

FOREWORD

It is my pleasure to present the 2006/07 Annual Financial Statements. These statements fairly present the state of affairs of the municipality and its performance as at end June 2007. This is the second set of financial statements for our five-year term of office.

Due to the instability that comes with the different consultants managing the financial services department of the municipality, the municipality took the decision to appoint the current chief financial officer in terms of Section 57 of the Municipal Systems Act.

In general, the past year was characterised with a great deal of instability and uncertainty. It is the first full year being reported on after the last local government elections. There were changes in the political leadership of the municipality during the year, a development which had its own unique implications for the municipality, but more importantly the residents of the District

The current municipal manager assumed duty in January 2007. The Chief Financial officer followed in the last week of June 2007. It is indeed remarkable that with all the changes that took place and the resulting uncertainty, I am able to present this set of Financial Statements within the time frame prescribed by legislation.

The provision of water services is currently done by Uthukela Water which is a mutijurisdictional utility servicing three different water service authorities. Although the utility has had problems in the past, there is greater decisiveness on the part of the water service authorities to bring in critical interventions that are meant to increase the efficiency around the provision of water services to our residents.

In the spirit of our motto which says that we are a place of opportunity, please allow me to express the hope that I have about the success of all our endeavours to live up fully to the objects of local government as articulated in the Constitution of the Republic of South Africa. To this end we have appointed administrators who show great potential and have proven track records of exceptional performance in local government.

Lastly I would like to thank the representatives of the people of Amajuba District Municipality, the Councillors, for their commitment to serving the needs of their communities. I realise now why the people put their trust in you.

More importantly, let me thank the residents themselves for putting their faith in us. Let me assure you residents out there that we shall always look for opportunities to maximize value that we create in terms of service delivery. I also would like to encourage you to participate in the processes where your input is vital. The Integrated

development planning and budget processes are critical processes which require your input in order to legitimise the work we do as a result of such input.

Your views are important to us.

Clr. MS Mlangeni
Mayor

AMAJUBA DISTRICT MUNICIPALITY

30 JUNE 2007

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

The annual financial statements presented with this report have been prepared in line with the provisions of the Municipal Finance Management Act using the IMFO guidelines of fund accounting. As a municipality with a municipal entity which provides water and sanitation services on our behalf, the financial statements presented exclude the income, expenditure, assets and liabilities in respect of water and sanitation.

These annual financial statements are therefore unconsolidated. A consolidated set of annual financial statements will be prepared and presented once the information is available from uThukela Water (Pty) Ltd.

2. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in Appendices D and E. The applicable statistics are shown in Appendix F. The overall operating results for the year ended 30 June 2006 are as follows:

	Actual 2005 R	Actual 2006 R	Variance 2005 - 2006 %	Budget 2006 R	Variance Actual/Bu dget %
Income					
Opening Surplus/(D eficit)	19 735 583	19 648 017	-0.4%	-	
Operating Income for the year	53 316 860	46 881 681	-12.1%	65 405 356	-28.3%
Sundry Transfers	-	-			
Sub-total	73 052 443	66 529 698	-8.9%	65 405 356	1.7%
Expendit ure					
Operating Expendit ure for the year	50 693 603	50 031 532	-1.3%	65 252 140	-23.3%
Sundry Transfers	2 710 822	2 950 227	8.8%		
Closing Surplus/(D eficit)	19 648 017	13 547 939	-31.0%	153 216	8742.4%
Sub-total	73 052 443	66 529 698	-8.9%	65 405 356	1.7%

2.1 Resource Support Services

	Actual 2005 R	Actual 2006 R	Variance 2005 - 2006 %	Budget 2006 R	Variance Actual/Bu dget %
Income	53 316 860	46 881 681	-12.1%	65 405 356	-28.3%
Expendit ure	50 693 603	50 031 532	-1.3%	65 252 140	-23.3%
Surplus/ (Deficit)	2 623 256	-3 149 852	-220.1%	153 216	-2155.8%
Surplus as %age of total income	4.9%	-6.7%	1823.4%	0.2%	7612.0%

2.2 Resource Support Services: Income by Category

	Actual 2005	Actual 2006	Variance 2005 - 2006	Budget 2006	Variance Actual/Bu dget
	R	R	%	R	%
RSC Levy Income	24 216 939	24 472 542	1.1%	24 968 978	-2.0%
Grants & Subsidies	24 528 360	19 674 785	-19.8%	40 120 378	-51.0%
Other Income	4 571 560	2 734 354	-40.2%	316 000	765.3%
Total Income	53 316 859	46 881 681	-12.1%	65 405 356	-28.3%

