

UTHUNGULU



**uThungulu District Municipality
Annual Financial Statements
for the year ended June 30, 2006**

uThungulu District Municipality
Annual Financial Statements for the year ended June 30, 2008

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Statement of Municipal Manager's Responsibility

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 - 27, in terms of Section 128(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



M. Bivela

Municipal Manager

Richards Bay

Thursday, August 31, 2006

uThungulu District Municipality

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Statement of Financial Performance

Figures in Rand	Note(s)	2006	2005
Revenue			
Regional Services Levies - turnover		67,651,301	56,950,711
Regional Services Levies - remuneration		23,120,058	19,828,293
Service charges	18	21,897,803	18,072,283
Rental income		749,519	835,306
Government grants	19	124,839,136	128,148,297
Interest received - external investments	21	13,620,006	13,982,903
Interest earned - outstanding debtors		686,162	115,336
Other income	20	1,479,183	1,166,068
Total revenue		254,043,168	239,099,197
Expenditure			
Employee related costs	22	(37,053,618)	(32,516,136)
Remuneration of councillors	23	(4,127,824)	(4,045,374)
Bad debts		(1,275,763)	(979,151)
Collection cost		(35,387)	(569,569)
Depreciation, amortisation and impairments		(3,423,039)	-
Repairs and maintenance		(35,350,528)	(25,389,426)
Interest paid	24	(3,026,426)	(3,069,199)
Bulk purchases	25	(5,595,298)	(4,906,245)
Contracted services		(28,821,813)	(30,289,800)
Grants and subsidies paid	26	(1,344,162)	(1,617,498)
General expenses		(70,967,534)	(45,227,953)
Loss on disposal of assets		(846,563)	(77,985)
Total Expenditure		(191,867,955)	(148,688,336)
Surplus for the year		62,175,213	90,410,861

Refer to Appendix E(1) for the comparison with the approved budget

uThungulu District Municipality

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Cash Flow Statement

Figures in Rand	Note(s)	2006	2005
Cash flows from operating activities			
Cash receipts from customers		251,930,995	233,948,951
Cash paid to suppliers and employees		(187,814,463)	(145,711,849)
Cash generated from operations	27	64,116,532	88,237,102
Interest income		14,306,168	14,098,239
Interest paid		(3,026,426)	(3,069,199)
Net cash from operating activities		75,396,274	99,266,142
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(80,342,554)	(70,983,788)
Increase in non-current investments		(1,263,635)	(1,131,519)
Decrease in non-current receivables		5,755,231	7,811,340
Net cash from investing activities		(75,850,958)	(64,283,967)
Cash flows from financing activities			
Repayment of other financial liabilities		(537,553)	(880,676)
Decrease/(increase) in consumer deposits		57,423	25,417
Net cash from financing activities		(480,130)	(855,259)
Net (decrease) / increase in cash and cash equivalents		(934,814)	34,126,916
Cash and cash equivalents at the beginning of the year		182,781,400	148,654,484
Cash and cash equivalents at the end of the year	28	181,846,586	182,781,400

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Accounting Policies

1.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment, is stated at cost, less accumulated depreciation, except infrastructure assets and land and buildings, which are revalued as indicated below. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment 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.

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

Property, plant and equipment are carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations on other assets, except for land and buildings were performed to determine fair value at the balance sheet date.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to equity in the revaluation reserve. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

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.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.5 Financial Instruments

Initial recognition

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

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.

1.6 Inventories

Consumable stores and maintenance stock are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

1.7 Other debtors

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.

1.8 Trade Creditors

Trade creditors are stated at their nominal value.

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Accounting Policies

1.13 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, 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.

1.14 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), 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.

1.15 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.

1.16 Comparatives Information

1.16.1 Current year comparatives

Budgeted amounts have been included in the annual financial statements for the current financial year only in Appendix E1 & E2.

1.16.2 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.

1.17 The Municipality as Lessee

Operating lease rentals are expensed as they become due.

1.18 Retirement Benefits

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially.

1.19 Borrowing costs

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Notes to the annual financial statements

Figures in Rand

	2006	2005
2. Changes in accounting policy - implementation of GAMAP (continued)		
Training	-	(340,197)
Grants & Donations - Mbonambi	-	(387,298)
Capital Redemption	-	995,650
Loss on disposal of assets	-	(77,985)
Contributions to funds	-	104,546,006
Contribution to bursary reserve	-	500,000
Contribution to training reserve	-	363,579
Audit fee provision	-	(120,000)
Interest received	-	1,131,519
Training SETA Refund	-	108,412
Reversal of contribution for government grant assets	-	6,117,780
Reversal to adjustments to appropriation (2004/05)	-	-
General Expenses	-	462,170
External Audit Fees	-	110,098
Agency Fees	-	(2,722,393)
Bad Debts provision	-	(589,152)
Leave provision	-	(925,719)
Mthonjaneni Debtor	-	31,595
DC28 Debtor	-	2,673,150
Recognition of Grant Income	-	11,437,544
	-	90,410,861

3. Long term liabilities

Non-current liabilities portion of loans

DBSA - 474,816

The loan was transferred to Uthungulu during the transfer of water and sanitation functions from Umlalazi Municipality. The loan has been repaid in full during 2005/06.

INCA 1 41,557 115,276

The loan was taken to finance future extensions to the Uthungulu House. The loan is repayable over a 10 year period, 6 monthly in arrears on the last day of the month. Interest is charged at the interest rate of 16.80 %

INCA 2 21,000,000 21,000,000

The loan was taken to finance the purchase and development of the regional solid waste site. The loan is repayable over a 15 year period. Interest at 13.95% is paid 6 monthly in arrears on the last day of the month. The final payment of R 21 million is due December 2015. A zero coupon from INCA has been taken out to repay this loan.

Current portion transferred to current liabilities

Annulity Loans 73,728 62,746

Sub-total 21,115,285 21,652,838

Total External Loans 21,041,557 21,590,092

Total current portion 73,728 62,746

Refer to Appendix A for more detail on long-term liabilities.

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Notes to the annual financial statements

Figures in Rand	2006	2005
7. Trade Creditors		
Trade payables	24,660,633	15,985,690
Amounts received in advance	7,255,607	8,496,492
Accrued leave pay	3,151,215	1,916,853
Other accrued expenses	68,375	50,176
Other payables	5,013,305	9,616,262
Total Creditors	40,149,135	36,065,473
8. Unspent conditional grants and receipts		
8.1 Conditional Grants from other spheres of government		
Department of Public Works	4,092,690	977,931
Department of Provincial and Local Government	1,869,219	6,094,274
Department of Sports & Recreation - Kwa-Zulu Natal	876,583	1,577
Department of Traditional & Local Government Affairs	11,093,580	12,448,789
Department of Water Affairs & Forestry	7,297,384	1,106,370
Department of Transport - Kwa-Zulu Natal	113,770	288,210
National Government - Municipal Infrastructure Grants	19,088,053	14,363,154
National Government - Other Grants	817,228	965,636
Conditional Grants from other spheres of Government	45,248,507	36,245,941
8.2 Other Conditional Grants		
Development Bank of South Africa	88,653	125,624
International Foundation	11,912	28,156
South African Sugar Association	54,199	54,199
Other Conditional Receipts	154,764	207,979
Total Conditional Grants and Receipts	45,403,271	36,408,920
See Note 19 for reconciliation of grants from other spheres of government.		
9. VAT		
VAT receivable / (payable)	9,037,020	(265,856)

Vat is payable on the payment basis.

