

**ILEMBE DISTRICT MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30 JUNE 2008**



# **ILEMBE DISTRICT MUNICIPALITY GENERAL INFORMATION**

## **MEMBERS OF THE EXECUTIVE COMMITTEE**

Mayor	Councillor S W Mdabe
Member of the Executive Committee	Councillor K Anamalay
Member of the Executive Committee	Councillor E M L Maphumulo
Member of the Executive Committee	Councillor A R Panday
Member of the Executive Committee	Councillor Ms A Badul

## **SPEAKER**

Councillor J B Nzuzo

## **GRADING OF LOCAL AUTHORITY**

Grade 4

## **AUDITORS**

Auditor-General  
Kwa-Zulu Natal

## **BANKERS**

First National Bank  
Durban Main Branch

## **REGISTERED OFFICE**

59/61 Mahatma Gandhi Street  
KwaDukuza  
4450

P O Box 1788  
KwaDukuza  
4450

Telephone: 032-4379335

Fax: 032-4379582

## **APPROVAL OF FINANCIAL STATEMENTS**

The annual financial statements as set out on pages 4 to 28 were approved by the Municipal Manager on 31 August 2008 and will be presented to and approved by Council.

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**MUNICIPAL MANAGER  
B K NDWANDWE**

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**DIRECTOR FINANCE  
MS M MKHIZE**

**ILEMBE DISTRICT MUNICIPALITY  
FOREWORD BY HIS WORSHIP MAYOR CLLR S W MDABE**

I am pleased to present the 2007-2008 Financial Report of iLembe District Municipality.

The 2007-2008 has also been a year with numerous challenges ranging from building institutional capacity to enable our municipality to discharge its constitutional responsibility of meeting the basic needs of the people and creating structures for good governance.

Although the financial statements indicate slight improvement in terms of our financial situation from the previous years, we still have a long way to go to get where we want to be, bearing in mind that our vision is to be: **“A World Class African Destination, With Excellent Services and Quality of Life for It’s People”**.

During the period under review, we are pleased to indicate that matters that were raised by the Auditor General’s Office in our previous financial statements for our attention have indeed been gradually addressed.

We are currently implementing interventions that will ensure improvement in our financial management systems and enhance good governance and accountability. The Audit Committee was also established in 2007-2008.

In our previous reports, we indicated that we would affect interventions to address the issues raised by the AG even prior to 2006-2007.

We have also taken into account the AG’s qualified report for 2006-07 and have put in place interventions to deal with the matters raised. These interventions include the establishment of an in house internal audit unit and the performance management system, both within the office of the accounting officer. These units started functioning in the 2007/08 financial year.

Council also approved various policies during the period under review to enable the municipality to comply with good governance prescriptions as required by our laws.

I would like to assure the public that we at iLembe will continue to hold the Office of the Auditor General in high esteem as one of the institutions established to ensure public institutions are able to account for resources that are allocated to them in terms of the constitution of the Republic.

In this regard, the question of service delivery and scarcity of resources remains the major challenge in terms of our ability to improve the lives of our people.

We appreciate the various interventions by the Department of Local Government, the Development Bank of Southern Africa (through their Siyenza Manje programme) and The Department of Water Affairs have assisted in addressing some of the critical areas in our district.

The cash management has improved, however debt collection remains a huge challenge that hampers our service delivery initiatives. The socio-economic circumstances have also contributed to this dire situation.

In recognition of the high indigence of the population of iLembe, and the impossibility of collection from such consumers, Council resolved to write off R48m. We are gradually introducing programmes that seek to address this central challenge of service delivery and improvement of the quality of life of our people.

One of these programs include, improving the billing database, meter reading and credit control. We believe that once these are addressed will go a long way in improving our ability as the municipality to improve our revenue, which will in turn be utilize to better the life of the people.

We have also been able to increase our human capacity as well as infrastructure, which will undoubtedly enable us to discharge our electoral mandate.

In the previous year, we sought active partnerships with various stakeholders for services ranging from bulk water supply to skills development. We have kept these partners even for this year and some of these initiatives have started to bear fruit. The major achievement, although improvement is still required, is the provision of clean water to areas that previously had no access.

We believe that the various interventions we are putting in place will go a long way in ensuring that we meet all the requirements set out in the Municipal Financial Management Act and other related legislations and in turn ensure effective service delivery.

I would like to express my appreciation to fellow Councillors, staff and our stakeholders, who have co-operated and assisted me in my endeavour to steer the municipality towards achieving the government's goals as set out in various government programmes.

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**S W Mdabe**  
**Mayor: iLembe District Municipality**

**IEMBE DISTRICT MUNICIPALITY  
REPORT OF THE AUDITOR-GENERAL**

# ILEMBE DISTRICT MUNICIPALITY REPORT OF THE DIRECTOR FINANCE

## INTRODUCTION

This is the eleventh set of financial statements for the Ilembe District Municipality. The Municipality is committed to the socio economic upliftment and development of communities in the area of its jurisdiction.

## 1. OPERATING RESULTS

Details of the operating results per classification, department and object of expenditure are included in Appendices D and E. The overall operating results for the year ended 30 June 2008 are as follows:

<b>INCOME</b>	<b>Actual 2008 R</b>	<b>Actual 2007 R</b>	<b>Variance 2007/2008 %</b>	<b>Budget 2008 R</b>	<b>Variance Actual/Budget %</b>
Opening Surplus	8 246 198	10 875 858	(24.2)	-	-
Operating income for the year	193 710 816	167 662 029	15.5	222 893 364	(13.1)
Sundry Transfers	-	2 835 683	-	-	-
Closing deficit	-	-	-	6	-
<b>Total</b>	<b>201 957 014</b>	<b>181 373 570</b>	<b>-</b>	<b>222 893 370</b>	<b>-</b>
<b>EXPENDITURE</b>					
Operating expenditure for the year	180 964 725	173 127 372	4.5	222 893 370	(18.8)
Sundry Transfers	1 269 933	-	-	-	-
Closing Surplus	19 722 356	8 246 198	139.2	-	-
<b>Total</b>	<b>201 957 014</b>	<b>181 373 570</b>	<b>-</b>	<b>222 893 370</b>	<b>-</b>

Budget figures disclosed are the 2007/08 Adjusted Budget figures.

Operating income is 13.1% below budget due to R68 178 425 of unspent grants being transferred to Reserves. See Appendix A and Note 2 to the financial statements.