2.3 Resource Support Services: Expenditure by Category

	Actual 2005	Actual 2006	Variance 2005 - 2006	Budget 2006	Variance Actual/Bu dget
	R	R	%	R	%
Salaries, w	13 767 847	13 729 955	-0.3%	16 234 539	-15.4%
General ex	12 539 943	14 906 190	18.9%	18 350 300	-18.8%
Repairs an	547 204	401 624	-26.6%	584 630	-31.3%
Capital cha	452 805	426 370	-5.8%	494 521	-13.8%
Contributi	3 654 799	9 825 703	168.8%	915 740	973.0%
Contributi	1 805 943	1 491 951	-17.4%	1 538 132	-3.0%
Capital Pr	17 925 062	9 249 740	-48.4%	27 134 278	-65.9%
Total Expendit ure	50 693 603	50 031 532	-1.3%	65 252 140	-23.3%

3. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets incurred during the year amounted to R10 062 951 (2005: R3 897 925), 158% more than the previous year due to an increase in infrastructure projects as well as the additions to the office building.

The expenditure consists of the following:

	Actual 2006	Budget 2006	Actual 2005
	R	R	R
Furniture & Equipment	236 402	394 340	703 599
Vehicles	678 941	765 000	-
Infrastructure Projects	1 994 533	1 200 000	-
Water Projects	-	-	-
Land & Buildings	7 153 076	8 000 000	3 194 326
	10 062 951	10 359 340	3 897 925

A complete analysis of capital expenditure is included in Appendix C.

Resources used to finance the fixed assets were as follows:

	Actual 2006	Budget 2006	Actual 2005

	R	R	R
Revenue Contributions	915 342	419 340	3 654 799
Grants & Subsidies	1 994 533	1 200 000	243 126
Consolidated Capital De Reserves	-	-	-
Reserves	7 153 076	8 000 000	-
Finance Leases	-	740 000	-
	10 062 951	10 359 340	3 897 925

More details regarding external loans, internal advances and other sources of financing used to finance fixed assets are shown in Appendices B and C respectively.

4. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding as at 30 June 2006 amount to R98 916 (R300 515 in 2005) as set out in note 3 and Appendix B.

Investments and cash as at 30 June 2006 amount to R55 003 902 (R57 103 658 in 2005)

5. FUNDS, RESERVES AND PROVISIONS

The movement regarding statutory funds, reserves and provisions is set out in Appendix A.

A contribution of 3% of total income was made to the capital development fund and 50% of the interest earned by the capital development fund was transferred back to the operational services in terms of the Local Authorities Ordinance of 1974, Act No. 25 of 1974.

An amount of R12 832 956 was contributed to funds and reserves during the year under review. The provision for leave payments was decreased to R343 908 (R378 347 in 2005).

6. REVIEW OF POST BALANCE SHEET EVENTS

The financial statements as presented here do not include the water and sanitation service. The assets and liabilities in respect of water and sanitation services from the Utrecht and Dannhauser Local municipalities have been determined. These figures will be forwarded to uThukela Water for inclusion in their financial statements.

The income, expenditure, assets and liabilities in respect of our portion of uThukela Water will then be consolidated into our books once the transfer process as detailed above has been finalised.

7. APPRECIATION

I would like to thank the Mayor, the Deputy Mayor, the Speaker, Members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support they have given me and my staff during the year.

LINDA AFRICA B.COM LIMFO
CHIEF FINANCIAL OFFICER
AMAJUBA DISTRICT MUNICIPALITY

AMAJUBA DISTRICT MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2007

	<u>Note</u>	2007 R	2006 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		32 816 449	25 286 789
Accumulated funds	1	14 043 053	11 215 311
Reserves	2	18 773 396	14 071 478
ACCUMULATED SURPLUS	15	23 274 952	13 547 939
		56 091 401	38 834 728
TRUST FUNDS	3	15 000 000	-
LONG TERM LIABILITIES	4	275 607	-
		71 367 008	39 612 853
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	5	1 304 203	1 170 285
INVESTMENTS	6	7 121 541	6 212 511
LONG TERM DEBTORS	7	-	27 693
		8 425 743	7 410 489
NET CURRENT ASSETS		62 941 265	31 864 524
CURRENT ASSETS		84 910 175	52 473 147
Debtors	8	19 067 633	3 645 755
Short term portion of long term debtors	7	22 939	36 000
Investments	6	19 399 680	32 773 418
Cash	20	46 419 923	16 017 974
CURRENT LIABILITIES		21 968 910	21 048 908
Provisions	9	243 843	343 908
Creditors	10	21 654 214	20 606 084
Loans - short term portion	4	70 853	98 916
		71 367 008	39 612 853