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Notes to the annual financial statements

Figures in Rand	2006	2005
11. Investments		
Held to maturity		
Promissory Notes	8,424,476	8,424,476
An investment in Promissory Notes was made in 2000/01 financial year by council, which were prohibited in terms of section 10 (G) 9(a) of the Local Government Transitional Act, of 1993.		
INCA Zero Coupon	12,086,223	10,822,588
The INCA Zero Coupon of R 7,963,350 was purchased by council in 2002/03 to be utilized as a guarantee on the R 21 million INCA loan. Interest of R 1,263,635 (2004/05 - R1,134,407) at 11.35% was earned on the investment. The coupon matures on the 30th of June 2011.		
	20,510,699	19,247,064
12. Long term receivables		
Long-Term Receivables		
- Loans to local municipalities	418,887	521,210
- Staff home loans	1,679,851	6,733,877
- Staff vehicle loans	773,862	1,245,897
- Staff study loans	607,246	733,890
	3,479,646	9,234,874
Less: Current portion transferred to current receivables	(455,328)	(746,499)
Total long term receivable	3,024,318	8,488,375
Current portion receivables		
- Loans to local municipalities	119,073	102,323
- Staff home loans	58,291	206,933
- Staff vehicle loans	277,964	437,243
	455,328	746,499
Non-current assets	3,024,318	8,488,375
Current assets	455,328	746,499
	3,479,646	9,234,874

Loans to Municipalities

The loan to Umlalazi Municipality was provided on the 31st of December 1999, and interest at 15.75% is charged bi-annually with the final repayment due on the 30th of June 2009.

Car loans

Senior staff were entitled to car loans prior to 1 July 2004, which currently attracts interest at 8.5% per annum and which are repayable over a maximum period of 6 years. These loans are repayable in the year 2009.

Staff home loans

Housing loans were granted to qualifying staff prior to 1st July 2004. These loans attract interest per the fringe benefit interest rate as determined by the South African Revenue Services annually. These loans will be repayable in accordance with home loan agreements and range from 5 to 10 years.

Staff study loans

uThungulu District Municipality

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Notes to the annual financial statements

Figures in Rand

2006

2005

14. Consumer debtors (continued)

Summary of Debtors by Customer Classification

As at June 30, 2006

	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
Current (0 - 30 days)	823,852	284,208	326,335
31 - 60 Days	839,517	203,932	329,463
61 - 90 Days	566,091	98,963	181,069
91 - 120 Days	3,111,461	815,330	622,686
Sub-total	5,340,921	1,402,433	1,459,553
Less: Provision for bad debts	(2,355,132)	(715,623)	-
	<u>2,985,789</u>	<u>686,810</u>	<u>1,459,553</u>

15. Other Debtors

Other debtors	1,527,351	9,924,513
Deposits	2,147,026	549,383
Total other debtors	<u>3,674,377</u>	<u>10,473,896</u>

16. Call Investment deposits

Call Deposits	<u>90,000,000</u>	<u>155,000,000</u>
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17. Bank balances and cash

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA Bank - Richards Bay

Account Number: 215 000 0079

Trading Services Account

ABSA Bank - Richards Bay

Account Number: 405 987 3153

Cash and cash equivalents consist of:

Cash on hand	3,200	2,700
Bank balances	91,843,386	27,778,700
	<u>91,846,586</u>	<u>27,781,400</u>

Notes to the annual financial statements

Figures in Rand	2006	2005
19.3. Department of Public Works Grants		
Balance unspent at beginning of year	977,931	977,931
Current year receipts	3,114,759	1,998,349
Conditions met - transferred to revenue	-	(1,998,349)
Conditions still to be met - transferred to liabilities	4,092,690	977,931

This grant is used to construct water and sewerage infrastructure as part of the upgrading of informal settlement areas. No funds have been withheld.

19.4. Department of Sport & Recreation		
Balance unspent at beginning of year	1,577	80,555
Current year receipts	1,875,000	-
Conditions met - transferred to revenue	(999,994)	(78,978)
Conditions still to be met - transferred to liabilities	876,583	1,577

Provincial Department of Sport & Recreation Projects grants are used to construct Sports & Swimming Pools in Nkandla. The grant is spent in accordance with a business plan approved by the Provincial Government. No funds have been withheld.

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Notes to the annual financial statements

Figures in Rand

	2006	2005
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19.10 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 2 of 2006), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

20. Other income

Other income	1,479,183	1,166,068
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21. Investment revenue

Interest revenue

Interest earned - external investments	13,620,006	13,982,903
Interest earned - outstanding debtors	686,162	115,336
	<u>14,306,168</u>	<u>14,098,239</u>

22. Employee related costs

Basic	25,380,364	21,692,903
UIF, WCA, SDL and other levies	651,463	562,756
Car allowance	2,926,142	3,058,328
Housing benefits and allowances	605,911	861,745
Medical aid - company contributions	1,267,615	1,170,335
Leave pay provision charge	3,389,803	2,164,412
Pension and provident fund contributions	2,852,320	3,005,657
	<u>37,053,618</u>	<u>32,516,136</u>

There were no advances to employees. Loans to employees are set out in note 12.

Remuneration of the Municipal Manager

Basic	594,599	568,285
Bonus	105,676	87,467
Car allowance	197,702	181,797
Contributions to UIF	1,252	1,093
	<u>899,229</u>	<u>836,642</u>

Remuneration of the Deputy Municipal Manager

Basic	511,001	486,688
Bonus	100,393	55,381
Car allowance	234,666	224,280
Contributions to UIF	1,252	1,093
	<u>847,312</u>	<u>767,422</u>

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Notes to the annual financial statements

Figures in Rand	2006	2005
25. Bulk Purchases		
Electricity	2,707,744	2,147,041
Water	2,887,554	2,759,204
	5,595,298	4,906,245
26. Grants and Subsidies		
KZ 281 MBONAMBI MUNICIPALITY	674,162	387,298
KZ 282 UMHLATUZE MUNICIPALITY	-	470,000
KZ 283 NTAMBANANA MUNICIPALITY	-	300,000
KZ 284 UMLALAZI MUNICIPALITY	470,000	-
KZ 285 MTHONJANENI MUNICIPALITY	-	460,200
KZ 286 NKANDLA MUNICIPALITY	200,000	-
	1,344,162	1,617,498

The grants paid to the local Municipalitys were for Performance management, Integrated Development Plan Review and Capacity building.

27. Cash generated by operations

Surplus for the year	62,175,213	90,410,861
Adjustments for:		
Loss on sale of assets	846,553	77,985
Interest received	(14,306,168)	(14,098,239)
Interest paid	3,026,426	3,069,199
Impairment losses / reversals	3,423,039	-
Movements in provisions	1,774,326	-
Contribution to bad debt provision	1,260,253	1,013,222
Changes in working capital:		
Increase in Inventories	(211,338)	(65,810)
Decrease in other debtors	6,799,516	8,163,948
(Increase) in debtors	(4,446,435)	(3,465,809)
Increase in creditors	4,083,662	(398,251)
Increase/(Decrease) in conditional and other grants	8,994,351	4,171,869
Increase / (Decrease) in Vat	(9,302,876)	(641,873)
	64,116,532	88,237,102

28. Cash and cash equivalents

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

Call investment deposits - Current portion	90,000,000	155,000,000
Bank balances	91,843,386	27,778,700
Cash on hand	3,200	2,700
	181,846,586	182,781,400

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Notes to the annual financial statements

Figures in Rand	2006	2005
30. Commitments (continued)		
	22,808,266	6,800,000

The outstanding commitments relate to capital projects and other assets that have been committed by order or by the Bid Adjudication Committee prior to 30th June 2006. The majority of the capital projects include internally funded water services upgrades.

31. Related parties

Related party transactions

Sub-Lease Payments

NIB9810 Trust	3,086,352	2,600,003
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uThungulu Financing Partnership is a partnership between uThungulu District Municipality, NIB9810 Trust and Nedcor. uThungulu District Municipality and NIB9810 Trust holds 0.05% each and Nedcor the balance of 99.95%. The uThungulu Financing Partnership was formed to facilitate the purchase of uThungulu House in order to provide offices for uThungulu District Municipality. In order to finance the purchase of uThungulu House, the partnership entered into a loan agreement with Nedcor. In terms of the sub-lease agreement, uThungulu District Municipality is obliged to make bi-annual sub lease payments to the partnership to reimburse uThungulu Financing Partnership for the loan repayments made to Nedcor. The loan is payable over 20 year period (starting in 1998 - 2017)

32. In-kind donations and assistance

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

Description:

- Secondment of International Finance Advisor by National Treasury for the period commencing 1 August 2004 to 22nd May 2006.