Operating expenditure is below budget by 18.8% due mainly to expenditure being curtailed so as to rectify the cash flow problems that occur between equitable share pay outs. In addition under Projects/Functions expenditure an amount of only R2 220 180 of the R33 400 000 Municipal Infrastructure Grant allocated for beach restoration in the KwaDukuza Municipal area was spent during the 2007/08 financial year. In respect of this grant Ilembe District Municipality is the financing agent and KwaDukuza Municipality is the implementing agent.

## 2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets incurred during the year amounted to R80 257 299 (R76 709 133 in 2007). Details are included in Appendix C and are as follows:-

	<b>ACTUAL 2008 R</b>	<b>BUDGET 2008 R</b>	<b>ACTUAL 2007 R</b>
Furniture and Equipment	730 278	508 000	335 328
Computers	233 822	135 500	59 763
Vehicles	-	-	731 921
Buildings	85 900	-	392 440
Infrastructure	79 207 299	93 393 000	75 189 681
	80 257 299	94 036 500	76 709 133

Resources used to finance the fixed assets were as follows:

	<b>ACTUAL 2008 R</b>	<b>BUDGET 2008 R</b>	<b>ACTUAL 2007 R</b>
Contribution from Revenue	986 249	643 500	309 585
External Loans	7 766 438	18 200 000	9 989 587
Grants	71 504 612	75 193 000	66 409 961
	80 257 299	94 036 500	76 709 133

Budget figures disclosed are the 2007/08 Adjusted Budget figures.

## 3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2008 amounted to R97 911 503 (R92 385 783 in 2007). New loans totalling R7 766 368 (R4 839 558 in 2007) were taken up during the current financial year. The Development Bank of SA loan amount of R61 345 980 (R54 907 127 in 2007) is part of a loan agreement with the Development Bank of SA in the amount of R77 267 500 for Capital Infrastructure Development signed on 15 June 2005. The balance of the loan had not been taken up as at 30 June 2008. More information on external loans is disclosed in Note 3 and Appendix B to the financial statements.

Investments amounted to R93 261 793 (R47 281 100 in 2007) and cash on hand R9 000 (R9 000 in 2007) as at 30 June 2008. More information on investments is disclosed in Note 5 to the financial statements.



#### **4. FUNDS, RESERVES AND PROVISIONS**

More information regarding funds, reserves and provisions is disclosed in Notes 1, 2 and 8 and Appendix A to the financial statements.

#### **5. POST BALANCE SHEET EVENTS**

Three fraudulent cheques totaling R1 032 392 were cleared through the Municipality's main bank account in July 2008. The matter is subject to an investigation which is ongoing.

#### **6. EXPRESSION OF APPRECIATION**

I wish to thank the Mayor of Ilembe District Municipality, Council Members, the Municipal Manager and Directors for the support and assistance they have given me and my staff in the preparation of these financial statements. Special appreciation is also given to the Office of the Auditor-General for their support.

MS M MKHIZE  
DIRECTOR FINANCE

Date: 31 August 2008

# **ILEMBE DISTRICT MUNICIPALITY**

## **ACCOUNTING POLICIES**

### **1. Basis of presentation**

The financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Financial Officers in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (2nd Edition – 1996 as amended).

The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in accounting policy note 2. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.

The financial statements are prepared on the accrual basis as stated:

- ❑ Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received.
- ❑ Expenditure is accrued in the year in which it is incurred.

### **2. Consolidation**

The financial statements include General Services, Trading Services, Public Works and the different funds and reserves.

### **3. Fixed assets**

Fixed assets are stated at:

- ❑ historical cost, or
- ❑ valuation (based on the market price at the date of acquisition), where assets have been acquired by grant or donation.

#### **Depreciation**

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation. However, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various Council funds, assets may also be acquired through:

- ❑ Appropriations from income, where the full cost of the asset forms an immediate and direct charge against operating income and therefore it is unnecessary to make any further provision for depreciation.
- ❑ Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

Net proceeds from the sale of assets are credited to the revenue account.

Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated useful lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time the advance was made.

#### **4. Inventory**

Inventory represents consumable stores and is reflected at the lower of average cost and net realisable value.

#### **5. Funds, Reserves and Provisions**

Funds, Reserves and Provisions are determined on the following basis:-

##### *Provision for Bad Debts:*

This provision is sufficient to cover the unallocated transferred debt from KwaDukuza and Mandeni Local Municipalities and 75% of Consumer Debtors in excess of 90 days.

##### *Audit Fee Provision:*

This provision was established to meet the audit fees for the current financial year. The provision is based on the budget provision from the Auditor-General.

##### *Maintenance Reserve:*

This reserve was established to make provision for future maintenance of assets that are purchased or constructed. An annual contribution of 1.5% of the annual levy income is made to this reserve and is charged against operating income.

##### *Leave Pay Provision:*

The Leave Pay Provision was established in order to provide for accrued leave payments to all employees who are resigning or retiring from the service as well as commutation of leave accruals during the year. A provision equal to the actual leave credit at 30 June is maintained to provide for leave payments on request. Contributions are charged against the department concerned.

##### *Capital Development Fund:*

These funds were taken over from the KwaDukuza and Mandeni Municipalities when the Water and Sanitation Powers and Functions were taken over by the Ilembe District Municipality. Contributions from revenue may be made to this fund from the operating account on an annual basis. Any unutilised funds in the Capital Development Fund can be advanced to a service to finance capital expenditure.

##### *Other Funds, Reserves and Provisions:*

All accumulated funds in other funds, reserves and provisions not mentioned above are utilised for the purposes for which they were reserved. For details of funds, reserves and provisions see Appendix A.

#### **6. Retirement Benefits**

The employees are members of the Natal Joint Municipal Pension/Provident Funds. The funds have a full valuation on a triennial basis, and an interim valuation on an annual basis. It should be noted that association with the Natal Joint Municipal Pension/Provident Funds is compulsory.

Staff members are entitled to a maximum contribution of 18% of basic salary towards council contributions to a retirement/pension/provident fund and 60% of the total monthly contributions towards a medical aid scheme, up to a maximum of R2 850.

Current contributions, past service costs and service adjustments are charged against operating income on the basis of current service costs.

## **7. Surpluses and Deficits**

Any surpluses or deficits arising from the operation of the General Services, Water and Sanitation Services and Public Works are retained in that particular service for its own use.

## **8. Administrative Expenses**

The treatment of administration and other overhead expenses involves the cost of internal support services and are transferred to the different services in accordance with the actual cost if available, otherwise an estimate based on the information available.