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INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Actual Income	2006 Actual Expenditure	Surplus/ (Deficit)		Actual Income	2007 Actual Expenditure	Surplus/ (Deficit)	2007 Budget Surplus/ (Deficit)
<u>R</u>	<u>R</u>	<u>R</u>		<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>
46 881 681	50 031 532	(3 149 851)	RESOURCE SUPPOF	45 401 327	38 830 772	6 570 555	8 215 259
<u>46 881 681</u>	<u>50 031 532</u>	<u>(3 149 851)</u>	TOTAL	<u>45 401 327</u>	<u>38 830 772</u>	<u>6 570 555</u>	<u>8 215 259</u>
		(2 950 227)	Appropriations, for the year (refer to note 15)			3 156 459	
		<u>(6 100 078)</u>	Net surplus/(deficit) for the year			<u>9 727 013</u>	
		19 648 017	Accumulated surplus beginning of the year			13 547 939	
		<u>13 547 939</u>	ACCUMULATED SURPLUS / (DEFICIT) END OF THE YEAR			<u>23 274 952</u>	

(Refer to appendix D and E for more detail)

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 <u>R</u>	2006 <u>R</u>
CASH RETAINED FROM OPERATING ACTIVITIES:		19 221 418	11 748 636
Cash generated by operations	16	(13 092 808)	(3 553 209)
Investment income	14	5 648 292	3 720 585
(Increase) / Decrease in working capital	17	(14 057 391)	(1 472 016)
		(21 501 907)	(1 304 640)
LESS : External interest paid		(38 346)	(22 271)
Cash available from operations		<u>(21 463 561)</u>	<u>(1 282 369)</u>
Cash contributions from the public and State		40 425 089	12 941 097
Proceeds from the disposal of fixed assets		259 890	89 908
CASH UTILISED IN INVESTING ACTIVITIES:		(3 211 071)	(10 062 951)
Investment in fixed assets	5	(3 211 071)	(10 062 951)
NET CASH FLOW		<u>16 010 347</u>	<u>1 685 685</u>
CASH EFFECTS OF FINANCING ACTIVITIES:			
Increase / (Decrease) in long-term loans	18	247 545	(201 599)
Investment written-off	6	-	(2 057 908)
(Increase) / decrease in cash investments	19	14 144 059	-
(Increase) / Decrease in cash and bank	20	(30 401 949)	573 822
NET CASH GENERATED		<u>(16 010 346)</u>	<u>(1 685 685)</u>

AMAJUBA DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	R	R
1. ACCUMULATED FUNDS		
Consolidated Capital Development Fund	14 043 053	11 215 311
(Refer to appendix A for more detail)	<u>14 043 053</u>	<u>11 215 311</u>
2. RESERVES		
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	1 699 642	1 629 828
DWAF EMERGENCY INTERVENTION	13 761	12 295
WSDP GRANT PROJECT	1 121 225	367 016
PLANNING SUPPORT GRANT	194 280	173 579
IDP REVIEW GRANT	56 724	96 290
DWAF REFURBISHMENT GRANT	982 671	877 966
RURAL SERVICE CENTRE GRANT	403 777	525 869
GIS SUPPORT GRANT	143 329	27 350
MUNICIPAL FINANCE MANAGEMENT GRANT	367 093	818 945
DISASTER MANG-CIVIL PROTECTION	2 733	18 641
DISASTER MANG-VEHICLE	4 021	18 936
DEPT OF SPORTS & RECREATION	564 762	-
MIG GRANT	4 193 206	-
SHARED SERVICE CENTRE	1 025 559	1 076 528
DEVELOP INFRASTRUCTURE CAPACITY	134 311	-
INSTITUTIONAL AND CAPACITY SUPPORT	773 766	-
DRAKENSBURG NODAL STUDY	335 778	-
DISASTER RELIEF GRANT	2 556 342	5 916 759
IMPLEMENT OF SERVICE DELIVERY MECHANISMS	432 987	570 229
FACILITATION OF BACKLOG STUDY	55 586	6 703
DIMMS GRANT	234 694	-
DIMS-DISTRICT INFORM MANAGEMENT SYSTEM	-	35 812
MUNICIPAL MONITORING SYSTEM	-	70 985
DISASTER MANAGEMENT FORUM	18 500	42 394
DISASTER MANAGEMENT PLAN	221 927	198 280
DISASTER MANAGEMENT CENTRE	1 007 175	211 309
PUBLIC TRANSPORT GRANT	393 264	156 483
PROFESSIONAL ASSISTANCE GRANT	462 319	413 058
LOCAL MUNICIPALITIES - IDP COMPILATION	155 184	198 675
INKULULEKO YOMPAKATHI LD	1 056	944
AMANTUNGWA LAND REFORM	59 775	53 405
MUNICIPAL ASSISTANCE PROGRAM	835 336	229 386
DISASTER MANAGEMENT FUND	225 703	99 329
REGIONAL ECONOMIC DEVELOPMENT	-	56 652
MANUFACTURING DEVELOPMENT PLAN	-	17 834
CEMETERY PLAN - DBSA GRANT	20618	150 000
DBSA TOMATO PROJECT	76292	-
(Refer to appendix A for more detail)	<u>18 773 396</u>	<u>14 071 477</u>
3. TRUST FUNDS		
2010 SOCCER STADIUM TRUST FUND	15 000 000	-