33. Comparison with budget

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).

UTHUNGULU DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006
 Accumulated Depreciation
 Cost/Revaluation

	Opening Balance Rand	Additions Revaluation Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Impairment Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand	Budget Additions Rand
Infrastructure - in construction											
Water mains & purification	62,285,434	-	66,015,893	-	128,301,127	-	-	-	-	128,301,127	-
	62,285,434	-	66,015,893	-	128,301,127	-	-	-	-	128,301,127	-
Infrastructure											
Sewerage Mains & Purif	18,942,489	-	-	-	18,942,489	-	-	-	-	18,942,489	-
Electricity Mains	2,419,402	-	-	-	2,419,402	-	-	-	-	2,419,402	-
Water Mains & Purification	33,824,260	-	-	-	33,824,260	-	-	-	-	33,824,260	-
Waste Site Empangeni	23,810,193	-	-	-	23,810,193	-	-	-	-	23,810,193	-
Waste Site Empangeni - Land	-	2,898,979	-	-	2,898,978	-	-	-	-	2,898,979	-
	78,996,344	2,898,979	-	-	81,895,323	-	-	-	-	81,895,323	-
Other assets - in construction											
Cemetery - Buildings	243,833	-	140,850	-	384,683	-	-	-	-	384,683	-
	243,833	-	140,850	-	384,683	-	-	-	-	384,683	-
Other property, plant and equipment											
Furniture & Fittings & Office Equipment	2,617,121	2,256,460	-	345,799	4,527,782	-	-	944,890	944,890	3,582,892	-
Motor vehicles	1,607,224	6,959,159	-	72,084	8,394,289	-	-	1,276,741	1,276,741	7,117,558	-
Computer equipment	4,360,465	1,062,200	-	500,763	4,941,902	-	-	1,201,408	1,201,408	3,740,494	-
Buildings	12,165,534	2,113,411	-	-	14,278,945	-	-	-	-	14,278,945	-
Technical Equipment	26,754	-	-	-	26,754	-	-	-	-	26,754	-
Permanent Works - Buildings	496,049	-	-	-	496,049	-	-	-	-	496,049	-
Cemetery Land	-	901,021	-	-	901,021	-	-	-	-	901,021	-
	21,273,147	13,212,251	-	918,646	33,566,752	-	3,423,039	-	3,423,039	30,143,713	-
Total											
Infrastructure - In construction	62,285,434	-	66,015,893	-	128,301,127	-	-	-	-	128,301,127	-
Infrastructure	78,996,344	2,898,979	-	-	81,895,323	-	-	-	-	81,895,323	-
Other assets - In construction	243,833	-	140,850	-	384,683	-	-	-	-	384,683	-
Other property, plant and equipment	21,273,147	13,212,251	-	918,646	33,566,752	-	3,423,039	-	3,423,039	30,143,713	-
	162,798,768	16,111,230	66,156,543	918,646	244,147,885	-	3,423,039	-	3,423,039	240,724,846	-

APPENDIX D

UTHUNGULU DISTRICT MUNICIPALITY : STATEMENT OF FINANCIAL PERFORMANCE (PER VOTE) AS AT 30 JUNE 2006

2005	2005	2005		2006	2006	2006
Actual Income	Actual Expenditure	Surplus/ (Deficit)	Vote	Actual Income	Actual Expenditure	Surplus/ (Deficit)
R	R	R		R	R	R
-	18,051,248	-18,051,248	Executive & Council	-	17,954,624	-17,954,624
207,629,797	12,801,831	194,827,966	Finance & Administration	182,329,490	22,501,964	159,827,526
-	19,545,286	-19,545,286	Planning & Development	-	20,729,549	-20,729,549
-	2,994,105	-2,994,105	Community & Social Services	-	5,502,553	-5,502,553
6,915,530	6,927,044	-11,514	Waste Management	4,352,082	8,572,430	-4,220,348
2,194,639	11,286,487	-9,091,848	Waste Water Management	2,105,678	7,300,956	-5,195,278
19,186,647	75,118,909	-55,932,262	Water	63,644,578	106,735,080	-43,090,502
3,172,585	1,963,427	1,209,158	Electricity	1,611,340	2,570,799	-959,459
239,098,198	148,688,337	90,410,861	Total	254,043,168	191,867,955	62,175,213

UTHUNGULU DISTRICT MUNICIPALITY : ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2006

	Additions		Under Construction		Closing Balance		Budget		Variance		Explanation of Significant Variances greater than 5% versus Budget	
	Rand		Rand		Rand		Rand		Rand	%		
Property, plant & Equipment												
Executive & Council	253,637	-	-	253,637	253,637	9,600,891	(9,347,254)	(3,685)				Originally the budget included a budget for Shared Services Project, which was operational in nature and extensions to buildings which is included with Finance & Administration (within Property Services)
Finance & Administration	2,755,668	-	-	2,755,668	2,861,958	2,861,958	(106,290)	(4)				
Planning & Development	79,409	-	-	79,409	6,025,000	5,945,591	(79,409)	(7,487)				included in operational expenditure, as most projects are operational in nature.
Community & Social Services	2,683,603	140,850	140,850	2,824,453	2,083,727	740,726		26				The sale agreement for the disaster management centre concluded at the end of June 2006, a deposit was paid and the balance of the contacted amount was paid for in the new financial year.
Waste Management	2,898,979	-	-	2,898,979	8,263,595	(5,364,616)		(185)				The transfer stations for Miambarane and Umlalazi have commenced although expenditure has been included in operational cost, due to the nature of the expense.
Waste Water	-	-	-	-	18,989,538	(18,989,538)		-				included in operational expenditure as Sanitation cost was for VIP toilets which is operational in nature.
Water	5,588,797	66,015,693	66,015,693	71,602,490	96,048,771	(24,444,281)		(34)				The balance of the budget includes committed projects, of which expenditure will be incurred in the first quarter of the new financial year.
	14,258,093	66,158,543	66,158,543	80,414,636	143,871,480	(63,456,844)		(79)				