## **9. Leased Assets**

Fixed assets held under finance leases are capitalised. Such assets are effectively amortised over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilised in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the asset concerned.

## **10. Investments**

Investments are shown at the lower of cost or, if a permanent decline in their value occurred, at market value and are invested in terms of Circular 10 of 1992 issued by the Office of the Auditor-General.

## **11. Investments in Municipal Entities**

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

## **12. Income Recognition**

### *Water Billings:*

All meters are read and billed monthly. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments being made in the month that they are read.

*Sewer Billings:*

Sewer charges are levied based on a randage that is applied to the valuation in the local municipalities' valuation rolls. The valuation rolls are only reviewed annually on 1 July each year when changes in the values as at that date are used to reassess the sewer billings for the ensuing year commencing on 1 July.

*Business Levies:*

A fixed rate as approved by the National Minister of Finance is used to calculate the establishment and services levies. Declaration forms are issued on a monthly basis except where they are issued at other intervals as allowed for in the KwaZulu Natal Joint Services Board Act, 1990 (Act No. 84 of 1990). Levy income is recognised when the cash has been received and/or when the declaration forms have been received to enable the determination of the accrual amount.

*Interest on Investments:*

Interest accruing to an investment as at 30 June will be brought to account as accrued interest.

*Conditional Grant Income:*

Conditional grant income is accounted for as income in the year that it is received. Any unspent conditional grant income as at 30 June each year is transferred to reserves. Expenditure in subsequent years against unspent conditional grants is disclosed as expenditure against reserves.

*Other Income:*

All other income is accounted for on receipt.

**ILEMBE DISTRICT MUNICIPALITY  
BALANCE SHEET AT 30 JUNE 2008**

	Note	2008 R	2007 R
<b>CAPITAL EMPLOYED</b>			
FUNDS AND RESERVES		106 227 896	42 456 668
Accumulated Funds	1	16 405 546	14 867 850
Reserves	2	89 822 350	27 588 818
ACCUMULATED SURPLUS/(DEFICIT)	16	19 722 356	8 246 198
LONG TERM LIABILITIES	3	90 407 475	84 437 366
CONSUMER DEPOSITS	9	1 927 799	1 773 754
<b>TOTAL CAPITAL EMPLOYED</b>		218 285 526	136 913 986
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	4	84 174 817	78 876 151
LONG-TERM DEBTORS	6	-	38 695
INVESTMENTS	5	12 791 824	11 358 464
		96 966 641	90 273 310
NET CURRENT ASSETS/LIABILITIES		121 318 885	46 640 676
CURRENT ASSETS		153 786 307	83 648 751
Inventory	10	1 607 545	884 225
Debtors	7	64 498 641	46 651 656
Short Term Investments	5	80 469 969	35 922 636
Bank		7 201 152	181 234
Cash		9 000	9 000
CURRENT LIABILITIES		32 467 422	37 008 075
Provisions	8	5 936 900	5 143 000
Creditors	11	24 609 361	29 685 105
Short term portion of long term liabilities	3	1 921 161	2 179 970
<b>TOTAL EMPLOYMENT OF CAPITAL</b>		218 285 526	136 913 986

**ILEMBE DISTRICT MUNICIPALITY  
INCOME STATEMENT FOR THE YEAR ENDED  
30 JUNE 2008**

2007 Actual Income	2007 Actual Expen- diture	2007 Surplus/ (Deficit)		2008 Actual Income	2008 Actual Expen- Diture	2008 Surplus/ (Deficit)	2008 Budget Surplus/ (Deficit)
R	R	R		R	R	R	R
<b>167 662 029</b>	<b>173 127 372</b>	<b>(5 465 343)</b>		<b>193 710 816</b>	<b>180 964 725</b>	<b>12 746 091</b>	<b>(6)</b>
204 980	54 445 205	(54 240 225)	Administration	3 000	59 085 357	(59 082 357)	(66 497 039)
-	5 239 682	(5 239 682)	Regional Functions	-	4 773 051	(4 773 051)	(44 336 005)
59 716 074	113 442 485	(53 726 411)	Trading Services	69 129 214	117 106 317	(47 977 103)	(49 938 810)
107 740 975	-	107 740 975	Income	124 578 602	-	124 578 602	160 771 848
<b>167 662 029</b>	<b>173 127 372</b>	<b>(5 465 343)</b>	<b>TOTAL</b>	<b>193 710 816</b>	<b>180 964 725</b>	<b>12 746 091</b>	<b>(6)</b>
		2 835 683	Appropriations, for the year (Refer to note 16)			(1 269 933)	
		<u>(2 629 660)</u>	Net surplus/(deficit) for the year			<u>11 476 158</u>	
		10 875 858	Accumulated surplus/(deficit) at beginning of the year			8 246 198	
		<u>8 246 198</u>	<b>ACCUMULATED SURPLUS/(DEFICIT) AT THE END OF THE YEAR</b>			<u>19 722 356</u>	

**ILEMBE DISTRICT MUNICIPALITY  
CASH FLOW STATEMENT FOR THE YEAR  
ENDED 30 JUNE 2008**

	Note	2008	2007
		R	R
<b>CASH RETAINED FROM OPERATING ACTIVITIES</b>			
Cash generated by operations	17	115 439 914	74 445 968
Investment income	15	5 546 454	3 268 331
(Decrease) in working capital	18	(55 704 858)	(34 400 212)
		<u>65 281 510</u>	<u>43 314 087</u>
<b>Less:</b> External Interest Paid	15	(9 239 511)	(8 928 996)
<b>Cash available from operations</b>		<u>56 041 999</u>	<u>34 385 091</u>
Cash Contributions from the Public and State		71 504 611	66 409 958
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
Net Proceeds on Disposal of Fixed Assets		-	-
Proceeds from land sales		-	-
Capital expenditure		(80 257 299)	(76 709 133)
<b>NET CASH FLOW</b>		<u>47 289 311</u>	<u>24 085 916</u>
<b>CASH EFFECTS OF FINANCING ACTIVITIES:</b>			
(Increase) in cash investments	19	(45 980 693)	(21 919 214)
(Increase) in bank and cash on hand	20	(7 019 918)	(5 855 210)
Increase in long term liabilities	21	5 711 300	3 688 508
<b>NET CASH (UTILISED)</b>		<u>(47 289 311)</u>	<u>(24 085 916)</u>