4	LONG TERM LIABILITIES			
	Finance leases		346 460	98 916
			<u>346 460</u>	<u>98 916</u>
	Less: Current portion transferred to Current liabilities		(70 853)	(98 916)
	Finance leases		<u>70 853</u>	<u>98 916</u>
	(Refer to appendix B for more detail on long term liabilities)		<u><u>275 607</u></u>	<u><u>-</u></u>

The finance leases are secured by assets of Amajuba District Municipality as reflected in note 5.

5	FIXED ASSETS			
	Fixed assets		25 443 259	15 513 640
	Capital outlay during the year		3 211 071	10 062 951
	Less : Assets written off, transferred or disposed of during the year		(802 373)	(133 332)
	Total fixed assets		<u>27 851 957</u>	<u>25 443 259</u>
	Less : Loans redeemed and other capital receipts		(26 547 754)	(24 272 973)
	Net fixed assets		<u><u>1 304 203</u></u>	<u><u>1 170 286</u></u>

Fixed assets totalling R346460, (2006: R98916) have been provided as security for finance leases. (Refer note 4)

(Refer to appendix C and section two of the Treasurer's Report for more detail on fixed assets)

6	INVESTMENTS			
	Unlisted :			
	Long term deposits		7 121 541	6 212 511
	Other deposits		19 399 680	32 773 418
	Total investments		<u>26 521 221</u>	<u>38 985 929</u>
	Managements' valuation of unlisted investments.		<u>26 521 221</u>	<u>38 985 929</u>
	Average gross rate of return on investments		12%	7%

Local authorities are required to invest funds which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate to meet commitments.

No investments were written off during the year (2006 : R 2 057 908 of investments was written off against unappropriated surpluses).

No investments have been pledged as security for any funding facilities of the municipality

7	LONG TERM DEBTORS		
	Study Loan	22 939	63 693
	LESS: Short-term portion	(22 939)	(36 000)
		<u>0</u>	<u>27 693</u>
8.	DEBTORS		
	Levy Debtors	34 398	36 393
	Suspense & Sundry Debtors	15 315 058	680 386
	Receiver of Revenue - Value added tax	3 743 420	2 954 967
	LESS: Provision for doubtful debts	(25 243)	(25 991)
		<u>19 067 633</u>	<u>3 645 755</u>
	RSC Levy Debtor Ageing :		
	Current & 30 days		36 393
		<u>0</u>	<u>36 393</u>
9.	PROVISIONS		
	Leave pay	243 843	343 908
	(Refer to appendix A for more detail)	<u>243 843</u>	<u>343 908</u>
10.	CREDITORS		
	Trade Creditors and accruals	6 122 457	2 110 123
	Other creditors & deposits	519 026	4 380 106
	Retentions	3 479 406	3 644 910
	uThukela Water - Water & Sanitation Transfer	11 533 325	10 470 947
		<u>21 654 214</u>	<u>20 606 084</u>
11	LEVY INCOME		
	Basic rate		
	Regional Establishment Levy (% of turnover excluding VAT)	0.00%	0.12%
	Regional Services levy (% of salaries, wages & drawings)	0.00%	0.30%
	Levy income		
	Regional Establishment Levy	-	17 821 746
	Regional Services levy	-	6 650 743
	Interest Received	-	53
		<u>-</u>	<u>24 472 542</u>

12 COUNCILLORS' REMUNERATION

Mayor's allowance	396 251	278 653
Deputy Mayor's allowance	282 077	251 049
Speaker's allowance	273 264	239 144
Executive committee allowances	1 004 762	734 307
Members' allowances	1 470 923	866 205
Local Authority attendance fees	54 426	253 904
Medical aid contributions	-	20 280
Pension fund contributions	-	190 626
	<u>3 481 701</u>	<u>2 834 168</u>

The salaries, allowances and benefits of all political officers are within the upper limits of the framework as envisaged in Sect 219 of the Constitution read with the Remuneration of Public Office Bearers Act, No 20 of 1998.