APPENDIX C

ANALYSIS OF FIXED ASSETS

Actual 2004/2005	Service	Budget 2006/2006	Balance at 30/06/2006	Expenditure 2005/2006	Written off 2005/2006	Balance at 30/06/2006
4,363,452	RATE & GENERAL SERVICES	4,341,811	66,377,904	4,196,667.78	108,298.00	70,466,264
4,058,254	Community Service	3,770,811	42,900,367	3,348,887	82,900	46,164,144
0	Civil Defence	0	184,344	0	0	184,344
0	Clinic Empathe	3,694	14,029	1,618	0	15,646
0	Clinic Glenridge	28,806	0	12,380	0	12,380
0	Clinic Sibongile	7,341	80,945	8,623	0	89,568
0	Clinic Sithembile	0	15,224	25,810	0	41,034
5,563	Computer	320,000	3,259,320	124,877	0	3,383,997
0	Council General	0	2,698,518	0	0	2,698,518
0	Drains & Kerbs	200,000	4,337,442	5,107	0	4,342,549
0	Forrestdale Administration	0	180,095	0	0	180,095
0	Glencoe Administration	3,000	14,007	2,170	0	16,177
0	Health Administration	0	103,771	0	0	103,771
19,791	Library Dundee	3,000	949,435	1,523	0	950,958
16,012	Library Glencoe	3,500	24,355	3,610	0	27,964
57,528	Library Sibongile	2,470	125,535	3,470	0	129,005
0	Library Mckenzie Street	0	45,744	0	0	45,744
0	Library Wasbank	2,400	1,672	1,991	0	3,662
0	Mechanical Workshop	0	280,910	0	0	280,910
8,647	Mechanical Yard Dundee	0	8,647	0	0	8,647
9,474	Municipal Manager	0	9,474	0	0	9,474
0	Peacevale Administration	0	493,723	0	0	493,723
3,738,384	Roads	3,159,100	26,967,471	3,128,798	41,302	30,054,967
0	Stores	0	80,567	0	0	80,567
0	Sibongile Administration	0	0	0	0	0
0	Town Engineer	0	868,677	0	0	868,677
0	Town Secretary	24,000	249,273	0	12,315	236,958
2,856	Town Treasurer	5,300	780,767	21,598	0	802,365
200,000	Traffic	8,200	1,146,412	5,313	29,283	1,122,442
194,911	Subsidised services	553,000	6,336,380	568,721	600	6,802,511
0	Aerodrome	0	86,762	0	0	86,762
0	Caravan Park	0	49,058	0	0	49,058
0	Cemetery Dundee	215,000	150,829	153,335	0	304,164
8,298	Cemetery Glencoe	15,000	16,813	82,165	0	98,978
0	Cemetery Sibongile	0	239,530	0	0	239,530
0	Cemetery Sithembile	0	8,700	0	0	8,700
0	Cemetery Wasbank	5,500	8,700	0	0	8,700
32,807	Civic Centre	250,000	888,198	271,506	0	1,159,704
0	Fire Brigade	0	424,792	0	0	424,792
0	Hassim Cassim Swimming Bath	0	197,174	0	0	197,174
0	Municipal Halls Glencoe	0	9,733	0	0	9,733
0	Municipal Halls Glenridge	0	10,000	0	0	10,000
0	Municipal Halls McKenzie Street	3,000	0	7,473	0	7,473
0	Municipal Halls Sibongile	11,500	0	2,242	0	2,242
0	Municipal Halls Sithembile	0	5,720	0	0	5,720
0	Municipal Halls War Memorial	3,000	205,720	0	0	205,720
25,401	Museum	0	1,306,350	0	0	1,306,350
8,250	Parks & Gardens Dundee	50,000	1,642,408	50,000	600	1,691,808
0	Parks & Gardens Sibongile	0	177,906	0	0	177,906
19,390	Parks & Gardens Sithembile	0	19,390	0	0	19,390
1,860	Printing Section	0	5,765	0	0	5,765
0	Public Conveniences	0	31,728	0	0	31,728
0	Sibongile Hostel	0	81,245	0	0	81,245
0	Sithembile White Hostel	0	75,845	0	0	75,845
0	Staff Housing	0	356,317	0	0	356,317
98,905	Street Cleaning	0	107,778	0	0	107,778
0	Swimming Bath Sibongile	0	15,643	0	0	15,643
0	Swimming Bath Union Street	0	8,486	0	0	8,486
0	Wasbank	0	206,000	0	0	206,000
110,287	Economic service	18,000	17,141,157	282,250	24,798	17,388,609
0	Commonage	0	289,100	0	20,696	268,404
110,287	Refuse Removal	16,000	1,891,281	280,250	4,102	2,167,429
0	Sewerage Services	0	14,731,693	0	0	14,731,693
0	Testing Grounds	2,000	229,083	2,000	0	231,083
0	Vehicle Licensing	0	0	0	0	0

APPENDIX C

Actual 2004/2005	Service	Budget 2006/2006	Balance at 30/06/2005	Expenditure 2005/2006	Written off 2005/2006	Balance at 30/06/2006
	0 HOUSING SERVICES	0	6,586,034	0	0	6,586,034
	0 Letting Schemes	0	983,111	0	0	983,111
	0 Selling Schemes	0	5,602,924	0	0	5,602,924
2,279,293	TRADING SERVICES	2,631,000	27,816,732	1,799,916	0	29,816,647
	0 Farming	0	0	0	0	0
2,279,293	0 Electricity	2,631,000	19,614,384	1,799,916	0	21,414,300
	0 Water	0	8,202,348	0	0	8,202,348
	0 TALANA	0	0	0	0	0
	0 Assets	0	0	0	0	0
	0 SIBONGILE SERVICES	0	42,968,511	0	0	42,968,511
	0 Improvements	0	818,352	0	0	818,352
	0 Land & Buildings	0	41,725,776	0	0	41,725,776
	0 Plant & Equipment	0	191,239	0	0	191,239
	0 Vehicles	0	223,145	0	0	223,145
104,109	PUBLIC IMPROVEMENT FUND	0	1,780,143	0	0	1,780,143
104,109	0 Land (Dundee)	0	964,832	0	0	964,832
	0 Land (Glencoe)	0	825,311	0	0	825,311
	0 GLENCOE SERVICES	0	60,377,042	0	65,659	60,311,383
	0 Rate & General	0	53,580,125	0	65,659	53,514,465
	0 Housing	0	2,013,598	0	0	2,013,598
	0 Electricity	0	3,828,704	0	0	3,828,704
	0 Water	0	954,615	0	0	954,615
	0 RATE & GENERAL SERVICES	0	108,881	0	0	108,881
	0 Assets written down or disposed of	0	84,995	0	0	84,995
	0 Redundant Assets	0	0	0	0	0
	0 Deferred Charges	0	24,886	0	0	24,886
	0 HOUSING SERVICES	0	907,852	0	0	907,852
	0 Deferred Charges	0	907,852	0	0	907,852
	0 ELECTRICITY SERVICES	0	2,776	0	0	2,776
	0 Assets written down or disposed of	0	2,776	0	0	2,776
	0 WATER SERVICES	0	873	0	0	873
	0 Assets written down or disposed of	0	873	0	0	873
6,746,855	TOTAL FIXED ASSETS	6,972,811	206,927,748	5,995,574	173,957	212,749,364
	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		159,706,443	7,866,574	173,957	167,398,060
	NET FIXED ASSETS		47,222,304	-1,871,001	0	45,351,304

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2006

Actual 2004/2005		Actual 2005/2006	Budget 2005/2006
	INCOME		
6,117,733	Government-and provincial grants and subsidies	8,891,328	10,452,253
22,839,256	Income from Rates	24,550,370	23,817,380
56,928,788	Income from tariffs, service, etc.	41,071,606	39,436,585
2,713,336	Interest earned	2,460,590	2,717,500
1,269,652	Other	1,208,894	1,281,338
89,868,766		78,182,788	77,705,056
	EXPENDITURE		
30,369,179	Salaries and allowances	30,470,901	31,725,522
29,819,092	General expenses	30,004,721	28,137,323
1,866,898	Repairs and maintenance	2,800,179	2,385,192
8,527,075	Capital charges	8,546,050	8,839,520
3,832,260	Contributions to fixed assets	3,469,614	3,731,970
3,318,812	Contributions	3,637,662	4,033,560
77,733,316	Gross Expenditure	78,929,128	78,853,087
-694,349	Less: Amounts charged out	-752,946	-1,154,465
77,038,967	Nett Expenditure	78,176,182	77,698,622