**ILEMBE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008**

	2008 R	2007 R
<b>1. ACCUMULATED FUNDS</b>		
Capital Development Fund ex Mandeni	1 334 662	1 334 573
Capital Development Fund ex KwaDukuza	10 770 805	10 666 558
Loan Redemption Fund	4 300 079	2 866 719
(Refer to Appendix A for more detail)	16 405 546	14 867 850
<b>2. RESERVES</b>		
Transport	212 273	212 273
Maintenance	2 527 543	2 527 543
Unspent Water Grants Mandeni	891	891
Unspent MIG Grant	25 724 533	17 090 821
Unspent MSIG Grant	204 501	110 198
Unspent Premiers Fund Grant	582 696	582 696
Unspent Department of Transport Grant	-	175 345
Unspent Drought Relief Grant	1 719 884	417 683
Unspent Sports and Recreation Grant	549 015	73 690
Unspent Financial Management Grant	5 188	115 579
Unspent Disaster Management Grant	-	582 099
Unspent Sundumbili Refurbishment Grant	157 762	1 000 000
Unspent EU LED Projects	1 104 463	3 000 000
Unspent Shared Services Grant	1 380 897	1 500 000
Unspent Section 78 Grant	200 000	200 000
Unspent Provincial Management Assistance Grant	1 376 774	-
Unspent IDP Grant	25 459	-
Unspent Data Cleansing Grant	247 646	-
Unspent Customer satisfaction Survey Grant	400 000	-
Unspent Beach Restoration Grant	31 179 820	-
Unspent Ngcebo DWAF Grant	1 539 805	-
Unspent Refurbishment Grant	10 669 000	-
Unspent Ndwedwe Waterworks Grant	994 400	-
Unspent Maphumulo Waterworks Grant	1 156 800	-
Unspent Operations Refurbishment Grant	7 863 000	-
(Refer to Appendix A for more detail)	89 822 350	27 588 818
<b>3. LONG TERM LIABILITIES</b>		
Registered Stock	-	-
Long Term Loans	92 328 636	86 617 336
Annuity Loans	-	-
	92 328 636	86 617 336
Less: Current portion transferred to Current Liabilities	1 921 161	2 179 970
	90 407 475	84 437 366

The loans taken over from KwaDukuza Municipality in respect of the water and sanitation services totaling R5 582 867 as at 30 June 2008 (R5 768 447 in 2007) are reflected under Capital Creditors in Note 11 as the loans are still in the name of KwaDukuza Municipality. The loan of R30 000 000 with ABSA is secured by a Zero Rated Coupon Investment of R12 791 824 (R11 358 464 in 2007). Refer to Appendix B and Section 3 of the Report of the Director Finance for more information on long term liabilities.

**ILEMBE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008 (continued)**

	2008 R	2007 R
<b>4. FIXED ASSETS</b>		
Fixed assets at the beginning of the year	321 865 197	245 156 064
Capital expenditure during the year	80 257 299	76 709 133
Less : Assets written off, transferred or disposed of during the year	6 675 793	-
<b>Total fixed assets</b>	<u>395 446 703</u>	<u>321 865 197</u>
Less : Loans redeemed and other capital receipts	<u>311 271 886</u>	<u>242 989 046</u>
<b>Net fixed assets</b>	<u>84 174 817</u>	<u>78 876 151</u>

(Refer to Appendix C and Section 2 of the Report of the Director Finance for more details on fixed assets)

**5. INVESTMENTS**

**Listed**

Listed	<u>-</u>	<u>-</u>
	-	-

**Unlisted**

Long-term deposits	<u>-</u>	<u>-</u>
Total Long-term Investments	12 791 824	11 358 464
Total Short-term Investments	<u>80 469 969</u>	<u>35 922 636</u>
<b>Total Investments</b>	<u>93 261 793</u>	<u>47 281 100</u>

Market value of listed investments and management's valuation of unlisted investments	93 261 793	47 281 100
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Listed Investments	-	-
Unlisted Investments	93 261 793	47 281 100

Average gross rate of return on investment	9.5%	9.0%
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Fixed interest investments are reflected at par and are invested in terms Circular 10 of 1992 issued by the Office of the Auditor-General.

Investment income is brought to account when received or accrued.

No investments have been written off during the year.

Included in investments is an amount of R860 399 (R838 105 in 2007) invested with New Republic Bank which is under receivership and therefore it is uncertain if the full amount will be recovered.

Investment details as at 30 June:

ABSA Zero Coupon	12 791 824	11 358 464
ABSA Short Term Investments	18 859 714	3 615 408
First National Bank Short Term Investments	9 324 139	29 771 820
Standard Bank Short Term Investments	17 270 230	1 697 303
New Republic Bank Investment Under Curatorship	860 399	838 105
Rand Merchant Bank	<u>34 155 487</u>	<u>-</u>
	<u>93 261 793</u>	<u>47 281 100</u>

**ILEMBE DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008 (continued)**

	2008 R	2007 R
<b>6. LONG TERM DEBTORS</b>		
Staff Loans	58 484	211 543
	<u>58 484</u>	<u>211 543</u>
<u>Less:</u> Short-term portion of long-term debtors transferred to current assets	<u>58 484</u>	<u>172 848</u>
	<u>-</u>	<u>38 695</u>
<b>7. DEBTORS</b>		
Consumer Debtors	117 822 274	108 372 956
Consumer Debtors ex Mandeni	-	13 277 977
Consumer Debtors ex KwaDukuza	-	1 123 057
Mandeni Municipality	-	771 536
Enterprise Ilembe	122 397	1 131
DBSA Loan Debtor	5 970 387	750 812
Staff Loans (Short term portion)	58 484	172 848
Study Loans	239 696	252 005
Cellphone Loans	815	815
Umgeni Water	2 190 080	-
Other Debtors	<u>2 227 618</u>	<u>2 430 127</u>
	128 631 751	127 153 264
Less:Provision for bad debts	<u>64 133 110</u>	<u>80 501 608</u>
	<u>64 498 641</u>	<u>46 651 656</u>
Consumer debtors totaling R48 620 047 were written off in 2007/08 (Nil in 2006/07).		
The Mandeni Municipality Debt of R771 536 was written off in 2007/08 (R276 946 – Ndwedwe Municipality was written off in 2006/07).		
Consumer Debtors Ageing:		
Current	9 548 631	7 039 502
30 Days	7 970 396	4 770 826
60 Days	6 440 044	4 500 154
90 Days	5 951 980	3 928 375
120 Days	6 805 561	4 935 093
150 Days+	<u>81 105 662</u>	<u>83 199 006</u>
	<u>117 822 274</u>	<u>108 372 956</u>
<b>8. PROVISIONS</b>		
Audit fees	1 080 000	1 000 000
Leave Pay	<u>4 856 900</u>	<u>4 143 000</u>
	<u>5 936 900</u>	<u>5 143 000</u>
<b>9. CONSUMER DEPOSITS</b>		
Water Deposits	1 803 810	1 410 462
Water Deposits ex Mandeni	102 617	341 147
Water Deposits ex KwaDukuza	<u>21 372</u>	<u>22 145</u>
	<u>1 927 799</u>	<u>1 773 754</u>
<b>10. INVENTORY</b>		
Consumable Water and Sewerage Service Stock on Hand	<u>1 607 545</u>	<u>884 225</u>
	<u>1 607 545</u>	<u>884 225</u>