13 AUDITORS' REMUNERATION

Audit fees - Internal	163 750	245 000
External	463 166	454 366
	<u>626 916</u>	<u>699 366</u>

14 FINANCE TRANSACTIONS

Total external interest earned or paid:

Interest earned	5 648 292	3 720 585
Interest paid	<u>38 346</u>	<u>22 271</u>

Capital charges debited to operating account:

Interest :	External	38 346	22 271
	Internal	120 000	127 500
Redemption :	External	150 705	201 599
	Internal	75 000	75 000
		<u>384 051</u>	<u>426 370</u>

15 APPROPRIATIONS

Appropriation account

Accumulated surplus / (deficit) at the beginning of the year	13 547 938	19 648 017
Operating surplus / (deficit) for the year	6 570 555	(3 149 852)
Appropriations for the year	3 156 459	(2 950 227)
Prior year expenditure	(314 918)	(83 847)
Cancelled cheques written back	-	62 558
Prior year levy income	2 638 777	-
Overprovision performance bonuses	70 682	-
VAT Audit previous year's income	643 689	-
Creditors Adjustments	-	(333 380)
Correction overprovision of interest	45 368	-
Investment written-off	-	(2 057 908)
Adjustment of Investec to book value	-	(1 016 568)
Correction of Prior year opening balance - Appropriations	-	445 402
Cancelled orders	72 861	33 517
	<u>23 274 952</u>	<u>13 547 938</u>

Operating account

Capital expenditure	-	7 831 530
Contributions to provisions:	201 377	-
Leave pay	201 377	-
Contribution to Consolidated Capital Development Fund	1 452 074	1 381 043
Disaster Management	140 909	110 000
	<u>1 794 360</u>	<u>9 322 573</u>

PRIOR YEAR ADJUSTMENTS

Levypayers only declared their turnover and salaries figures to the municipality in the following month. This had an effect that levies for June 2006 were raised and billed in July 2006. This income was not recognised in the 2006/7 financial statements. R 2 638 777 was raised in the current financial year for the month of June 2006. This amount has accordingly been credited appropriation account

16	CASH GENERATED BY OPERATIONS		
	Surplus / (deficit) for the year	6 570 555	(3 149 852)
	Adjustments in respect of:		
	Previous years' operating transactions	(314 918)	(1 748 093)
	Appropriations charged against income:	1 794 360	10 229 141
	Consolidated Capital Development Fund	1 452 074	1 381 043
	Provisions	342 286	0
	Investment Adjustment	0	1 016 568
	Fixed Assets	0	7 831 530
	Capital charges :	384 051	426 370
	Interest paid :		
	- to internal fund	120 000	127 500
	- on external loans	38 346	22 271
	Redemption :		
	- of internal advances	75 000	75 000
	- of external loans	150 705	201 599
	Other income (Previous year levy income)	2 638 777	
	Non-operating expenditure :		
	Expenditure charged against		
	Accumulated funds and reserves	(24 165 633)	(9 310 775)
		<u>(13 092 808)</u>	<u>(3 553 210)</u>
17	(INCREASE) / DECREASE IN WORKING CAPITAL		
	(Increase) / Decrease in Debtors	(15 421 879)	(1 789 246)
	Increase / (Decrease) in Creditors	1 048 127	336 170
	(Increase) / Decrease in Long-term Debtors	40 754	74 860
	Increase / (Decrease) in short-term portion of long-term liabilities	275 607	(93 801)
		<u>(14 057 391)</u>	<u>(1 472 016)</u>
18	INCREASE / (DECREASE) IN LONG-TERM LOANS (EXTERNAL)		
	Loans raised	398 250	0
	Loans redeemed	(150 705)	(201 599)
		<u>247 545</u>	<u>(201 599)</u>
19	(INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENTS		
	Investments realised	14 144 059	1 253 487
		<u>14 144 059</u>	<u>1 253 487</u>
20	(INCREASE) / DECREASE IN CASH ON HAND AND AT BANK		
	Cash balance: beginning of the year	16 017 974	16 591 796
	Less: Cash balance end of the year	46 419 923	16 017 974
		<u>(30 401 949)</u>	<u>573 822</u>

21 RETIREMENT BENEFITS

Employees belong to the following funds within the Natal Joint Municipal Pension Fund which provides retirement benefits to such employees.

- (i) Natal Joint Municipal Pension Fund (retirement)
- (ii) Natal Joint Municipal Pension Fund (superannuation).
- (ii) Natal Joint Municipal Pension Fund (provident).

The retirement plan is subject to the Pension Funds Act, 1956.

Retirement Fund

An actuarial valuation of the the Natal Joint Municipal Pension Fund (Retirement) was conducted as at 31 March 2007.

The results of the valuation had not been communicated at the time of finalising these financial statements.

Superannuation Fund

An interim valuation of the the Natal Joint Municipal Pension Fund (Superannuation) was conducted as at 31 March 2005.

The results of the valuation had not been communicated to us at the time of finalising these financial statements.

Provident Fund

An interim actuarial investigation of the Fund was performed as at 31 March 2007.