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED

30 JUNE 2006

2004/2005 ACTUAL INCOME	2004/2005 ACTUAL EXPEND	2004/2005 ACTUAL SURPLUS/ (DEFICIT)		2005/2006 ACTUAL INCOME	2005/2006 ACTUAL EXPEND	2005/2006 ACTUAL SURPLUS/ (DEFICIT)	2005/2006 BUDGET SURPLUS/ (DEFICIT)
49,230,976	46,539,616	2,691,360	RATE & GENERAL SERVICES	48,911,951	49,207,387	-295,437	-2,943,134
36,977,274	31,986,311	4,990,963	COMMUNITY SERVICES	38,909,653	34,476,861	4,432,792	2,556,252
29,274,288	1,511,089	27,763,199	Assessment Rates	30,689,833	1,529,363	29,160,470	27,512,224
0	862,241	-862,241	Civil Defence	0	1,279,295	-1,279,295	-1,193,335
0	-13,210	13,210	Computer	0	489,023	-489,023	-538,250
2,361,728	3,371,695	-1,009,967	Council General	1,899,964	3,450,399	-1,550,435	-1,146,573
0	144,280	-144,280	Grants-in-aid	0	101,839	-101,839	-235,000
2,742,798	2,954,609	-211,811	Health Department	2,379,590	2,663,059	-283,469	-74,348
831,861	1,637,908	-706,047	Libraries	1,593,772	1,767,898	-174,126	-166,561
0	3,490,053	-3,490,053	Town Secretary	15,500	3,807,297	-3,791,797	-3,659,461
409,715	1,146,002	-736,286	Town Treasurer	428,921	2,678,243	-2,249,322	-2,451,334
37,014	2,250,196	-2,213,182	Town Engineer	33,127	2,239,288	-2,206,161	-2,158,309
0	636,738	-636,738	Mechanical Workshop	0	636,109	-636,109	-286,832
0	10,079,423	-10,079,423	Roads	100,000	9,587,583	-9,487,583	-9,321,901
0	411,598	-411,598	Drains & Kerbs	0	495,287	-495,287	-688,531
1,184,514	2,430,187	-1,245,673	Traffic	1,762,049	2,351,959	-589,909	-1,675,594
0	203,222	-203,222	Mechanical Yard	0	180,125	-180,125	-176,996
0	26,091	-26,091	Forrestdale Admin	0	18,572	-18,572	-27,064
33,683	546,831	-513,148	Sibongile, Glencoe & Wasbank Admin	6,580	1,019,477	-1,012,897	-955,007
1,671	207,357	-205,686	Peacevale Admin	317	182,044	-181,728	-200,876
1,237,290	7,224,613	-5,987,323	SUBSIDISED SERVICES	2,651,550	7,709,533	-5,057,982	-5,135,345
2,094	51,678	-49,584	Aerodrome	1,803	46,722	-44,919	-51,786
839,915	1,352,634	-512,719	Cemeteries	1,585,498	1,608,462	-22,964	0
9,744	316,639	-306,895	Municipal buildings	10,498	322,215	-311,717	-381,340
173,108	905,631	-732,523	Museum	192,781	931,684	-738,903	-741,961
62,808	965,807	-903,000	Municipal halls	45,427	1,054,601	-1,009,173	-999,344
2	2,955,430	-2,955,428	Parks & Gardens	1,002	3,112,753	-3,111,751	-2,847,041
0	16,650	-16,650	Swimming Bath Dundee & Glencoe	0	10,613	-10,613	-10,615
3,389	128,149	-124,761	Swimming Bath Sibongile	789	163,096	-162,307	-139,144
0	-250,577	250,577	Stores	0	-452,832	452,832	61,827
146,231	127,679	18,551	Staff Housing	123,081	168,822	-45,741	-25,921
0	654,893	-654,893	Street Cleaning	690,670	743,396	-52,726	0
11,016,412	7,328,692	3,687,720	ECONOMIC SERVICES	7,350,747	7,020,994	329,753	-364,041
556,506	441,740	114,766	Vehicle licencing	596,402	487,751	108,651	40,544
1,096,550	1,405,929	-309,379	Testing grounds	1,335,089	1,381,408	-46,320	-641,902
4,085,339	4,053,849	31,490	Refuse removal	5,097,415	5,146,847	-49,432	20,126
5,019,862	1,421,846	3,598,016	Sewage services	0	0	0	0
258,155	5,328	252,827	Commonage	321,841	4,988	316,853	217,191
1,581,725	1,887,799	-306,074	HOUSING SERVICES	874,865	829,660	45,205	174,911
1,581,725	1,887,799	-306,074	Economic housing	874,865	829,660	45,205	174,911
39,056,065	26,520,999	12,535,066	TRADING SERVICES	28,395,972	26,029,831	2,366,141	4,907,657
27,982,609	24,670,396	3,312,214	Electricity service	28,395,972	26,029,831	2,366,141	4,907,657
11,073,455	1,850,604	9,222,852	Water service	0	0	0	0
89,868,766	74,948,414	14,920,351	TOTAL	78,182,788	76,066,879	2,115,909	2,139,434
		-3,344,579	Appropriations			-15,926,019	0
		-2,090,553	CDF Contributions			-2,109,303	-2,133,000
		12,829,798	Surplus/(Deficit) for the year			6,606	6,434
		9,290,416	Surplus/(Deficit)begining of year			18,775,635	18,775,635
			Unappropriated Surplus/Accumulated Deficit			2,856,222	18,782,069
		18,775,635	at end of year				
		18,775,635	Total Surplus 30/06/2006			2,856,222	18,782,069

APPENDIX F: STATISTICAL INFORMATION

GENERAL STATISTICS	2005/2006	2004/2005	2003/2004	2002/2003	2001/2002
Population	51101	51075	51075	44417	34674
Number of registered voters	21149	20596	20736	17792	11246
Area (km ²)	1612.58	1612.58	1612.58	1612.58	39
TOTAL VALUATIONS :					
- Rateable (R million)	632	625	622	622	618
- Non-rateable (R million)	59	59	59	58	56
- Residential (R million)	394	386	386	386	370
- Commercial (R million)	238	236	236	236	248
VALUATION DATE : 1 JANUARY 1998					
NUMBER OF STANDS :					
- Residential	7712	7390	7330	7003	6482
- Commercial	932	764	964	964	928
ASSESSMENT RATE :					
- Basic (per Rand)	36.670	34.910	33.090	33.090	30.350
- Rebate : Residential	20%	20%	20%	20%	20%
- Additional rebate : Pensioners, etc.	30%	30%	30%	30%	30%
Number of employees	295	314	325	445	430
CLEANSING					
Km Travelled	101380	124078	73862	72650	70800
Refuse removed (m3)	69379	71794	72587	57994	93348
Cost per m3 removed	R71.94	R58.08	R48.87	R57.35	R36.74
Income per m3 removed	R59.22	R56.90	R53.34	R56.23	R30.80
SEWERAGE					
Sewerage purified (MI)	0	0	0	2810	3464
Cost per MI purified	0	0	0	1548	836
Income per MI purified	0	0	0	2096	1661
ELECTRICITY					
Units (kWh) purchased ('000)	85562	82910	79194	76832	76557
Purchase cost per kWh	11.56	12.44	12.92	12.15	11.89
Units (kWh) sold ('000)	73924	72265	69413	67587	66531
Units (kWh) lost in distribution ('000)	11638	10645	9780	9245	10166
Percentage loss in distribution	13.60	12.84	12.34	12.03	13.28
Cost per unit (kWh) sold	38.72	37.97	32.16	29.85	24.12
Income per unit (kWh) sold	27.73	27.33	27.69	28.25	28.21
WATER					
Kl purchased ('000)	0	0	0	3887	3357
Purchase cost per kl	R0.00	R0.00	R0.00	R1.60	R1.28
Kl sold ('000)	0	0	3308	3427	2701
Kl lost in distribution ('000)	0	0	0	459	655
Percentage loss in distribution	0.00	0.00	0.00	11.81	22.49
Cost per kl sold	0	0	0		
Income per kl sold	0.00	0.00	3.66	2.05	2.88

uThungulu District Municipality
 APPENDIX F for the ended Friday, June 30, 2006
 DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
 June 2006

