

**NKANGALA DISTRICT MUNICIPALITY  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2006**

	Note	2006 R	2005 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>(90 850 032)</b>	<b>(94 560 171)</b>
Reserves	1	( 495 739)	( 613 187)
Accumulated (Surplus)/Deficit		(90 354 293)	(93 946 984)
<b>Non-current liabilities</b>			
Long-term loans	2	<b>(70 453 222)</b>	<b>(74 804 174)</b>
Post retirement medical obligation	21	<b>( 888 108)</b>	<b>0</b>
<b>Current liabilities</b>		<b>(53 996 414)</b>	<b>(67 773 234)</b>
Creditors	3	(47 092 035)	(57 332 454)
Unspent Grants	4	(2 644 284)	(6 312 698)
Current portion of long-term liabilities	2	(4 260 095)	(4 128 082)
<b>Total Net Assets and Liabilities</b>		<b>(216 187 776)</b>	<b>(237 137 580)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>116 867 750</b>	<b>80 528 071</b>
Property, plant and equipment	5	82 153 760	45 313 358
Investments	6	34 500 000	34 500 000
Non-current loans	7	213 990	714 712
<b>Current assets</b>		<b>99 320 026</b>	<b>156 609 509</b>
Sundry Debtors	8	28 464 975	27 492 093
Grants Receivable from other spheres of Government	9	3 231 090	6 101 781
Current portion of Non-current loans	7	256 596	416 703
Cash and Cash Equivalents	10	67 367 364	122 598 932
<b>Total Assets</b>		<b>216 187 776</b>	<b>237 137 580</b>

( Note : The Statement of Financial Position has been prepared in accordance with GRAP 1)

**NKANGALA DISTRICT MUNICIPALITY  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30th JUNE 2006**

	Note	2006 R	2005 R
<b>REVENUE</b>			
Regional Services Levies - turnover		(139 019 196)	(128 853 982)
Regional Services Levies - remuneration		(44 271 091)	(40 455 222)
Interest earned - external investments		(7 373 620)	(8 216 374)
Interest earned - outstanding debtors		(1 720 180)	(2 385 685)
Income for agency services		( 255 000)	( 50 000)
Government grants and subsidies	11	(41 535 041)	(73 058 003)
Other income		(1 668 651)	(6 938 510)
<b>Total Revenue</b>		<b>(235 842 779)</b>	<b>(259 957 777)</b>
<b>EXPENDITURE</b>			
Employee related costs	12	22 209 492	20 013 855
Remuneration of councillors	13	4 974 682	4 592 149
Bad debts		203 292	35 459
Collection costs		409 232	347 732
Depreciation		516 905	330 409
Repairs and maintenance		489 064	431 427
Interest on external borrowings		4 008 026	4 125 208
Grants and subsidies paid	15	193 306 569	198 625 235
General expenses - other (including abnormal expenses)		13 318 208	15 914 776
<b>Total Expenditure</b>		<b>239 435 470</b>	<b>244 416 250</b>
<b>NET (SURPLUS)/DEFICIT FOR THE YEAR</b>		<b>3 592 691</b>	<b>(15 541 527)</b>

( Note : The Statement of Financial Performance has been prepared in accordance with GRAP 1 and the Budget Formats)

(Refer to Appendix E1 for actual versus budgeted revenue and expenditure)

**NKANGALA DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2006**

	Note	<u>Transport Fund</u>	<u>Depreciation Reserve ex Govt Grants</u>	<u>Depreciation Reserve ex Donations and Contributions</u>	<u>Loans redeemed and other Capital Receipts</u>	<u>Accumulated Surplus</u>	<u>TOTAL</u>
		R	R	R		R	R
<b>2005</b>							
Balance 1 July 2004						(68 041 296)	
Change in accounting policy	16					(10 364 161)	
Restated balance			(421 065)	(300 000)		(78 405 457)	(78 405 457)
Net surplus for the year						(15 541 527)	(15 541 527)
Offsetting of Depreciation			107 878				107 878
<b>Balance at 30 June 2005</b>			<u>(313 187)</u>	<u>(300 000)</u>		<u>(93 946 984)</u>	<u>(94 560 171)</u>
<b>2006</b>							
Balance 1 July 2005			(313 187)	(300 000)		(93 946 984)	(94 560 172)
Restated balance			(313 187)	(300 000)		(93 946 984)	(94 560 172)
Net surplus for the year						3 592 691	3 592 691
Offsetting of Depreciation			117 448				117 448
<b>Balance at 30 June 2006</b>			<u>(195 739)</u>	<u>(300 000)</u>		<u>(90 354 293)</u>	<u>(90 850 033)</u>