The results of the valuation had not been communicated at the time of finanlising these financial statements.

22 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for		1 166 630
Approved but not yet contracted for	26 950 000	21 275 708
	<u>26 950 000</u>	<u>22 442 338</u>

This expenditure will be financed from:

Internal sources	0	1 166 630
External sources	26 950 000	21 275 708
	<u>26 950 000</u>	<u>22 442 338</u>

23 CONSOLIDATED CAPITAL DEVELOPMENT FUND

Outstanding advances to borrowing services:		
Accumulated fund	14 043 053	12 061 389
less: External investments	12 918 053	10 861 389
(Refer to appendices A and B for more detail)	<u>1 125 000</u>	<u>1 200 000</u>

24 DISCLOSURES IN RESPECT OF OFFICIALS

The following packages were paid to the under mentioned officials during the year under review in terms of their employment contracts:

	<u>Salaries</u>	<u>Allowances</u>	<u>Fees</u>	<u>Total Package</u>
Municipal Manager	205055	135703		340 758
Director: Corporate Services	456447	81361		537 808
Director: Community Services	343577	195549		539 126
Director: Engineering Services	343773	188546		532 319
Director: Planning & Development	462478	91858		554 336
Chief Financial Officer			550 000	550 000
Director : Strategic Support	544560	178646		723 206
	<u>2355890</u>	<u>871663</u>	<u>550000</u>	<u>3 777 553</u>

The position of the Chief Financial Officer was outsourced to Mgwazi Consulting
 The Director : Strategic Support held the position of Municipal Manager for six months to December 2006
 Thereafter the current Municipal Manager was appointed.
 The particulars of remuneration paid to the former Municipal Manager for the six months are shown below.
 These are included in the schedule above .

Salary	Allowances	Total Package
342498	86594	429092

The amounts shown above include performance bonus payments relating to the financial year ended 30 June 2006 which were paid out during the year being reported on.

25 COMPULSORY DISCLOSURES

Municipal Entities

<u>Name of Entity</u>	<u>Type of Control</u>
uThukela Water (Pty) Ltd.	Shared
The shareholders' agreement had not been signed by the end of the financial year under review resulting in there being no finality as to the interest of each municipality in the entity.	

Contributions to Organised Local Government

<u>Organisation</u>	<u>Amount Paid</u>
SALGA KZN	R 104 992.68

A contribution of R 137 579 was made in the previous financial year to organised local government.

Employee Contributions

The following contributions were made to the respective funds on behalf of employees as part of their service conditions:

Pension Fund Contributions	R 719 421.00
Medical Aid Contributions	R 280 946.00

Banking Information

The municipality operated only one bank account during the year under review

<u>Bank Name</u>	<u>Account Type</u>	<u>Balance - 01/07/2006</u>	<u>Balance - 30/06/2007</u>
ABSA	Cheque	16 017 974	46 419 923

Contingent Liabilities

Legal action was instituted by one insurance company against the municipality in February 2007..
There have been no further developments since the municipality indicated that it intended to defend the action.

Irregular or Fruitless and Wasteful Expenditure and Losses

There were no material irregular or fruitless and wasteful expenditure and material losses reported during the year under review.

Related Party transactions

Name of related party	Relationship	Transaction type	Amount
Uthukela Water	Shared Control entity	Operating subsidies	7 361 325
Uthukela Water	Shared Control entity	Capital Project Funds	<u>12 699 647</u>
			<u><u>20 060 972</u></u>

Investment Summary

The following investments were held by the municipality as at 30 June 2007.

Institution	Balance 30-Jun-06
Investec	7 121 541
ABSA	11 783 737
Standard	<u>7 615 943</u>
	<u><u>26 521 221</u></u>