Name of Grants & Vote	Name of organ of state or municipal entity	Quarterly Receipts						Quarterly Expenditure						Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act Yes/No	Reason for non-compliance								
		June 05		Sept 05		Dec 05		Mar 06		June 06		Sept 06				Dec 06		Mar 06					
		Mar 05	June 05	Sept 05	Dec 05	Mar 06	June 06	Sept 06	Dec 06	Mar 06	June 06	Sept 06	Dec 06			Mar 06	June 06	Sept 06	Dec 06				
Disaster Management Grant (CS)	DTLGA	640,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes					
Facilitation assessment service	DTLGA	385,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes					
Delivery (Water)	DTLGA	301,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes					
Facilitation backlog study (Water)	DTLGA	200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes					
MIP (Water)	DTLGA	-	200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes					
Integrated waste grant (Waste Management)	DTLGA	-	-	-	-	4,870,000	-	-	-	-	-	-	-	-	-	-	-	Yes					
Drought relief (Water)	KZN - DSR	-	-	-	-	1,000,000	-	-	-	-	-	-	-	-	-	-	-	Yes					
Bucanaria sports field (CS)	KZN - DSR	-	-	-	375,000	-	-	-	-	-	-	-	-	-	-	-	-	Yes					
Nkandla sports field (CS)	KZN - DSR	-	-	-	500,000	-	-	-	-	-	-	-	-	-	-	-	-	Yes					
Nkandla swimming pool (CS)	KZN - DSR	-	-	-	50,000	-	-	-	-	-	-	-	-	-	-	-	-	Yes					
Annual IDP Review (Planning)	DTLGA	-	-	-	-	450,000	-	-	-	-	-	-	-	-	-	-	-	Yes					
Facilitation assessment service	DTLGA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes					
delivery (Water)	DTLGA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes					
Performance management assistance (Planning)	DTLGA	-	-	-	40,000	-	-	-	-	-	-	-	-	-	-	-	-	Yes					
Planning capacity building (Planning)	DTLGA	-	-	-	50,000	-	-	-	-	-	-	-	-	-	-	-	-	Yes					
Shared services unit (CS)	DTLGA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes					
Water services delivery plan grant (Water)	DTLGA	-	-	-	-	3,200,000	-	-	-	-	-	-	-	-	-	-	-	Yes					
Opportunity DWAF Funding (Water)	DWAF	-	-	-	-	231,000	-	-	-	-	-	-	-	-	-	-	-	Yes					
Subsidy for water services works (Water)	DWAF	-	-	-	-	1,608,000	-	-	-	-	-	-	-	-	-	-	-	Yes					
Uthungulu master plan (Water)	DWAF	-	-	-	-	62,000	-	-	-	-	-	-	-	-	-	-	-	Yes					
PI/MMS (Planning)	National Govt	-	-	-	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	Yes					
		1,526,000	200,000	-	2,015,000	11,921,000	-	2,015,000	325,515	862,366	211,297	280,136	1,623,611	640,690	236,097	446,269	283,903	61,612	211,297	280,136	321,001		

Note: (No Grants & Subsidies were delayed / withheld)
 This excludes allocations from the Equitable Share.
 DTLGA = Department of Traditional & Local Government Affairs, KZN-DSR = Kwa-Zulu Natal - Department of Sport & Recreation, DWAF = Department of Water & Forestry Affairs, CS = Corporate Services

APPENDIX E(1)
 UTHUNGULU DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

REVENUE	2008 Actual (R)	2009 Budget (R)	2008 Variance (R)	2008 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Services charges	21,897,803	18,386,750	3,511,053	19%	Due to increased water consumption.
Regional Services Levies - lumover	67,651,301	57,369,077	10,282,224	18%	Due to the higher than expected growth in the district.
Regional Services Levies - remuneration	23,120,058	21,470,923	1,649,135	8%	Due to the higher than expected growth in the district.
Rental of facilities and equipment	749,519	657,067	92,452	14%	Rental contracts were extended.
Interest earned - external investments	13,620,006	10,324,000	3,296,006	32%	Increased investments due to increase in levy collection
Interest earned - outstanding debtors	686,162	1,296,215	-610,053	-47%	Dependent on the applicability of the debt and collection bylaws.
Government grants and subsidies	124,839,136	131,579,125	-6,739,989	-5%	
Other income	1,479,183	1,024,050	455,133	44%	Local Government SETA refunds were not in the original budget.
Total Revenue	254,043,168	242,107,207	11,935,961	5%	
EXPENDITURE					
Executive & Council	17,954,624	20,482,807	-2,528,183	-12%	The Shared Service Centre commenced later than anticipated.
Finance & Administration	22,501,964	23,612,608	-1,110,644	-5%	
Planning & Development	20,728,549	37,651,803	-17,122,254	-45%	Operational projects were delayed with their commencement
Community & Social Services	5,502,553	6,621,015	-1,118,462	-17%	Operational projects were delayed with their commencement
Waste Management	8,572,430	13,443,997	-4,871,567	-36%	Operational projects were delayed with their commencement
Water	106,735,080	145,485,154	-38,750,074	-27%	Provision was made for depreciation on water infrastructure assets, which will now only occur for the year ended 30th June 2007
Electricity	2,570,799	2,988,636	-417,837	-14%	Delay in the appointment of the maintenance contractor.
Other - Waste Water	7,300,956	1,004,196	6,296,760	627%	Sanitation projects (WIP) were operational in nature and could not be capitalised.
Total Expenditure	191,667,955	251,490,216	-59,822,261	-24%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	62,175,213	-9,383,009	71,558,222		

UTHUNGULU DISTRICT MUNICIPALITY : SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006
 Accumulated Depreciation
 Cost/Revaluation

	Opening Balance Rand	Additions & Revaluations Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Impairment Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand
Executive & Council	3,772,549	555,207	-	470,574	3,857,182	-	445,395	-	445,395	3,411,787
Finance & Admin	14,435,773	3,140,218	-	375,989	17,200,002	-	755,918	-	755,918	16,444,084
Planning & Development	75,324	79,409	-	-	154,733	-	80,725	-	80,725	154,733
Community & Social Services	188,544	2,787,432	384,684	-	3,370,660	-	-	-	-	3,289,936
Waste Management	23,810,192	2,899,979	-	-	26,709,171	-	-	-	-	26,709,171
Water	38,814,039	6,639,984	128,301,128	72,084	173,683,087	-	2,140,101	-	2,140,101	171,542,986
Electricity	2,419,402	-	-	-	2,419,402	-	-	-	-	2,419,402
Waste Water	16,753,668	-	-	-	16,753,668	-	-	-	-	16,753,668
	100,289,491	16,114,229	128,685,812	918,647	244,147,985	-	3,422,139	-	3,422,139	240,725,746

APPENDIX A for the period ended Friday, June 30, 2006
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UTHUNGULU DISTRICT MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

Redeemable	Balance at Friday, June 30, 2005	Received during the period	off during the period	Written down during the period	Carrying Value at Friday, June 30, 2008	Property, Plant & Equip	Value of	Other Costs In
Rand	Rand	Rand	Rand	Rand	Rand	Rand	the M/FMA	Rand
2007/10/31	178,022	-	62,737	-	115,285	-	-	-
2014/12/31	21,000,000	-	-	-	21,000,000	-	-	-
2013/06/30	87,868	-	87,868	-	-	-	-	-
2010/06/30	386,949	-	386,949	-	-	-	-	-
	21,652,839	-	537,554	-	21,115,285	-	-	-
LONG-TERM LOANS								
ANNUITY LOAN								
INCA @ 16.8 %								
INCA @ 13.95 %								
DBSA @ 8 %								
DBSA @ 17.2 %								
	21,652,839	-	537,554	-	21,115,285	-	-	-
TOTAL EXTERNAL LOANS								
ANNUITY LOAN								
	21,652,839	-	537,554	-	21,115,285	-	-	-

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Notes to the annual financial statements

Figures in Rand	2006	2005
29. Additional disclosure in terms of Municipal Finance Management Act		
29.1 Contributions to organized local government		
Council subscriptions	243,105	156,824
Amount paid - current year	(243,105)	(156,824)
Balance unpaid (included in creditors)	-	-
29.2 Audit fees		
Current year audit fee	1,294,487	678,519
Amount paid - current year	(3,908)	-
Amount paid - previous years	(1,290,579)	(678,519)
Balance unpaid (Included in creditors)	-	-
29.3 VAT		
VAT inputs receivables and VAT outputs receivables are shown in note 9. All VAT returns have been submitted by the due date throughout the year.		
29.4 PAYE and UIF		
Current year payroll deductions	6,773,294	5,769,649
Amount paid - current year	(6,773,294)	(5,769,649)
Balance unpaid (Included in creditors)	-	-
29.5 Pension and Medical Aid Deductions		
Current year payroll deductions and Council Contributions	5,936,791	3,629,665
Amount paid - current year	(5,936,791)	(3,629,665)
Balance unpaid (Included in creditors)	-	-
30. Commitments		
Commitments in respect of capital expenditure:		
- Approved and contracted for		
• Infrastructure	20,290,886	6,800,000
• Other property, plant and equipment	2,517,380	-
	22,808,266	6,800,000
This expenditure will be financed from:		
- Government Grants	1,789,178	-
- Own resources	21,019,088	6,800,000

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Notes to the annual financial statements