**NKANGALA DISTRICT MUNICIPALITY  
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 R	2005 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		342 018 526	408 368 143
Cash paid to suppliers and employees		(360 952 890)	(389 891 999)
Cash generated from operations	17	(18 934 364)	9 412 563
Interest received		9 093 800	10 602 060
Interest paid		(4 008 026)	(4 125 208)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>(13 848 590)</b>	<b>15 889 415</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(37 664 761)	(32 261 737)
Decrease in non-current loans		500 722	0
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(37 164 040)</b>	<b>(32 261 737)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loans Repaid		(4 218 939)	0
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(4 218 939)</b>	<b>0</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	18	<b>(55 231 568)</b>	<b>(16 372 322)</b>
Cash and Cash Equivalents at the beginning of the year		<b>122 598 932</b>	<b>132 893 689</b>
Cash and Cash Equivalents at the end of the year		<b>67 367 364</b>	<b>122 598 932</b>

**NKANGALA DISTRICT MUNICIPALITY**

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

	2006 R	2005 R
<b>1 RESERVES</b>		
Future Depreciation Reserve		
- Assets financed ex Government Grants	( 195 739)	( 313 187)
- Assets financed ex Donations	( 300 000)	( 300 000)
<b>Total Reserves</b>	<b><u>( 495 739)</u></b>	<b><u>( 613 187)</u></b>

<b>2 LONG-TERM LIABILITIES</b>		
Annuity Loans	(74 713 317)	(78 932 256)
Less : Current portion transferred to current liabilities - Annuity Loans	4 260 095	4 128 082
<b>Total External Loans</b>	<b><u>(70 453 222)</u></b>	<b><u>(74 804 174)</u></b>

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

<b>3 CREDITORS</b>		
Trade creditors	(20 135 459)	(36 672 576)
Retention	(22 193 409)	(18 062 646)
Debtors with Credit balances	( 678 923)	( 278 485)
Sundry Creditors	(4 084 244)	(2 318 747)
<b>Total Creditors</b>	<b><u>(47 092 035)</u></b>	<b><u>(57 332 454)</u></b>

<b>4 UNSPENT GRANTS</b>		
FIRE	( 729 666)	(1 003 142)
PIMSS	(1 195 225)	(3 674 085)
DWAF	0	( 719 468)
SPORT	0	( 782 535)
MIG	( 701 850)	( 84 480)
MVULA TRUST	0	( 9 035)
BUDGET REFORMS	( 17 543)	( 39 952)
<b>Total Government Grant and Subsidies</b>	<b><u>(2 644 284)</u></b>	<b><u>(6 312 698)</u></b>

**5 PROPERTY, PLANT AND EQUIPMENT**

	<u>Cost</u>	<u>Accumulated Depreciation</u>
<b>30th June 2006</b>		
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
- Electricity	1 140 000.00	4 750
- Roads	1 454 907.74	8 249
- Sewerage	246 709.82	1 028
- Water	1 289 408.48	6 068
- Buildings	350 000.00	974
- Recreational	125 000.00	521
- Land and Buildings	1 079 782	25 967
- Accounting and Office Machines	1 467 976	923 396
- Plant and Equipment	804 856	132 478
- Furniture and appliances	8 001 290	438 545
- Vehicles	1 615 461	842 293
- Emergency Equipment	40 244	37 873
- Capital under construction	66 960 265	0
<b>Total Property, Plant and Equipment</b>	<b><u>84 575 901</u></b>	<b><u>2 422 141</u></b>
<b>Nett book value</b>	<b><u>82 153 760</u></b>	

**NKANGALA DISTRICT MUNICIPALITY**

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

	<u>Cost</u>	<u>Accumulated Depreciation</u>
<b>30th June 2005</b>		
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
- Land and Buildings	1 079 782	2 164
- Accounting and Office Machines	1 383 264	722 874
- Plant and Equipment	182 238	122 422
- Furniture and appliances	1 066 955	595 398
- Vehicles	1 265 892	678 398
- Emergency Equipment	40 244	37 708
- Capital under construction	42 453 949	
<b>Total Property, Plant and Equipment</b>	<b>47 472 322</b>	<b>2 158 963</b>
<b>Nett book value</b>	<b>45 313 358</b>	

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

	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
<b>6 INVESTMENTS</b>		
<u>Unlisted</u>		
Long Term Investments - at cost	<u>34 500 000</u>	<u>34 500 000</u>

These investments are guaranteed endowment policies and promissory notes. The following is a summary of the policies:

	<b>Cost</b>	<b>Guaranteed Value</b>	<b>Guaranteed Value</b>
Momentum - Policy	R20 000 000	27 044 269	32 878 542
Nedbank Investment	R 10 000 000	13 967 947	16 909 620
Investec	R 2 000 000	4 440 682	3 000 945
Investec	R 2 500 000	4 437 885	3 000 000
<b>Total</b>	<b>R34 500 000</b>	<b>49 890 783</b>	<b>55 789 107</b>

**Pledged Investments**

A Long Term Investment of R2.5 million has been pledged as security to the Development Bank of South Africa for a loan of R46 050 523.41

**Guaranteed Value**

The guaranteed value of the investments amounts to R55 789 107

	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
<b>7 NON-CURRENT LOANS</b>		
Car loans	470 587	1 131 415
Less : Current portion transferred to current receivables		
: Car loans	( 256 596)	( 416 703)
<b>Total Non-Current Loans</b>	<b>213 991</b>	<b>714 712</b>

**CAR LOANS**

Senior staff were entitled to car loans which attract interest at rates between 8% and 8.5% per annum and are repayable over periods between 42 months and 72 months. The last loan will be repaid in February 2009. The Municipal Finance Management Act forbid any further loans to employees and councillors and no new loans will be granted to anyone.