**ILEMBE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008(continued)**

	2008	2007
	R	R
<b>11. CREDITORS</b>		
Trade Creditors	8 321 625	4 031 757
Capital Creditors (KwaDukuza Municipality Loans)	5 582 867	5 768 447
Payments in Advance	4 829 717	4 325 102
KwaDukuza Municipality	479 319	2 758 760
South African Revenue Service (VAT)	4 014 839	8 781 450
Other Creditors	1 380 994	4 019 589
	<u>24 609 361</u>	<u>29 685 105</u>
<b>12. LEVY INCOME</b>		
Business Levies	54 961	3 759 583
	<u>54 961</u>	<u>3 759 583</u>
Establishment Levy	0,12% (excl. VAT) of turnover	
Services Levy	0,30% (excl. VAT) of salaries, wages and drawings	
Business levies were done away with from 1 July 2006. The above income reflects arrears paid after this date.		
<b>13. COUNCILLORS' AND SENIOR MANAGEMENT REMUNERATION</b>		
<b>Councillors' Remuneration:</b>		
Mayor's Allowance	522 305	435 953
Speaker's Allowance	454 345	362 254
Executive Members' Allowances	1 561 178	1 421 650
Councillors' Allowances	1 904 352	1 533 657
	<u>4 442 180</u>	<u>3 753 514</u>
<b>Remuneration Senior Management:</b>		
Municipal Manager (2007 Part Year)	817 494	447 133
Director Finance	708 390	647 948
Director Technical Services	927 406	920 277
Director Economic Development and Community Services	692 250	840 865
Director Corporate Services	916 076	857 029
Director Corporate Governance (2007 Part Year)	663 805	410 758
	<u>4 725 421</u>	<u>4 124 010</u>
The above figures include the basic salaries and all the other benefits payable.		
<b>14. AUDITORS' REMUNERATION</b>		
Audit fees - Current Year	1 000 000	750 000
- (Over)/Underprovision prior years	(65 365)	179 101
	<u>934 635</u>	<u>929 101</u>
<b>15. FINANCE TRANSACTIONS</b>		
Total external interest earned and paid:		
Interest earned	5 546 454	3 268 331
Interest paid	9 239 511	8 928 996
Capital Charges debited to operating account:		
Interest:		
- External	9 239 511	8 928 996
- Internal	104 336	137 568
Redemption:		
- External	2 240 650	1 525 404
- Internal	227 123	320 097
	<u>11 811 620</u>	<u>10 912 065</u>

**ILEMBE DISTRICT MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008(continued)**

	2008	2007
	R	R
<b>16. APPROPRIATIONS</b>		
Appropriation account:		
Accumulated Surplus at the beginning of the year	8 246 198	10 875 858
Operating surplus/(deficit) for the year	12 746 091	(5 465 343)
	<u>20 992 289</u>	<u>5 410 515</u>
Prior year adjustments:	(1 269 933)	2 835 683
Audit Fees	65 365	(179 101)
Cheques Written Back	369 933	154 692
Conservancy Charges	(395 283)	(293 931)
Ndwedwe Debt Write Off	-	(276 946)
Public Works Adjustment	-	(574 529)
Interest on Investments	-	14 782
Prior Year Expenditure	(3 701 215)	-
Adjustment KwaDukuza Take Over Debt	-	(211 207)
Retentions	-	1 741 752
KwaDukuza Creditor	60 195	361 418
Councillors Allowances	-	(178 314)
Environmental Health Grant	-	19 000
Income Department of Works	-	2 538 539
Study Loans	(28 231)	(101 768)
Salaries	-	(14 239)
Prior Year Income	2 214 566	-
Group Life Claim	(576 207)	-
Business Levies	-	223 322
Bulk Water Purchases	(277 730)	-
Water Billing	-	(4 375)
Creditors	-	(383 412)
Business Levy Refund	(11 699)	-
Siza Water Free Basic Water	(769 955)	-
Pension Refund	34 693	-
VAT Adjustments	2 026 782	-
Interest Staff Loans	(11 157)	-
Siza Water Concession Fee	453 865	-
Write Off Mandeni Debt	(771 536)	-
Sundries	47 681	-
	<u>19 722 356</u>	<u>8 246 198</u>
Operating Account:		
Capital Expenditure	<u>986 249</u>	<u>309 585</u>
Contributions to:		
Maintenance Reserve	-	56 394
Audit Fee Provision	1 080 000	1 000 000
Leave Pay Provision	1 805 388	1 894 760
Bad Debts Provision	32 251 549	51 611 552
	<u>35 136 937</u>	<u>54 562 706</u>

**ILEMBE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008 (continued)**

	2008	2007
	R	R
<b>17. CASH GENERATED BY OPERATIONS</b>		
Surplus/(Deficit) for the year	12 746 091	(5 465 343)
Adjustments in respect of:		
Previous years' operating transactions	(1 269 933)	2 835 683
Appropriations charged against income	36 123 186	54 872 291
Capital Expenditure	986 249	309 585
Provisions and Reserves	35 136 937	54 562 706
Investment Income credited to the operating account	(4 113 094)	(1 834 971)
Capital Charges:		
Interest Paid:		
- External Loans	9 239 511	8 928 996
- Internal Advances	104 336	137 568
Redemption:		
- External Loans	2 240 650	1 525 404
- Internal Loans	227 123	320 097
Non-operating Expenditure:		
Expenditure charged against:		
- Provisions and Reserves	(8 036 381)	(5 018 155)
Non-operating Income:		
Income charged against:		
- Provisions and Reserves	68 178 425	18 144 398
	115 439 914	74 445 968
<b>18. INCREASE/(DECREASE) IN WORKING CAPITAL</b>		
(Increase) in Debtors	(50 059 839)	(33 613 736)
(Decrease) in Creditors	(5 075 744)	(865 206)
Increase in Consumer Deposits	154 045	192 941
(Increase) in Inventory	(723 320)	(114 211)
	(55 704 858)	(34 400 212)
<b>19. (INCREASE) IN CASH INVESTMENTS</b>		
Investments made	182 062 566	134 752 309
Investments realized	136 081 873	112 833 095
	(45 980 693)	(21 919 214)