Figures in Rand	2006	2005
Other 5 (continued)		
Remuneration of Individual Executive Directors		
Technical Services		
Basic	553,264	344,057
Bonus	32,208	34,108
Car allowance	140,579	129,661
Contributions to UIF, Medical and Pension funds	1,252	81,708
	727,303	589,534
Corporate Services		
Basic	535,144	493,801
Bonus	87,798	36,670
Car allowance	156,435	163,800
Contributions to UIF	1,252	1,093
	780,629	695,419
Chief Financial Officer		
Basic	575,369	378,840
Bonus	32,932	34,108
Car Allowance	133,613	131,091
Contributions to UIF, Medical and Pension funds	1,252	62,628
	743,166	606,667
23. Remuneration of councillors		
Total Councillors' Remuneration		
Mayor	495,706	539,312
Deputy Mayor	67,872	203,165
Speaker	320,542	359,400
Executive councillors	1,467,305	1,586,000
Councillors	1,527,637	1,176,713
Councillors' pension contribution	248,762	180,743
	4,127,824	4,045,374
In-kind Benefits:		
The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council which is included with other expenditure in the Statement of Financial Performance.		
The Mayor has use of a Council owned vehicle for official duties.		
The Mayor has a full-time bodyguard and driver.		
24. Interest Paid		
Long-term liabilities	3,026,426	3,069,199

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Notes to the annual financial statements

Figures in Rand	2006	2005
19.5 Department of Provincial and Local Government		
Balance unspent at the beginning of year	6,049,274	5,271,792
Current year receipts	5,209,702	61,879,804
Conditions met - transferred to revenue	(9,389,757)	(61,102,322)
Conditions to be met - transferred to liabilities	1,869,219	6,049,274
The Department of Provincial and Local Government grants are used :		
:- To build capacity within the District in order to perform functions as per legislature.		
:- For drought and flood relief and infrastructure.		
19.6 Department of Traditional and Local Government Affairs		
Balance unspent at the beginning of the year	12,448,790	6,435,712
Current year receipts	4,878,241	7,270,967
Conditions met - transferred to revenue	(6,233,451)	(1,257,887)
Conditions to be met - transferred to liabilities	11,093,580	12,448,789
The Department of Traditional and Local Government grants are used :		
:- To build capacity within the District in order to perform functions as per legislature.		
:- For disaster programmes, water service delivery planning, shares services unit and infrastructure.		
19.7 Department of Water and Forestry		
Balance unspent at the beginning of the year	1,106,389	(287,937)
Current year receipts	7,048,524	14,889,867
Conditions met - transferred to revenue	(857,509)	(13,495,560)
Conditions to be met - transferred to liabilities	7,297,384	1,106,370
The Department of Water Affairs and Forestry are used for:		
:- Water infrastructure and sanitation projects		
:- Drought relief and disaster relief programmes.		
19.8 Department of Transport (Kwa-Zulu Natal)		
Balance unspent at the beginning of the year	288,210	294,341
Current year receipts	-	300,000
Conditions met - transferred to revenue	(174,440)	(306,130)
Conditions to be met - transferred to liabilities	113,770	288,210
The Department of Transport Grant is used for:		
:- The development of the Public Transport Plan.		
19.9 National Treasury - Other grants		
Balance unspent at the beginning of the year	965,636	1,189,882
Current year receipts	1,000,000	-
Conditions met - transferred to revenue	(1,148,408)	(224,248)
Conditions met - transferred to liabilities	817,228	965,636
The National Treasury - Other Grants are used for:		
:- To promote and support reforms to municipal financial management and the implementation of the Municipal Finance Management Act.		
:- To assist the municipality to perform their functions and stabilise institutional and government systems as required in the Municipal Systems Act.		

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Notes to the annual financial statements

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17. Bank balances and cash (continued)

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

Cash book balance at beginning of year	27,778,700	68,654,484
Cash book balance at end of year	91,843,388	27,778,700
Bank statement balance at beginning of year	35,574,906	68,620,638
Bank statement balance at end of year	100,183,846	35,574,906

18. Service charges

Sales of electricity	1,475,981	1,367,469
Sales of water	14,044,067	10,796,407
Refuse removal	4,305,777	3,922,510
Sewerage and sanitation charges	2,071,978	1,985,900
	<u>21,897,803</u>	<u>18,072,283</u>

19. Government grants and subsidies

Equitable share	41,462,340	43,724,684
Municipal Infrastructure Grant and other Capital Grants	64,573,237	75,000,738
Department of Public Works	-	1,998,349
Department of Sport & Recreation	999,994	78,978
Department of Provincial Local Government	9,389,757	1,030,511
Department of Traditional and Local Government Affairs	6,233,451	2,054,404
Department of Water Affairs and Forestry	857,509	3,730,257
Department of Transport	174,440	306,130
National Government - Other	1,148,408	224,246
	<u>124,839,136</u>	<u>128,148,297</u>

19.1. Equitable Share

In terms of the Constitution, this grant which is unconditional is used to subsidise the provision of basic services to the communities. These subsidies includes 6 kilo litre free basic water to the entire district with the exception of KZ 282, and 50 kilowatts for electricity, which is provided only in the town of Nkandla.

19.2. Municipal Infrastructure Grant

Balance unspent at beginning of year	14,363,154	-
Current year receipts	69,298,138	61,505,178
Conditions met - transferred to revenue	(64,573,239)	(47,142,024)
Conditions still to be met - transferred to liabilities	<u>19,088,053</u>	<u>14,363,154</u>

This grant is used to construct water and sewerage infrastructure as part of the upgrading of informal settlement areas. No funds have been withheld.

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Notes to the annual financial statements

Figures in Rand 2006 2005

12. Long term receivables (continued)

Study loans were provided to staff prior to 1st July 2004. These loans attract interest per the fringe benefit interest rate as determined by the South African Revenue Services annually.

13. Inventories

Consumables and maintenance materials 519,582 308,244

14. Consumer debtors

	<u>Gross Balances</u>	<u>Provision for Bad Debts</u>	<u>Net Balance</u>
As at June 30, 2006			
Service debtors	12,246,232	(4,331,008)	7,915,224
Water	9,082,696	(3,073,126)	6,009,570
Electricity	138,107	(32,777)	105,330
Sanitation	3,025,429	(1,225,105)	1,800,324
Regional Service Levies	1,952,669	-	1,952,669
	14,198,901	(4,331,008)	9,867,893

As at June 30, 2005			
Service debtors	8,202,907	(3,070,755)	5,132,152
Water	5,787,257	(2,180,236)	3,607,021
Electricity	150,776	(30,708)	120,068
Sanitation	2,264,874	(859,811)	1,405,063
Regional Service Levies	1,549,559	-	1,549,559
	9,752,466	(3,070,755)	6,681,711

(Electricity, Water and Sewerage): Ageing

Current (0 – 30 days)	2,500,077	1,451,46
31 - 60 Days	1,127,507	1,372,74
61 - 90 Days	869,795	846,076
91 - 120 Days	980,197	611,452
121 - 365 Days	6,768,656	3,921,175
	12,246,232	8,202,907

Summary of Debtors by Customer Classification

	<u>Consumers</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
As at June 30, 2005			
Current (0 – 30 days)	1,204,323	352,080	914,518
31 - 60 Days	623,598	170,911	333,147
61 - 90 Days	489,447	153,353	227,036
91 - 120 Days	5,317,076	1,219,887	1,240,856
Sub-total	7,634,444	1,896,231	2,715,557
Less: Provision for bad debts	(3,260,650)	(1,070,358)	-
	4,373,794	825,873	2,715,557

uThungulu District Municipality

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10. Property, plant and equipment

	2006			2005		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Infrastructure - in construction	128,301,128	-	128,301,128	62,285,434	-	62,285,434
Infrastructure	81,895,323	-	81,895,323	78,996,344	-	78,996,344
Other assets - in construction	384,683	-	384,683	243,833	-	243,833
Other property, plant and equipment	33,566,751	(3,423,039)	30,143,712	21,273,147	-	21,273,147
Total	244,147,885	(3,423,039)	240,724,846	162,798,768	-	162,798,758

Reconciliation of property, plant and equipment - 2006

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Impairment loss	Total
Infrastructure - in construction	62,285,434	66,015,694	-	-	-	-	128,301,128
Infrastructure	78,996,344	2,898,979	-	-	-	-	81,895,323
Other assets - in Construction	243,833	140,850	-	-	-	-	384,683
Other property, plant and equipment	21,273,147	11,359,115	(846,563)	(72,084)	1,853,136	(3,423,039)	30,143,712
	162,798,758	80,414,638	(846,563)	(72,084)	1,853,136	(3,423,039)	240,724,846

Reconciliation of property, plant and equipment - 2005

	Opening Balance	Additions	Disposals	Transfers	Total
Infrastructure - in construction	-	62,285,434	-	-	62,285,434
Infrastructure	42,283,398	6,110,812	-	(554,217)	78,996,344
Other assets - in construction	-	243,833	-	-	243,833
Other property, plant and equipment	49,629,557	2,445,180	(199,455)	554,217	21,273,147
	91,912,955	71,085,259	(199,455)	-	162,798,758

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2007. Furthermore, the Municipality has assessed whether items of other assets excluding land and buildings are to be impaired.