	<b>2006</b>	<b>2005</b>
<b>8 SUNDRY DEBTORS</b>		
Provision for Input Vat	1 751 108	919 988
RSC Levy Debtors (including error correction in note 16)	19 196 945	16 944 321
Sundry Debtors	1 246 840	318 008
Ogies Local Municipality	7 114 452	9 950 854
Department of Health	5 284 639	5 284 639
Purple Haze	1 200 000	1 200 000
Deposits	9 000	9 000
Less : Provision for bad debts	(7 338 008)	(7 134 716)
<b>Total</b>	<b>28 464 975</b>	<b>27 492 093</b>

Debtors are referred at fair value as calculated by management.

**NKANGALA DISTRICT MUNICIPALITY**

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

9 GRANTS RECOVERABLE FROM OTHER SPHERES OF GOVERNMENT	2006	2005
DISASTER MANAGEMENT	0	392 432
EUROPEAN FUNDS	0	550 468
HOUSING & LAND ADMIN	0	19 127
DPLG	3 231 090	5 139 754
<b>Total Government Grant and Subsidies</b>	<b><u>3 231 090</u></b>	<b><u>6 101 781</u></b>

**10 BANK, CASH AND CASH EQUIVALENTS**

The Municipality has the following bank account:

**Current Account (Primary Bank Account)**

ABSA Bank Limited  
Account Number 1040161836

Cash book balance at beginning of year	<u>2 442 586</u>	<u>4 308 139</u>
Cash book balance at end of year	<b><u>3 671 848</u></b>	<b><u>2 442 586</u></b>

Cash Equivalents - Short term deposits	<u>63 695 515</u>	<u>120 156 346</u>
	<b><u>67 367 364</u></b>	<b><u>122 598 932</u></b>

Bank Statement Balance at Beginning of year	<u>13 036 214</u>	<u>11 297 740</u>
Bank Statement Balance at End of year	<b><u>6 488 611</u></b>	<b><u>13 036 214</u></b>

11 GOVERNMENT GRANTS AND SUBSIDIES	2006 R	2005 R
EQUITABLE SHARE	1 754 771	1 113 477
FIRE	2 333 076	2 266 908
PIMSS	3 103 800	2 700 000
DWAF	5 417	1 260 990
SPORT	400 000	2 400 000
HOUSING & LAND ADMIN	0	282 481
DPLG - CMIP	0	1 000 000
CMIP CAPACITY BUILDING	0	755 260
BUDGET REFORMS	22 409	0
MIG	33 915 567	61 278 886
<b>Total Government Grant and Subsidies</b>	<b><u>41 535 041</u></b>	<b><u>73 058 003</u></b>

***Equitable Share***

Equitable Share grant is used to subsidise the provision of basic services to indigent community members.

***FIRE***

Balance unspent at beginning of year	(1 003 142)	(1 005 845)
Current year receipts - included in fire votes (see Appendix D)	(2 333 076)	(2 266 908)
Conditions met - transferred to revenue	<u>260 698</u>	<u>2 269 611</u>
Conditions still to be met - transferred to liabilities (see note 9)	<b><u>(3 075 521)</u></b>	<b><u>(1 003 142)</u></b>

The Municipality renders fire services on behalf of the Provincial Government and is refunded the expenditure incurred. This grant has been used exclusively to fund Fire Service in the Western Region.

The conditions of the grant have been met. There was no delay or withholding of the subsidy

**NKANGALA DISTRICT MUNICIPALITY**

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

	2006 R	2005 R
<b>DISASTER MANAGEMENT</b>		
Balance spent at beginning of year	392 432	392 432
Conditions met - transferred to revenue	<u>( 392 432)</u>	<u>0</u>
Conditions met but not paid by the department - transferred to assets (see note 9)	<u><b>( 0)</b></u>	<u><b>392 432</b></u>

This grant was used to draw up a disaster management plan. The expenditure incurred was not yet refunded by the department.

**MVULA TRUST**

Balance spent at beginning of year	( 9 035)	40 965
Current year receipts (included in Council General vote - see Appendix D)	0	( 50 000)
Conditions met - transferred to revenue	<u>9 035</u>	<u>0</u>
Conditions met but not yet refunded - transferred to assets (see note 9)	<u><b>0</b></u>	<u><b>( 9 035)</b></u>

This grant was used to fund a household sanitation programme

**DEPARTMENT HEALTH - ABATTOIR**

Balance unspent at beginning of year	0	( 261 503)
Conditions met - transferred to revenue	<u>0</u>	<u>261 503</u>
Conditions still to be met - transferred to liabilities (see note 9)	<u><b>0</b></u>	<u><b>0</b></u>

This grant has been used exclusively to fund abattoir in the Western Region.