**ILEMBE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008 (continued)**

	2008	2007
	R	R
<b>24. ARREARS OWED BY COUNCILLORS</b>		
The following Councillors owed for services in excess of 90 days as at 30 June:		
K Anamalay	-	10 786
K C Ngcobo (No longer a Councillor)	-	11 707
J L T Sibiya	-	1 380
<b>25. LOSSES, UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		
Armed robbery 28 May 2007 subject to insurance claim	69 941	69 941
Cashier shortages	-	4 122
Fraudulent refund of levies to be reclaimed from responsible employees	17 307	17 307
Unauthorised expenditure was incurred on nine infrastructure projects due to overexpenditure	15 428 920	-
Unauthorised expenditure on one infrastructure project which was not budgeted for	2 815 866	-
<b>26. CAPITAL DEVELOPMENT FUND</b>		
Accumulated Funds	12 105 467	12 001 131
Less: External Investments and Bank	6 340 516	11 004 841
Less: Temporary Borrowing to Operating Account	4 995 784	-
Outstanding Advances to Borrowing Services (Refer to Appendix B for more detail)	769 167	996 290
<b>27. LOAN REDEMPTION FUND</b>		
Accumulated Funds	4 300 079	2 866 719
Less: External Investments and Bank	4 300 079	2 866 719
Outstanding Advances to Borrowing Services (Refer to Appendix B for more detail)	-	-
<b>28. RETIREMENT/MEDICAL AID BENEFITS</b>		
The employees are members of the Natal Joint Municipal Pension/Provident Funds. The funds have a full valuation on a triennial basis, and an interim valuation on an annual basis. It should be noted that association with the Natal Joint Municipal Pension/Provident Funds is compulsory.		
Staff members are entitled to 18% maximum of basic salary towards council contribution to a retirement/pension/provident fund and 60% of the total monthly contributions towards a medical aid scheme, up to a maximum of R2 580.		
Pension – Council Contributions	5 390 546	5 159 423
Medical Aid – Council Contributions	2 065 543	1 618 108



**ILEMBE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008 (continued)**

2008	2007
R	R

**29. RELATED PARTIES**

**Ilembe Development Foundation:**

The Ilembe Development Foundation (Association Incorporated Under Section 21) was an entity under the control of the Ilembe District Municipality as at 30 June 2008. The time of certain staff members who performed work on behalf of the entity totaling R121 265 (R156 263 for 2007) was charged to the entity at year end. The entity was a debtor of the Ilembe District Municipality as at 30 June 2008 in the amount of R122 397 (R1 131 for 2007). A process to disestablish the Ilembe Development Foundation and establish a Municipal entity for local economic development is in progress.

**First Ready Development 207:**

A process is in place to disestablish this entity. No transactions took place in respect of this entity during the 2007/08 financial year (2006/07 – Nil).

**ILEMBE DISTRICT MUNICIPALITY**  
**APPENDIX A**  
**FUNDS, RESERVES AND PROVISIONS**

	Balance at 01/07/07	Contribu- tions during the Year	Interest on investments	Other income	Operating Expenditure during the year	Capital Expenditure during the year	Balance at 30/06/08
<b>FUNDS</b>							
CDF ex Mandeni	1 334 573	-	89	-	-	-	1 334 662
CDF ex KwaDukuza	10 666 558	-	104 247	-	-	-	10 770 805
Loan Redemption Fund	2 866 719	-	1 433 360	-	-	-	4 300 079
	<u>14 867 850</u>	<u>-</u>	<u>1 537 696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16 405 546</u>
<b>RESERVES</b>							
Maintenance	2 527 543	-	-	-	-	-	2 527 543
Transport	212 273	-	-	-	-	-	212 273
Unspent Water Grants Mandeni	891	-	-	-	-	-	891
Unspent MIG Grant	17 090 821	-	-	8 633 712	-	-	25 724 533
Unspent MSIG Grant	110 198	-	-	94 303	-	-	204 501
Unspent Premiers Fund Grant	582 696	-	-	-	-	-	582 696
Unspent Department of Transport Grant	175 345	-	-	-	175 345	-	-
Unspent Drought Relief Grant	417 683	-	-	1 417 991	115 790	-	1 719 884
Unspent Sports and Recreation Grant	73 690	-	-	475 325	-	-	549 015
Unspent Financial Management Grant	115 579	-	-	-	110 391	-	5 188
Unspent Disaster Management Grant	582 099	-	-	-	582 099	-	-
Unspent Township Development Grant	1 000 000	-	-	-	842 238	-	157 762
Unspent EU LED Projects Grant	3 000 000	-	-	-	1 895 537	-	1 104 463
Unspent Shared Services Grant	1 500 000	-	-	-	119 103	-	1 380 897
Unspent Section 78 Grant	200 000	-	-	-	-	-	200 000
Unspent Provincial Management Assistance Grant	-	-	-	1 376 774	-	-	1 376 774
Unspent IDP Grant	-	-	-	87 059	61 600	-	25 459
Unspent Data Cleansing Grant	-	-	-	247 646	-	-	247 646
Unspent Customer Satisfaction Survey Grant	-	-	-	400 000	-	-	400 000
Unspent Beach Restoration Grant	-	-	-	33 400 000	2 220 180	-	31 179 820
Unspent Ngcebo DWAF Grant	-	-	-	1 539 805	-	-	1 539 805
Unspent Water Refurbishment Grant	-	-	-	10 669 000	-	-	10 669 000
Unspent Ndwedwe Waterworks Grant	-	-	-	994 400	-	-	994 400
Unspent Maphumulo Waterworks Grant	-	-	-	1 156 800	-	-	1 156 800
Unspent Operations Refurbishment Grant	-	-	-	7 863 000	-	-	7 863 000
(Refer Note 2)	<u>27 588 818</u>	<u>-</u>	<u>-</u>	<u>68 355 815</u>	<u>6 122 283</u>	<u>-</u>	<u>89 822 350</u>
<b>PROVISIONS</b>							
Audit Fees	1 000 000	1 080 000	-	-	1 000 000	-	1 080 000
Leave Pay	4 143 000	1 805 388	-	-	1 091 488	-	4 856 900
	<u>5 143 000</u>	<u>2 885 388</u>	<u>-</u>	<u>-</u>	<u>2 091 488</u>	<u>-</u>	<u>5 936 900</u>