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

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4. Retirement benefits

Defined benefit plan

Staff members belong to the Kwa-Zulu Natal Joint Municipal Pension Fund or the Kwa-Zulu Natal Joint Provident Fund and Government Employees Pension Fund. In practice the valuer conducts a full valuation on a triennially basis, and an interim valuation on annual basis. The interim valuation of the fund for the year ending 31 March 2005 indicated a surplus for the past service of R 447,961 million and a surplus for the past period service of R 26,706 million.

The last actuarial valuation of the Municipal Councillors Pension Fund was done on 31 March 2005. This valuation indicated that the fund is in sound financial position.

5. Non-current provisions

Reconciliation of provisions - 2006

	Opening Balance	Contributions to provision	Total
Legal proceedings	10,870,378	-	10,870,378
Long-service	-	315,375	315,375
Performance bonus	-	535,975	535,975
Current portion of long-service provision	-	922,976	922,976
	10,870,378	1,774,326	12,644,704

Reconciliation of provisions - 2005

	Opening Balance	Total
Legal proceedings	10,870,378	10,870,378
Non-current liabilities	11,185,753	10,870,378
Eskom Provision	2,445,902	2,445,902
Promissory Notes Provision	8,424,476	8,424,476
Provision for long-service	315,375	-
Current liabilities	1,458,951	-
Current portion of long service leave provision	922,976	-
Performance bonus	535,975	-
Total Provisions	12,644,704	10,870,378

Legal proceedings include R 8,424,476 for the potential loss of the recoverability of an investment in Promissory notes, as per council resolution No UDMC 1081, and an amount of R 2,445,902 for Eskom, as there is a pending case between Eskom and various District municipalities, due to the applicability of exception for levies prior to January 2000 in terms of section 24 of the Eskom Act No. 40 of 1987.

The long-service award is payable after every 5 years of continuous service. The provision is an estimate of the long-service based on historical staff turnover

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exists.

6. Consumer deposits

Electricity and Water	782,236	724,813
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In terms of councils bylaws no interest is raised or paid.

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Notes to the annual financial statements

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2. Changes 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: -

Statement of Financial Position

Statutory Funds

Balance previously reported: -

Capital Development Fund	-	4,127,801
Loan Redemption Fund	-	9,919,939
Project Development Fund - Internal Fund	-	38,442,498
Project Development Fund - External Funds	-	35,053,570

Implementation of GAMAP: -

Transferred to the Unspent Conditional Grants	-	(32,237,057)
Transferred to Accumulated Surplus/(Deficit) (see below)	-	(55,306,757)

Loans Redeemed and Other Capital Receipts

Balance previously reported: -

Previously stated	-	72,771,435
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Implementation of GAMAP: -

Transferred to Government Grant Reserve	-	(54,482,751)
Transferred to Donations and Public Contribution Reserve	-	(453,410)
Transferred to Accumulated Surplus/(Deficit) (see below)	-	(17,835,274)

Provisions and Reserves

Balance previously reported: -

Maintenance Reserve	-	2,220,492
Panel Support Reserve	-	387,298
Bursary Reserve	-	315,808
Asset Acquisition Reserve	-	7,309,100
Training Levy Reserve	-	259,870
Building Reserve	-	83,860

Implementation of GAMAP: -

Transferred to Accumulated Surplus/(Deficit) (see below)	-	(10,576,212)
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Accumulated Surplus

Balance previously reported: -

Previously stated	-	56,472,406
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Implementation of GAMAP: -

Excessive provisions and reserves no longer permitted (see above)	-	10,576,212
Transferred from statutory funds (see above)	-	55,306,757
Transferred from Loans Redeemed and Other Capital Receipts (see above)	-	17,835,274

Restated surplus for the year

Previously stated	-	7,531,860
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Reversal of Movements in Funds & Reserves (2004/05)

Bursaries	-	(119,223)
Integrated Development Projects Operational Expenditure	-	(40,316,535)

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Accounting Policies

1.9 Revenue Recognition

1.9.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly and quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse are recognised on a monthly basis in arrears and on a cash basis by applying the approved tariff to each consumer that uses the solid waste site.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis

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.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

1.9.2 Revenue from non-exchange transactions

Revenue from Regional Levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis. Estimates are reviewed regularly to ensure that average data is appropriate.

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.

1.10 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.

1.11 Provisions

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

1.12 Bank balances and cash

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 four 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.

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Accounting Policies

1. Basis of Presentation

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings, which are carried at fair value.

In accordance with section 122(3) of the Municipal Finance Management Act (Act No. 56 of 2003), the Municipality has adopted Standards of Generally Accepted Municipal Accounting Practice (GAMAP) and Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board during the financial year. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP and GRAP is set out in Note 2.

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

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

1.1 Presentation of currency

These annual financial statements are presented in South African Rand.

1.2 Going concern assumption

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

1.3 Reserves

1.3.1 Government Grant 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 Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular 18) 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 by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

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

1.3.2 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular 18) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions 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 future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

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

1.3.3 Revaluation Reserve

The surplus arising from the revaluation of infrastructure and other assets is credited to a non-distributable reserve. The revaluation surplus is realised as revalued infrastructure and other assets are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

uThungulu District Municipality

Annual Financial Statements for the year ended June 30, 2006

Statement of Financial Position

Figures in Rand	Note(s)	2006	2005
Net Assets and Liabilities			
Net Assets			
Government grant reserve		113,406,489	60,600,529
Donations and public contribution reserves		453,408	453,408
Revaluation reserve		1,853,138	-
Accumulated Surplus		233,852,985	224,483,732
		349,566,018	285,537,669
Non-Current Liabilities			
Long term liabilities	3	21,041,557	21,590,092
Non-current provisions	5	11,185,753	10,870,378
		32,227,310	32,460,470
Current Liabilities			
Consumer deposits	6	782,236	724,817
Provisions	5	1,458,951	-
Trade Creditors	7	40,149,135	36,065,473
Unspent conditional grants and receipts	8	45,403,271	36,408,920
VAT	9	-	265,856
Current portion of long-term liabilities	3	73,728	62,746
		87,867,321	73,527,808
Total Net Assets and Liabilities		469,660,649	391,525,947
Assets			
Non-Current Assets			
Property, plant and equipment	10	240,724,846	162,798,758
Investments	11	20,510,899	19,247,064
Long term receivables	12	3,024,318	8,488,375
		264,259,863	190,534,197
Current Assets			
Inventories	13	519,582	308,244
Consumer debtors	14	9,867,893	6,681,717
Other debtors	15	3,674,377	10,473,860
Current portion of long-term receivables	12	455,328	746,499
VAT	9	9,037,020	-
Call investment deposits	16	90,000,000	155,000,000
Bank balances and cash	17	91,846,586	27,781,400
		205,400,786	200,991,750
Total Assets		469,660,649	391,525,947

uThungulu District Municipality
Annual Financial Statements for the year ended June 30, 2006

Report of the Auditor-General

To be inserted by Auditor - General

Auditor General

Richards Bay
Thursday, August 31, 2006