The conditions of the grant have been met.  
There was no delay or withholding of the subsidy

**Vuna Awards**

Balance unspent at beginning of year	(2 750 000)	
Current year receipts - included in fire votes (see Appendix D)		
Conditions met - transferred to revenue	<u>1 344 425</u>	
Conditions still to be met - transferred to liabilities (see note 9)	<u><b>(1 405 575)</b></u>	

**PIMSS**

Balance unspent at beginning of year	(3 674 085)	(2 827 246)
Current year receipts - included in fire votes (see Appendix D)	(1 000 000)	(2 700 000)
Conditions met - transferred to revenue	<u>3 103 800</u>	<u>1 853 160</u>
Conditions still to be met - transferred to liabilities (see note 9)	<u><b>(1 570 285)</b></u>	<u><b>(3 674 085)</b></u>
	( 375 060)	0

This grant has been used exclusively to fund the enhancement of the systems in the Nkangala District

The conditions of the grant have been met.  
There was no delay or withholding of the subsidy

**EUROPEAN FUNDS**

Balance spent at beginning of year	550 468	355 777
Current year receipts (included in roads and sewerage votes in Appendix B)	( 550 468)	0
Conditions met - transferred to revenue	<u>0</u>	<u>194 691</u>
Conditions met but not paid by the department - transferred to assets (see note 9)	<u><b>( 0)</b></u>	<u><b>550 468</b></u>

This grant was used to fund roads & Stormwater projects. The expenditure incurred was not yet refunded by the European Union



**NKANGALA DISTRICT MUNICIPALITY**

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

<b>DWAF</b>	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
Balance unspent at beginning of year	( 719 468)	(3 388 894)
Current year receipts - included in fire votes (see Appendix D)	( 5 417)	(1 260 990)
Conditions met - transferred to revenue	<u>724 885</u>	<u>3 930 417</u>
Conditions still to be met - transferred to liabilities (see note 9)	<u><b>0</b></u>	<u><b>( 719 468)</b></u>

This grant has been used exclusively to fund water related projects

The conditions of the grant have been met.  
There was no delay or withholding of the subsidy

	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
Balance unspent at beginning of year	0	( 143 340)
Conditions met - transferred to revenue	<u>0</u>	<u>143 340</u>
Conditions still to be met - transferred to liabilities (see note 9)	<u><b>0</b></u>	<u><b>0</b></u>

This grant has been used exclusively to fund electricity related projects

The conditions of the grant have been met.  
There was no delay or withholding of the subsidy

<b>SPORT</b>	<b>2006</b>	<b>2005</b>
Balance unspent at beginning of year	( 782 535)	( 938 577)
Current year receipts - included in fire votes (see Appendix D)	( 400 000)	(2 400 000)
Conditions met - transferred to revenue	<u>1 182 535</u>	<u>2 556 042</u>
Conditions still to be met - transferred to liabilities (see note 9)	<u><b>( 0)</b></u>	<u><b>( 782 535)</b></u>

This grant has been used exclusively to fund sport related projects

The conditions of the grant have been met.  
There was no delay or withholding of the subsidy

<b>PERFORMANCE MANAGEMENT</b>	<b>2006</b>	<b>2005</b>
Balance unspent at beginning of year	0	( 55 384)
Conditions met - transferred to revenue	<u>0</u>	<u>55 384</u>
Conditions still to be met - transferred to liabilities (see note 9)	<u><b>0</b></u>	<u><b>0</b></u>

This grant has been used exclusively to fund the implementation of a performance management system.

The conditions of the grant have been met.  
There was no delay or withholding of the subsidy

<b>IDP GRANT</b>	<b>2006</b>	<b>2005</b>
Balance unspent at beginning of year	0	( 441 300)
Conditions met - transferred to revenue	<u>0</u>	<u>441 300</u>
Conditions still to be met - transferred to liabilities (see note 9)	<u><b>0</b></u>	<u><b>0</b></u>
	<u><b>0</b></u>	<u><b>0</b></u>

This grant has been used exclusively to fund the implementation of the IDP.

The conditions of the grant have been met.  
There was no delay or withholding of the subsidy

**NKANGALA DISTRICT MUNICIPALITY**

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

	2006 R	2005 R
<b>HOUSING &amp; LAND ADMINISTRATION</b>		
Balance spent at beginning of year	19 127	301 608
Current year receipts (included in roads and sewerage votes in Appendix B)	( 19 127)	( 282 481)
Conditions met - transferred to revenue	<u>0</u>	<u>0</u>
Conditions met but not paid by the department - transferred to assets (see note 9)	<u><b>0</b></u>	<u><b>19 127</b></u>

This grant was used to sewerage infrastructure in Highlands. The expenditure incurred was not yet refunded by the department.