**ILEMBE DISTRICT MUNICIPALITY**  
**APPENDIX B**  
**EXTERNAL LOANS AND INTERNAL ADVANCES**

<b>EXTERNAL LOANS</b>	<b>Loan No.</b>	<b>Int. Rate</b>	<b>Redeemable</b>	<b>Balance at 01/07/07</b>	<b>Received during the year</b>	<b>Redeemed or written off during the year</b>	<b>Balance at 30/06/08</b>
				<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Long Term Loans</b>							
Development Bank of SA	-	9.04	2008	391 710	-	391 710	-
ABSA Bank	-	10.65	2025	30 000 000	-	-	30 000 000
Development Bank of SA	-	10.80	2025	54 907 127	7 766 368	1 327 515	61 345 980
Development Bank of SA	-	9.02	2010	1 318 499	-	335 843	982 656
<b>TOTAL</b>				<b>86 617 336</b>	<b>7 766 368</b>	<b>2 055 068</b>	<b>92 328 636</b>

<b>ADVANCES TO BORROWING SERVICES</b>	<b>Balance at 01/07/07</b>	<b>Received during the year</b>	<b>Redeemed or written off during the year</b>	<b>Balance at 30/06/08</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
CCDF Mandeni Water	591	-	300	291
CCDF KwaDukuza Water	84 084	-	31 309	52 775
CCDF KwaDukuza Water	618 003	-	131 006	486 997
CCDF KwaDukuza Sewerage	13 438	-	1 268	12 170
CCDF KwaDukuza Sewerage	280 174	-	63 240	216 934
<b>TOTAL</b>	<b>996 290</b>	<b>-</b>	<b>227 123</b>	<b>769 167</b>

<b>CAPITAL CREDITORS</b>	<b>Loan No.</b>	<b>Int. Rate</b>	<b>Redeemable</b>	<b>Balance at 01/07/07</b>	<b>Received during the year</b>	<b>Redeemed or written off during the year</b>	<b>Balance at 30/06/08</b>
				<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Registered Stock</b>							
FNB (CMB) Nominees	618	16.90	30/06/2011	1 015 036	-	-	1 015 036
<b>Long Term Loans</b>							
Infrastructure Finance Corporation	00-0001	16.00	30/06/2011	3 999 500	-	-	3 999 500
Standard Bank	-	Prime -1	-	139 910	-	139 910	-
<b>Annuity Loans</b>							
Development Bank of SA	13527	16.50	-	604 514	-	45 213	559 301
Development Bank of SA	11578	13.45	12/2014	9 487	-	457	9 030
<b>TOTAL</b>				<b>5 768 447</b>	<b>-</b>	<b>185 580</b>	<b>5 582 867</b>

All the above loans shown as Capital Creditors were taken over from the KwaDukuza Municipality as part of the transfer of the Water and Sanitation Services assets and liabilities. All these loans are still in the name of the KwaDukuza Municipality. However Ilembe District Municipality is responsible for paying the interest and redemption payable on these loans with effect from 1 July 2003. These loans are disclosed under Note 11 as Capital Creditors.

**ILEMBE DISTRICT MUNICIPALITY**  
**APPENDIX C**  
**ANALYSIS OF FIXED ASSETS**

Expenditure 2007	Service	Budget 2008	Balance at 01/07/07	Expenditure 2008	Redeemed transferred or written off during the year	Balance at 30/06/08
R		R	R	R	R	R
108 517	Administration	53 500	1 549 744	235 764	335 595	1 449 913
-	Council	40 000	9 068 744	37 424	1 963 825	7 142 343
817 428	Technical	275 000	2 751 510	35 908	595 836	2 191 582
144 996	Financial	240 000	3 099 666	323 468	671 229	2 751 905
-	Assets transferred to IRC	-	156 053	-	-	156 053
28 230	Municipal Manager	75 000	171 995	30 800	37 246	165 549
-	Tourism/Marketing	-	131 089	-	-	131 089
392 440	Buildings	1 000 000	15 799 930	85 900	-	15 885 830
-	Assets Contr. From Subsidy	-	2 648 445	-	-	2 648 445
-	Public Works	-	26 108	-	-	26 108
-	Assets from KZN	-	1 063 014	-	-	1 063 014
54 350 349	Water	67 220 000	241 532 845	41 644 208	2 599 883	280 577 170
20 867 173	Sewerage	25 133 000	43 866 054	37 863 827	472 179	81 257 702
<b>76 709 133</b>	<b>TOTAL FIXED ASSETS</b>	<b>94 036 500</b>	<b>321 865 197</b>	<b>80 257 299</b>	<b>6 675 793</b>	<b>395 446 703</b>
	<b>LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS</b>		<b>242 989 046</b>	<b>74 958 633</b>	<b>6 675 793</b>	<b>311 271 886</b>
	Contributions ex Operating		13 601 212	986 249	5 402 127	9 185 334
	Transferred from Province		1 352 064	-	317 332	1 034 732
	Contributions from Revenue		514 393	-	-	514 393
	Loans Redeemed		1 479 048	2 055 068	596 005	2 938 111
	Maintenance		146 615	-	-	146 615
	Insurance		8 400	-	-	8 400
	Grants and Subsidies		123 743 254	71 504 612	35 453	195 212 413
	Transferred Water and Sewerage		613 729	-	197 474	416 255
	<b>Mandeni:</b>					
	Loans Redeemed Internal		782 897	300	-	783 197
	Contrib. T/Ship Developers		4 016 822	-	-	4 016 822
	Insurance		34 169	-	-	34 169
	Public Contrib. And Grants		9 374 910	-	30 624	9 344 286
	Developers Contrib.		98 432	-	-	98 432
	Contrib. Current Income		378 133	-	-	378 133
	<b>KwaDukuza:</b>					
	Loans Redeemed Internal		7 276 156	226 823	-	7 502 979
	Loans Redeemed External		29 402 076	185 581	-	29 587 657
	Private T/Ship Developers		357 651	-	-	357 651
	Loan Redemption Fund		1 979 791	-	-	1 979 791
	Donations		257 901	-	-	257 901
	Government Grants		32 036 516	-	-	32 036 516
	Contrib. Current Income		15 501 984	-	96 778	15 405 206
	Endowment		32 893	-	-	32 893
	<b>NET FIXED ASSETS</b>		<b>78 876 151</b>	<b>5 298 666</b>	<b>-</b>	<b>84 174 817</b>