AMAJUBA DISTRICT MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

APPENDIX A

RESERVE FUND	EXPENDITURE	NAME OF FUND	OPENING BALANCE 1 JULY 2006	CONTRIBUTIONS DURING THE YEAR	INTEREST ON INVESTMENT	ADJUSTMENTS	EXPENDITURE DURING THE YEAR	BALANCE
RESERVE FUND								
0401/0199/0000		MUNICIPAL SYSTEMS IMPROVEM;	1629828	1000000	181100		1111287	1699642
0401/0201/0000		DWAF-EMERGENCY INTERVENTION;	12295	0	1466			13761
0401/0202/0000		WSDP GRANT;	367016	950000	119469		315260	1121225
0401/0203/0000		DEVELOPMENT PLANNING CAPACIT	173579	0	20701			194280
0401/0204/0000		I.D.P. REVIEW GRANT;	96290	100000	6044		145610	56724
0401/0208/0000		DWAF REFURBISHMENT GRANT;	877966		104706			982671
0401/0214/0000	0150/2413/0000	RURAL SERVICE CENTRE GRANT;	525869		43023		165115	403777
0401/0215/0000		GIS SUPPORT GRANT;	27350	120000	15272		19292	143329
0401/0217/0000		MUNICIPAL FINANCE MANAGEMENT/MAP	274926	500000	50382		458215	367093
0401/0218/0000	0205/2422/0000	DIS.MANAGEMENT-CIVIL PROTECT	18641		291		16199	2733
0401/0219/0000	0205/2421/0000	DIS.MANAGEMENT-UTILITY VEHIC	18936		428		15343	4021
0401/0224/0000		SPORTS & RECREATIONAL GRANT;	1076528	250000	60145		821911	564762
0401/0225/0000		MIG GRANT;	0	18427314	446795		14680903	4193206
0403/0226/0000		Shared Service Centre;		1000000	109275		83717	1025559
0403/0228/0000		Inter Develop Infra Capacity		120000	14311		0	134311
0403/0229/0000		Institute & Capacity Support		700000	82446		8680	773766
0403/0230/0000		Drakensberg Nodal Study Gran		300000	35778		0	335778
0403/0231/0000		PERFORMANCE MANGEMENMT GRANT		50000	0		50000	0
0403/0232/0000		TECHNICAL SUPPORT GRANT		780000	0		780000	0
0403/0233/0000		DBSA TOMATO PROJECT		336619	8129		268456	76292
0403/0267/0000	0150/2403/0000	DISASTER RELIEF GRANT;	5916759		355494		3715911	2556342
0403/0268/0000	0150/2404/0000	IMPLEMENT OF SERVICE DELIVER	570229		46136		183377	432987
0403/0269/0000	0150/2405/0000	FACILITATION OF BACKLOG STUD	6703	298610	5923		255650	55586
0403/0271/0000		DIMMS GRANT;	35812	270000	25007		96125	234694
0403/0273/0000		MUNICIPAL MONTIORING SYSTEM	70985		0		70985	0
0403/0277/0000	0205/2424/0000	DISASTER MANAGEMENT FORUM;	42394		1971		25865	18500
0403/0278/0000		DISASTER MANAGEMENT PLAN;	198280		23647			221927
0403/0279/0000	0205/2423/0000	DISASTER MANAGEMENT CENTRE;	211309	1300000	107317		611450	1007175
0406/0341/0000		PUBLIC TRANSPORT;	156483	200000	41892	100	5211	393264
0408/0381/0000		PROFESSIONAL ASSISTANCE;	413058		49261			462319
0410/0421/0000		INTERGRATED DEVELOPMENT PLAN	198675		16535		60027	155184
0412/0461/0000		INKULULEKO YOMPAKATHI TRUST;	944		113			1056
0413/0481/0000		AMATHUNGWA TRUST FUND;	53406		6369			59775
0414/0501/0000		MAP;	773405		77739		15809	835336
0415/0521/0000		DISASTER MANAGEMENT FUND;	99329	102325	24049		0	225703
0416/0541/0000	0125/2420/0000	CEMETARY PLAN DBSA	150000		2197		131579	20618
0417/0561/0000		REGIONAL ECONOMIC DEVELOPMEN	56652	236803	0	47724	245731	0
0418/0581/0000		MANUFACTURING DEVELOP PLAN;	17834	122500	0	17293	123041	0
			14071478	27164172	2083412	65117	24480748	18773396
ACCUMULATED FUNDS								
		CONSOLIDATED CAPITAL DEVELOPMENT FUND	8349683	1452074				9801757
0401/0195/0000		INTEREST EARNED	2734893		1115778			3850671
		PROCEEDS ON DISPOSAL OF ASSETS	130735	259890				390625
			11215311	1711964	1115778	0	0	14043053
PROVISIONS								
		LEAVE PAY	343908	193709	0		293773	243843
			343908	193709	0	0	293773	243843
TRUST FUNDS								
		2010 SOCCER STADIUM TRUST FUND	0	15000000				15000000
			0	15000000	0	0	0	15000000

APPENDIX B EXTERNAL LOANS AND INTERNAL ADVANCES

	Balance at 30/06/2006	Received During the Year	Redeemed or Written off During the Year	Transferred During the Year	Balance at 30/06/2007
	<u>R</u>	<u>R</u>	<u>R</u>		<u>R</u>
LOCAL REGISTERED STOCK					
	0	0	0		0
ANNUITY LOANS					
	0	0	0	0	0
OTHER LOANS					
Finance leases Linked to prime	98 916	398 249	150 705	0	346 460
	98 916	398 249	150 705	0	346 460
(Refer to notes 4)	98 916	398 249	150 705	0	346 460