**MIG**

Balance unspent at beginning of year	( 84 480)	(9 139 798)
Current year receipts - included in fire votes (see Appendix D)	(34 519 293)	(52 894 349)
Conditions met - transferred to revenue	<u>33 901 924</u>	<u>61 949 666</u>
Conditions still to be met - transferred to liabilities (see note 9)	<u><b>( 701 850)</b></u>	<u><b>( 84 480)</b></u>

This grant has been used exclusively to fund the implementation of infrastructure projects

The conditions of the grant have been met. There was no delay or withholding of the subsidy

**BUDGET REFORMS**

Balance unspent at beginning of year	( 39 952)	( 517 865)
Conditions met - transferred to revenue	<u>22 409</u>	<u>477 913</u>
Conditions still to be met - transferred to liabilities (see note 9)	<u><b>( 17 543)</b></u>	<u><b>( 39 952)</b></u>

This grant has been used exclusively to fund the implementation of Budget Reforms and Finance Management Reforms.

The conditions of the grant have been met. There was no delay or withholding of the subsidy

**12 EMPLOYEE RELATED COSTS**

	2006 R	2005 R
Employee related costs - Salaries and Wages	19 254 028	17 340 542
Employee related costs - Social contributions	2 955 464	2 673 313
Less: Employee costs included in other expenses		
<b>Total Employee Related Costs</b>	<u><b>22 209 492</b></u>	<u><b>20 013 855</b></u>

**Remuneration of the Municipal Manager**

Annual Remuneration	709 526	623 287
Performance Bonuses	137 702	130 796
Car Allowance	<u>232 023</u>	<u>236 209</u>
<b>Total</b>	<u><b>1 079 251</b></u>	<u><b>990 293</b></u>

**Remuneration of the Chief Finance Officer**

Annual Remuneration	564 223	558 257
Performance Bonuses	102 633	97 486
Car Allowance	<u>120 000</u>	<u>311 519</u>
<b>Total</b>	<u><b>786 856</b></u>	<u><b>967 262</b></u>

**Remuneration of Manager Corporate Services**

Annual Remuneration	552 737	547 316
Performance Bonuses	95 924	72 887
Car Allowance	<u>127 943</u>	<u>129 147</u>
<b>Total</b>	<u><b>776 604</b></u>	<u><b>749 350</b></u>

**NKANGALA DISTRICT MUNICIPALITY**

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

<b>Remuneration of Manager Social Services</b>	<b>2006</b>	<b>2005</b>
Annual Remuneration	284 629	514 727
Performance Bonuses	0	72 887
Car Allowance	<u>30 000</u>	<u>137 317</u>
<b>Total</b>	<b><u>314 629</u></b>	<b><u>724 931</u></b>

<b>Remuneration of Manager Technical Services</b>	<b>2006</b>	<b>2005</b>
Annual Remuneration	569 936	422 275
Performance Bonuses	76 739	72 887
Car Allowance	<u>98 188</u>	<u>85 000</u>
<b>Total</b>	<b><u>744 863</u></b>	<b><u>580 161</u></b>

**13 REMUNERATION OF COUNCILLORS**

Executive Mayor	499 715	494 910
Speaker	331 169	309 370
Mayoral Committee Members	1 883 634	1 793 299
Councillors Remuneration	1 632 843	1 421 845
Councillors' pension contribution	424 914	377 555
Councillors' medical aid contribution	<u>202 406</u>	<u>195 170</u>
<b>Total Councillors' Remuneration</b>	<b><u>4 974 682</u></b>	<b><u>4 592 149</u></b>

**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.

**14 INTEREST ON EXTERNAL BORROWINGS**

	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
External Loans	<u>4 008 026</u>	<u>4 125 208</u>

**15 GRANTS AND SUBSIDIES PAID**

<b>Grant paid to Local Municipalities out of own revenue</b>		
General	20 552 724	11 491 914
Delmas	16 176 286	10 455 476
Dr JS Moroka	20 554 782	23 225 235
Emalahleni	29 203 090	31 768 020
Steve Tshwete	26 606 491	20 911 884
Highlands	15 526 819	9 370 118
Thembisile	27 237 043	26 835 261
DMA	2 586 178	471 269
Other		
<b>Total Grants and Subsidies out of own revenue</b>	<b><u>158 443 412</u></b>	<b><u>134 529 176</u></b>

Grant paid to Local Municipalities out of Implementing Agents Funds		
General	1 605 123	726 745
Delmas	328 069	11 243 977
Dr JS Moroka	1 339 083	19 641 337
Emalahleni	400 000	1 965 190
Steve Tshwete	0	0
Highlands	6 418 394	11 944 040
Thembisile	24 819 369	23 965 695
(Expenditure incurred but not yet received)/ Expenditure not yet incurred grant already received	( 46 881)	(5 390 925)
<b>Total Grants and Subsidies out of Implementing Agent Funds</b>	<b><u>34 863 158</u></b>	<b><u>64 096 059</u></b>
	<b><u>193 306 569</u></b>	<b><u>198 625 235</u></b>
<b>Total Grants and Subsidies</b>	<b><u>193 306 569</u></b>	<b><u>198 625 235</u></b>