**ILEMBE DISTRICT MUNICIPALITY**  
**APPENDIX D**  
**ANALYSIS OF OPERATING INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 30 JUNE 2008**

Actual 2007 R		Actual 2008 R	Budget 2008 R
<b>INCOME</b>			
94 027 310	Central and Provincial Government Grants and Subsidies	102 330 335	149 055 500
49 045 935	Water Service Charges	56 740 197	49 301 362
10 670 139	Sewerage Service Charges	11 432 300	11 900 154
3 759 583	Business Levy Income	54 961	20 298
1 834 971	Interest on Investments	5 546 454	900 000
8 324 091	Other Income	17 606 569	11 716 050
<u>167 662 029</u>		<u>193 710 816</u>	<u>222 893 364</u>
<b>EXPENDITURE</b>			
53 431 558	Salaries, wages and allowances	56 633 916	57 754 723
9 371 460	Bulk Purchases	27 924 676	32 640 000
37 808 910	General Expenses	38 834 693	45 644 671
7 197 341	Repairs and Maintenance	12 320 569	13 044 481
10 912 065	Capital Charges	9 983 069	12 459 078
309 585	Contributions to Fixed Assets	986 250	643 500
54 562 705	Contributions	35 136 937	21 878 083
5 239 680	Projects/Functions	4 773 051	44 336 005
<u>178 833 304</u>	<b>Gross Expenditure</b>	<u>186 593 161</u>	<u>228 400 541</u>
(5 705 932)	Less: Amounts Charged Out	(5 628 436)	(5 507 171)
<u>173 127 372</u>		<u>180 964 725</u>	<u>222 893 370</u>

**ILEMBE DISTRICT MUNICIPALITY**  
**APPENDIX E**  
**DETAILED INCOME STATEMENT FOR THE YEAR ENDED**  
**30 JUNE 2008**

2007 Actual Income	2007 Actual Expenditure	2007 Surplus/ (Deficit)		2008 Actual Income	2008 Actual Expenditure	2008 Surplus/ (Deficit)	2008 Budget Surplus/ (Deficit)
R	R	R		R	R	R	R
204 980	54 445 205	(54 240 225)	ADMINISTRATION	3 000	59 085 357	(59 082 357)	(66 497 039)
-	23 435 157	(23 435 157)	Corporate Services	-	22 627 426	(22 627 426)	(28 771 577)
-	6 228 967	(6 228 967)	Council General Expenses	-	5 587 326	(5 587 326)	(5 263 000)
-	2 780 162	(2 780 162)	Technical Services	-	7 219 335	(7 219 335)	(7 207 571)
-	10 311 199	(10 311 199)	Financial Services	-	8 818 301	(8 818 301)	(8 940 249)
-	2 269 080	(2 269 080)	Department of Municipal Manager	-	3 585 870	(3 585 870)	(5 092 291)
-	7 509 633	(7 509 633)	Economic Development	-	7 150 135	(7 150 135)	(7 268 035)
204 980	1 911 007	(1 706 027)	Corporate Governance	3 000	4 096 964	(4 093 964)	(3 954 316)
-	5 239 682	(5 239 682)	REGIONAL FUNCTIONS	-	4 773 051	(4 773 051)	(44 336 005)
-	4 157 908	(4 157 908)	Projects/Functions	-	4 064 274	(4 064 274)	(42 106 005)
-	48 182	(48 182)	Tourism/Marketing	-	58 571	(58 571)	(130 000)
-	717 901	(717 901)	Disaster Management	-	-	-	(1 110 000)
-	315 691	(315 691)	Regional Planning	-	650 206	(650 206)	(990 000)
59 716 074	113 442 485	(53 726 411)	TRADING SERVICES	69 129 214	117 106 317	(47 977 103)	(49 938 810)
49 045 935	100 875 971	(51 830 036)	Water	57 696 914	93 842 894	(36 145 980)	(41 488 044)
10 670 139	12 566 514	(1 896 375)	Sewerage	11 432 300	23 263 423	(11 831 123)	(8 450 766)
107 740 975	-	107 740 975	INCOME	124 578 602	-	124 578 602	160 771 848
3 759 583	-	3 759 583	Business Levies	54 961	-	54 961	20 298
1 834 971	-	1 834 971	Interest on Investments	5 546 454	-	5 546 454	900 000
10 712 607	-	10 712 607	External Grants	3 371 368	-	3 371 368	50 096 500
8 119 111	-	8 119 111	Other Income	16 646 852	-	16 646 852	10 796 050
83 314 703	-	83 314 703	Equitable Share	98 958 967	-	98 958 967	98 959 000
<u>167 662 029</u>	<u>173 127 372</u>	<u>(5 465 343)</u>	TOTAL	<u>193 710 816</u>	<u>180 964 725</u>	<u>12 746 091</u>	<u>(6)</u>
		2 835 683	Appropriations for this year (refer to note 16)			(1 269 933)	
		(2 629 660)	Net surplus/(deficit) for the year			11 476 158	
		10 875 858	Opening Accumulated surplus/(deficit)			8 246 198	
		<u>8 246 198</u>	Accumulated Surplus/(Deficit)			<u>19 722 356</u>	

**ILEMBE DISTRICT MUNICIPALITY  
APPENDIX F  
STATISTICAL INFORMATON**

	<b>2008</b>	<b>2007</b>	<b>2006</b>
POPULATION (APPROXIMATE)	568 498	564 532	560 388
NUMBER OF BUSINESS LEVY PAYERS	-	-	2 819
LEVY RATES:-			
Establishment Levy	Business Levies were done away with from 1 July 2006.	Business Levies were done away with from 1 July 2006.	0.1368% Incl. VAT
Services Levy	Business Levies were done away with from 1 July 2006.	Business Levies were done away with from 1 July 2006.	0.342% Incl. VAT
NUMBER OF PERMANENT EMPLOYEES	367	315	235
WATER SERVICE:			
Water Purchased	18 266 322 kl.	14 765 521 kl.	15 732 848 kl.
Water Sold	10 479 600 kl.	8 909 040 kl.	10 180 172 kl.
Percentage Loss	42.6%	39.7%	35.3%
Number of Water Connections	24 244	23 374	21 248
SANITATION SERVICE			
Number of Sewer Connections	10 557	9 733	9 689