INTERNAL ADVANCES TO BORROWING SERVICES

Capital Development Fund	1 200 000	0	75 000	0	1 125 000
	1 200 000	0	75 000		1 125 000

AMAJUBA DISTRICT MUNICIPALITY

APPENDIX C : ANALYSIS OF FIXED ASSETS

Expenditure 2006 R	Service R	Budget 2007 R	Balance at 30/06/2006 R	Expenditure 2007 R	Written off transferred R	Balance at 30/06/2007 R
10 062 951	Resource Support Services	1 570 539	25 443 259	3 211 071	802 373	27 851 957
<u>10 062 951</u>	TOTAL FIXED ASSETS	<u>1 570 539</u>	<u>25 443 259</u>	<u>3 211 071</u>	<u>802 373</u>	<u>27 851 957</u>
10 301 263	LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		24 272 973	2 898 528	623 747	26 547 754
276 598	Loans redeemed		1 211 438	225 705		1 437 143
7 831 628	Contributions from operating income		19 207 951	841 448	623 747	19 425 652
2 193 037	Grants and Subsidies		3 853 584	1 831 375		5 684 959
<u>(238 312)</u>	NET FIXED ASSETS		<u>1 170 286</u>	<u>312 543</u>	<u>178 626</u>	<u>1 304 203</u>

AMAJUBA DISTRICT MUNICIPALITY

APPENDIX D ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2007

Actual 2006 R		Actual 2007 R	Budget 2007 R
INCOME			
19 674 785	Grants and Subsidies	42 727 473	49 493 000
24 472 542	Levy income	0	0
<u>2 734 354</u>	Other	<u>2 673 854</u>	<u>16 006 969</u>
<u>46 881 681</u>		<u>45 401 327</u>	<u>65 499 969</u>
EXPENDITURE			
13 729 955	Salaries, wages and allowances	14 904 068	16 528 858
14 906 190	General expenses	20 443 911	27 113 698
401 624	Repairs and maintenance	462 935	675 250
426 370	Capital charges	384 051	2 793 197
9 825 703	Contributions to fixed assets	841 446	1 429 630
1 491 951	Contributions	1 794 360	1 497 279
<u>9 249 740</u>	Grant Projects		
<u>50 031 532</u>	Gross expenditure	<u>38 830 771</u>	<u>50 037 912</u>
0	LESS: Amounts Charged out	0	0
<u><u>50 031 532</u></u>	Surplus/ Deficit	<u><u>38 830 771</u></u>	<u><u>50 037 912</u></u>

App D

App E

Total Income	45 401 327	45 401 327
Total Expenditure	38 830 771	38 830 772
Surplus / (Deficit)	6 570 555	6 570 555

APPENDIX E : DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual income R	2006 Actual expenditure R	2006 Surplus/ (deficit) R		2007 Actual income R	2007 Actual expenditure R	2007 Surplus/ (deficit) R	2007 Budget surplus/(deficit) R
46 881 681	50 031 533	(3 149 852)	Resource Support Service	45 401 327	38 830 772	6 570 555	8 215 259
0	10 649 297	(10 649 297)	Council	12 813 142	11 207 261	1 605 881	(1 154 600)
0	2 200 391	(2 200 391)	Municipal manager	0	4 896 913	(4 896 913)	4 112 911
0	10 682 554	(10 682 554)	Corporate Services	0	5 273 076	(5 273 076)	3 901 897
0	1 916 455	(1 916 455)	Community Services	1 100 184	3 913 971	(2 813 787)	(331 033)
0	6 968 751	(6 968 751)	Financial services	29 920 309	5 532 746	24 387 563	3 744 870
0	3 214 710	(3 214 710)	Technical Services	1 035 138	4 119 732	(3 084 594)	(2 491 276)
0	2 424 523	(2 424 523)	Planning & Development	0	3 354 517	(3 354 517)	394 351
0	730 939	(730 939)	P I M S S Centre	532 555	532 556	(1)	38 139
7 501 214	11 243 913	(3 742 699)	Capital projects	0	0	0	0
39 380 467		39 380 467	Levy Income	0	0	0	0
46 881 681	50 031 533	(3 149 852)	TOTAL	45 401 327	38 830 772	6 570 555	8 215 259
		(2 950 227)	Appropriations for this year (refer to note 15)			3 156 459	
		(6 100 079)	Net surplus/(deficit) for the year			9 727 013	
		19 648 017	Accumulated surplus / (deficit) beginning of the year			13 547 938	
		13 547 938	Accumulated surplus / (deficit) end of year			23 274 951	

APPENDIX F : STATISTICAL INFORMATION

		<u>2007</u>	<u>2006</u>
a	General Statistics		
	i		
	Number of councillors of the Municipality	25	25
	ii		
	Number of employees of the Municipality	54	54