102,615,987	41.05	
NET SURPLUS/(DEFICIT) FOR THE YEAR	(97,195,353)	-	(97,195,353)		

APPENDIX E

KING SABATA DALINDYEBO MUNICIPALITY : DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies Delayed / Withheld					Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below Yes / No	Reason for Non-compliance
		June	Sept	Dec	March	June	June	Sept	Dec	March	June	June	Sept	Dec	March	June			
CMIP Program	CMIP	-	-	-	-	-	755,669	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
FMG	Nat Treasury	1,000,000	-	-	-	-	534,911	795,787	109,233	176,406	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
2005/2006 MIG Projects	MIG	2,145,943	-	-	11,429,293	16,646,970	2,234,860	6,291,947	14,267,519	12,105,115	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
Mqanduli Milling	Province	-	-	-	300,000	-	142,334	-	315,434	41,776	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
Dept of Housing & Local Gov	Province	753,575	118,950	12,240	-	453,500	165,712	621,371	158,002	575,373	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
Stadium Grant	Province	-	-	-	2,000,000	-	-	-	26,608	130,827	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
National Electricity Regulator	NER	-	-	-	8,000,000	-	2,820,873	499,953	655,380	662,997	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
Municipal Systems Improvemen	Nat Treasury	-	-	442,000	442,000	-	-	-	-	150,000	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
Municipal Support Program	Province	-	-	-	-	-	-	301,665	365,847	81,372	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
Consol Metro Transport Fund	DOT	-	-	-	-	-	365,760	74,742	504,284	2,768,964	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
Disaster Management	Province	550,000	2,586,000	274,724	-	-	-	204,766	1,034,672	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
Health Subsidy	DOH	2,699,227	1,685,734	-	-	3,371,468	3,920,030	4,168,625	4,375,809	3,990,201	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
KSD Intervention grant	Province	-	-	-	-	-	160	155	155	167	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
Dev & Performance contracts	35,000	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
Development and planning	50,000	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
Institutional & database	50,000	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
Equitable share	Nat Treasury	18,329,428	18,329,428	18,329,428	-	-	18,937,343	14,852,015	13,456,206	4,460,226	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
Ngangelizwe Urban Renewa	-	-	-	-	-	-	153,550	121,122	217,971	167,811	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
Total Grants and Subsidies Received		25,478,173	23,162,112	40,787,685	20,471,938		30,031,202	27,932,148	35,487,120	25,311,235									
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																			