**NKANGALA DISTRICT MUNICIPALITY**

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

	2006 R	2005 R
<b>16 CORRECTION OF ERROR IN PRIOR YEAR</b>		
During the year ended 30 June 2006 the municipality converted to the GAMAP and A journal was erroneously duplicated for the effect of the change in accounting policy for the recognition of Regional Service and Establishment levies.		
The comparative amount has been restated as follows: -		
Correction duplicated journal for Levy recognition and levy debtors		(10 364 161)
Net effect on (surplus)/ deficit		<b>(10 364 161)</b>
 <b>17 CASH GENERATED BY OPERATIONS</b>		
Net surplus/(deficit) for the year	(3 592 691)	15 541 527
Adjustment for:-		
Agency projects		
Depreciation/FDR	516 905	330 409
Loss with asset disposal	190 006	17 479
Investment income	(7 373 620)	(8 216 374)
Interest on Debtors	(1 720 180)	(2 385 685)
Interest paid	4 008 026	4 125 208
Operating surplus/(deficit) before working capital changes:	<u>(7 971 554)</u>	<u>9 412 563</u>
 (Increase)/Decrease in debtors	( 972 882)	0
(Increase)/Decrease in other debtors	160 107	0
(Increase)/Decrease in conditional grants and receipts	2 870 690	0
Increase/(Decrease) in creditors	<u>(13 908 833)</u>	<u>0</u>
Cash generated by operations	<u><b>18 934 364</b></u>	<u><b>9 412 563</b></u>
 <b>18 CASH AND CASH EQUIVALENTS</b>		
Balance at the end of the year	67 367 364	122 598 932
Balance at the beginning of the year	<u>122 598 932</u>	<u>132 893 689</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u><b>(55 231 568)</b></u>	<u><b>(10 294 757)</b></u>
 <b>19 EXTERNAL LOANS RECONCILIATION</b>		
External loans received (see Note 4)	0	78 932 256
Less: Utilised to finance projects in Local Municipalities	0	(49 029 340)
: Utilised to finance Property, Plant & Equipment	0	(11 485 691)
Unutilised external loans	<u><b>0</b></u>	<u><b>18 417 225</b></u>
 <b>The unutilised external loan is invested in a separate investment account.</b>		
 <b>20 CAPITAL COMMITMENTS</b>		
Commitments in respect of capital expenditure:		
- Approved and contracted for		
<i>Land &amp; Buildings</i>	<u><b>0</b></u>	<u><b>43 514 309</b></u>
This expenditure will be financed from:		
- External Loans	<u><b>0</b></u>	<u><b>43 514 309</b></u>
 <b>21 RETIREMENT BENEFIT INFORMATION</b>		
All councillors and employees belong to 3 defined benefit retirement funds as well as 3 defined contribution funds administered by Municipal Gratiuity Fund, Municipal Joint Pension Fund, Government Employees Pension Fund, Samwu Pension Fund, Municipal Employees Pension Fund and Councillors Pension Fund. These funds are subject to a triennial actuarial valuation. The last valuation was performed in 2003. These valuations indicate that the funds are in		
<b>21.1</b> A liability for post employment medical care benefits was calculated by management and will be valued during the 2006/07 financial year end yearly thereafter.	<u><b>888 108</b></u>	<u><b>0</b></u>

**NKANGALA DISTRICT MUNICIPALITY**

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

<b>22 CONTINGENT LIABILITY</b>	<b>2006</b>	<b>2005</b>
	<b>R</b>	<b>R</b>
Guarantees by Nkangala District Municipality in respect of commercial bank housing loans for officials.	<u><b>58 000</b></u>	<u><b>58 000</b></u>
<b>23 COMPARATIVE AMOUNTS</b>		
Comparative amounts have been restated to comply with the new specimen formats issued by National Treasury		
<b>24 REPLACEMENT OF RSC LEVIES</b>		
The RSC levies will be abolished from the 1st of July 2006. The guaranteed replacement grant for the next 3 years is 2006/07: R186 129 000; 2007/08: R195 435 450; 2008/09 R209 115 932. Until a replacement tax will be implemented.		
<b>25 ADDITIONAL DISCLOSURES ITO THE MFMA</b>		
<b>25.1 Contributions to organised local government</b>		
Opening balance	(95 275)	Nil
Council subscriptions	176 441	680 542
Amount paid - current year	(81 166)	(775 817)
Amount paid - previous years	Nil	Nil
<b>Balance unpaid (included in creditors)</b>	<u><b>-</b></u>	<u><b>(95 275)</b></u>
<b>25.2 Audit fees</b>		
Opening balance	Nil	Nil
Current year audit fee	234 623	339 366
Amount paid - current year	(234 623)	(339 366)
<b>Balance unpaid (included in creditors)</b>	<u><b>-</b></u>	<u><b>-</b></u>
(The balance unpaid represents the audit fee for an interim audit conducted during May and June 2006 and is payable by 31 July 2006)		
<b>25.3 VAT</b>		
All VAT returns have been submitted by the due date throughout the year.		
<b>25.4 PAYE and UIF</b>		
Opening balance	Nil	Nil
Current year payroll deductions	5 121 753	5 009 370
Amount paid - current year	(5 121 753)	(5 009 370)
Amount paid - previous years	Nil	Nil
<b>Balance unpaid (included in creditors)</b>	<u><b>-</b></u>	<u><b>-</b></u>
<b>25.5 Pension and Medical Aid Deductions</b>		
Opening balance	Nil	Nil
Current year payroll deductions and Council Contributions	2 395 197	2 486 864
Amount paid - current year	(2 395 197)	(2 486 864)
Amount paid - previous years	Nil	Nil
<b>Balance unpaid (included in creditors)</b>	<u><b>-</b></u>	<u><b>-</b></u>

**NKANGALA DISTRICT MUNICIPALITY**

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

<b>EXTERNAL LOANS</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 2005/06/30</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 2006/06/30</b>	<b>Carrying Value of Property, Plant &amp; Equip</b>	<b>Other Costs in accordance with the MFMA</b>
<b>ANNUITY LOAN</b>								
1999@ 6 months JIBAR plus 2%.	13310/1	2019	46 050 623	0	(3 175 905)	42 874 718		
2004 @ 12.28% p.a. INCA	NKAN-00-0001	2018	32 881 633	0	(1 043 034)	31 838 599	61 519 651	
<b>TOTAL EXTERNAL LOANS</b>			<b>78 932 256</b>	<b>0</b>	<b>(4 218 939)</b>	<b>74 713 317</b>	<b>61 519 651</b>	<b>0</b>

NKANGALA DISTRICT MUNICIPALITY

APPENDIX B  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT  
30 JUNE 2006

	Cost						Accumulated Depreciation					Carrying Value	Budget Additions 2005
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Disposals	Closing Balance		
<b>Infrastructure Assets</b>	-	-	4 131 026	-	-	4 131 026	-	-	20 096	-	20 096	4 110 930	4 145 000
Electricity			1 140 000			1 140 000			4 750		4 750	1 135 250	1 140 000
Roads			1 454 908			1 454 908			8 249		8 249	1 446 658	1 455 000
Sewerage			246 710			246 710			1 028		1 028	245 682	250 000
Water			1 289 408			1 289 408			6 068		6 068	1 283 340	1 300 000
<b>Community assets</b>	-	-	475 000	-	-	475 000	-	-	1 495	-	1 495	473 505	475 000
Buildings			350 000			350 000			974		974	349 026	350 000
Recreational			125 000			125 000			521		521	124 479	125 000
<b>Other Assets</b>	47 472 322	-	8 552 419	24 506 316	(561 182)	79 969 875	2 158 963	-	612 763	(371 176)	2 400 550	77 569 324	33 600 000
- Accounting and Office Machines	1 383 264		90 002		(5 289)	1 467 976	722 874		205 022	(4 500)	923 396	544 580	100 000
- Plant and Equipment	182 238		645 001		(22 382)	804 856	122 422		32 426	(22 370)	132 478	672 378	650 000
- Furniture and appliances	1 066 955		7 467 847		(533 511)	8 001 290	595 398		187 453	(344 306)	438 545	7 562 746	7 500 000
- Vehicles	1 265 892		349 569			1 615 461	678 398		163 895		842 293	773 169	350 000
- Emergency Equipment	40 244					40 244	37 708		165		37 873	2 371	-
- Land and Buildings	1 079 782					1 079 782	2 164		23 803		25 967	1 053 815	-
- Capital under construction	42 453 949			24 506 316		66 960 265						66 960 265	25 000 000
<b>Total</b>	<b>47 472 322</b>	<b>-</b>	<b>13 158 445</b>	<b>24 506 316</b>	<b>(561 182)</b>	<b>84 575 901</b>	<b>2 158 963</b>	<b>-</b>	<b>634 353</b>	<b>(371 176)</b>	<b>2 422 141</b>	<b>82 153 760</b>	<b>38 220 000</b>

**NKANGALA DISTRICT MUNICIPALITY**

**APPENDIX C1  
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT  
30 JUNE 2006**

	Cost					Accumulated Depreciation					Carrying Value	
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Transfers	Additions	Disposals		Closing Balance
Executive & Council	1 848 937	178 441	6 484 675		(161 795)	8 350 258	1 002 997	77 292	292 983	(129 691)	1 243 581	7 106 677
Finance & Admin	1 273 381	18 042	1 033 224		(176 066)	2 148 581	796 735	2 562	146 642	(142 437)	803 502	1 345 079
Planning & Development	1 476 221	(222 081)	5 249 150		(171 202)	6 332 087	278 125	(92 624)	115 522	(71 881)	229 141	6 102 946
Community & Social Services	419 834	25 598	391 396		(52 119)	784 709	81 107	12 770	79 207	(27 166)	145 917	638 792
Other	42 453 949			24 506 316		66 960 265	-				-	66 960 265
<b>TOTAL</b>	<b>47 472 322</b>	<b>0</b>	<b>13 158 445</b>	<b>24 506 316</b>	<b>(561 182)</b>	<b>84 575 901</b>	<b>2 158 963</b>	<b>(0)</b>	<b>634 353</b>	<b>(371 176)</b>	<b>2 422 141</b>	<b>82 153 760</b>





## NKANGALA DISTRICT MUNICIPALITY

### APPENDIX E(1)

#### UNAUDITED ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2006

<b>REVENUE</b>	<u>2006</u> <u>Actual</u>	<u>2006</u> <u>Budget</u>	<u>2006</u> <u>Variance</u>	<u>2006</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>greater than 10% versus Budget</u>
	R	R	R	%	
Regional Services Levies - turnover	(139 019 196)	(140 000 000)	696 522	-0.50	
Regional Services Levies - remuneration	(44 271 091)	(43 000 000)	(1 360 865)	3.16	
Interest earned - external investments	(7 373 620)	(7 000 000)	(373 620)	5.34	Conservitavie budget estimate
Interest earned - outstanding debtors	(1 720 180)	(480 000)	(951 763)	198.28	Conservitavie budget estimate
Income for agency services	( 255 000)	-	(255 000)	#DIV/0!	Receipts only after conditions met
Government grants and subsidies	(41 535 041)	(35 737 200)	(5 797 841)	16.22	
Other income	(1 668 651)	(1 270 000)	(398 651)	31.39	Conservitavie budget estimate
Public contributions, donated and contributed property, plant and equipment					
<b>Total Revenue</b>	<b><u>(235 842 779)</u></b>	<b><u>(227 487 200)</u></b>	<b><u>(8 441 218)</u></b>	<b><u>3.71</u></b>	
<b>EXPENDITURE</b>					
Employee related costs	22 209 492	29 007 200	7 685 816	26.50	
Remuneration of councillors	4 974 682	5 340 100	365 418	6.84	
Bad debts	203 292	203 300	8	0.00	
Collection costs	409 232	450 000	40 768	9.06	
Depreciation	516 905	2 421 700	1 904 795	78.66	Conservitavie budget estimate
Repairs and maintenance	489 064	551 800	62 736	11.37	
Interest on external borrowings	4 008 026	4 068 000	59 974	1.47	
Grants and subsidies paid	193 306 569	323 738 884	130 432 315	40.29	Delays in obtaining permits, EIA, etc
General expenses - other (including abnormal expenses)	13 318 208	53 132 550	39 814 342	74.93	Conservitavie budget estimate
Contributions to/(transfers from) provisions					
<b>Total Expenditure</b>	<b><u>239 435 470</u></b>	<b><u>418 913 534</u></b>	<b><u>180 366 172</u></b>	<b><u>43.06</u></b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b><u>3 592 691</u></b>	<b><u>191 426 334</u></b>	<b><u>171 924 954</u></b>	<b><u>47</u></b>	

**NKANGALA DISTRICT MUNICIPALITY**

**APPENDIX E(2)**

**UNAUDITED ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2006**

	<u>2006 Actual</u>	<u>2006 Under Construction</u>	<u>2006 Total Additions</u>	<u>2006 Budget</u>	<u>2006 Variance</u>	<u>2006 Variance</u>	<u>Explanation of Significant Variances greater than 5% versus Budget</u>
<b>Infrastructure Assets</b>	<b>4 131 026</b>	<b>-</b>	<b>4 131 026</b>	<b>4 131 026</b>	<b>-</b>	<b>-</b>	
Electricity	1 140 000	-	1 140 000	1 140 000	-	-	
Roads	1 454 908	-	1 454 908	1 455 000	92	0	
Sewerage	246 710	-	246 710	250 000	3 290	1	
Water	1 289 408	-	1 289 408	1 300 000	10 592	1	
<b>Community assets</b>	<b>475 000</b>	<b>-</b>	<b>475 000</b>	<b>475 000</b>	<b>-</b>	<b>-</b>	
Buildings	350 000	-	350 000	350 000	-	-	
Recreational	125 000	-	125 000	125 000	-	-	
<b>Other Assets</b>							
- Accounting and Office Machines	90 002	-	90 002	100 000	9 998	10	Postponed acquisition - Relocation to new building
- Plant and Equipment	645 001	-	645 001	650 000	4 999	1	
- Furniture and appliances	7 467 847	-	7 467 847	7 500 000	32 153	0	
- Vehicles	349 569	-	349 569	350 000	431	0	
- Emergency Equipment	-	-	-	-	-	-	
- Land and Buildings	-	-	-	-	-	-	
- Capital under construction	-	24 506 316	24 506 316	25 000 000	493 684	2	
	<b>8 552 419</b>	<b>24 506 316</b>	<b>33 058 735</b>	<b>33 600 000</b>	<b>541 265</b>	<b>2</b>	
<b>Total</b>	<b>13 158 445</b>	<b>24 506 316</b>	<b>37 664 761</b>	<b>38 206 026</b>	<b>541 265</b>	<b>2</b>	