

ELUNDINI LOCAL MUNICIPALITY

**ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009**

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ELUNDINI LOCAL MUNICIPALITY

**ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009**

GENERAL INFORMATION

COUNCIL SPEAKER

- Councillor L. Baduza

MAYOR

- Councillor B. Salman

MEMBERS OF THE EXECUTIVE COMMITTEE

- Councillor B. Salman
- Councillor M.P.S. Leteba
- Councillor N.F. Mphithi
- Councillor N.R. Lengs
- Councillor D.D. Mvumvu
- Councillor Mqamelo

Chairperson
Chairperson: Finance Standing Committee
Chairperson: Corporate Services Standing Committee
Chairperson: Technical Services Standing Committee
Chairperson: Community Services Standing Committee
Member

GRADING OF LOCAL AUTHORITY

Grade 3

AUDITORS

The Auditor General

BANKERS

Standard Bank; First National Bank and ABSA

REGISTERED OFFICE

Elundini Local Municipality
1 Celler Street
P.O. Box 1
MACLEAR
5480
Tel: 045 - 932 8100
Fax:045 - 932 1777

MUNICIPAL MANAGER

Mr. K. GASHI

CHIEF FINANCIAL OFFICER

Mr M Kasumba

ELUNDINI LOCAL MUNICIPALITY

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<u>Ward</u>	<u>Councillor</u>	<u>Ward</u>	<u>Councillor</u>
1	Cllr Bhomela	9	Cllr Mdliva
2	Cllr Lengs	10	Cllr Memeza
3	Cllr Klaas	11	Cllr Sikhafungana
4	Cllr Zililo	12	Cllr Leteba
5	Cllr Funani	13	Cllr Molefe
6	Cllr Mfecane	14	Cllr Dlaza
7	Cllr Tsolo	15	Cllr Khiba
8	Cllr Motema	16	Cllr Ndlovu

PR COUNCILLORS

<u>Ward</u>	<u>Councillor</u>	<u>Ward</u>	<u>Councillor</u>
1	Cllr Mvumvu	9	Cllr Mphithi
2	Cllr Nkalitshana	10	Cllr Baduza
3	Cllr Ntaba	11	Cllr Salman
4	Cllr Mthi	12	Cllr Lebenya
5	Cllr Norman	13	Cllr Hokwana
6	Cllr Fokoto	14	Cllr Mqamelo & Cllr Fokoto
7	Cllr Rankutu	15	Cllr Naketsana
8	Cllr Lehana	16	Cllr Moni

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements set out on pages 8 to 26 have been approved by the Municipal Manager and will be presented to the next council meeting for ratification.

K. GASHI
MUNICIPAL MANAGER

FOREWORD TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

produce annual financial statements on the conventions set by the Institute of Municipal Finance Officers. From the 2009/2010 financial year, the preparation of the annual financial statements must follow Generally Recognized Accounting Practices and fully comply to the prescripts of the Municipal Finance Management Act, 56 of 2003. This requirement comes along together with the Auditor General's stated desire to express an opinion on the attainment of service delivery targets by municipalities with effect from the 2009/2010 financial year.

This scenario has induced the Elundini Municipality to make all efforts and create the necessary conditions for the attainment of an unqualified opinion in respect of the 2008/2009 financial year. The final arbiter, of course, as to whether such efforts and conditions were adequate is the Auditor General.

In terms of our service delivery plans as articulated in the service delivery and budget implementation plan of the municipality for the 2008/2009 financial year, a lot has been achieved, whilst various other targets could not be met. In the majority of cases where the targets could not be met, the functions to which the targets relate are not assigned nor delegated to the municipality. In the area of housing development, for instance, which is a function of the Provincial Department of Housing, basic things like the approval of business plans to kick start housing development and the allocation of funds could not be attended to by the department, despite a myriad of letters to the department. With regard to rural electrification, approximately 80% of households within the Elundini Municipality remain un-electrified since 1994, with ESKOM not having a clear plan to address this. Our letters to the Department of Minerals and Energy, including our requests for an audience with the Minister of Minerals and Energy as the Executive Authority

The apparent lack of stability in the financial services department, exacerbated by an uncommon high turnover of Chief Financial Officers is a cause for concern which might impede our long term plans towards good financial governance in the municipality. The Executive Committee will look into this aspect and, working with the Accounting Officer, respond to this matter urgently.

needs to evaluate its performance towards the attainment of "a better quality of life for all" as the municipality's vision proudly proclaims. The Executive Committee has therefore agreed to hold a session before the end of the financial year, where it can appraise the service delivery road traversed so far, and identify those critical matters that must be resolved before the end of the term of the municipal council. This might of necessity include a reconfiguration of the municipality such that it ably responds to the current challenges facing our people.

fight poverty and under development. As a municipal Council, we have been led by a Speaker who is a unifying figure and has ensured that the prevailing stability in the municipal council is sustained. As the Executive Committee, we have worked with councillors who have understood the challenges that we have encountered in our quest to accelerate service delivery, and have positively appraised us whenever we have attained our set milestones. I express my sincere gratitude to all councillors and to the administration for all the support during the past financial year.

Councillor B Salman
Mayor
Date:_____

ELUNDINI LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

REPORT OF THE CHIEF FINANCIAL OFFICER

1. OPERATING RESULTS

Details of the operating results according to service classification and object of expenditure are included in Appendices D and E. The operating results for the year ended 30 June 2009 are as follows:

	VARIANCE %	BUDGET 2009 R	ACTUAL 2009 R	ACTUAL 2008 R
<u>INCOME</u>				
Rates and general services	-0.3%	71 421 839	71 228 220	75 365 489
Trading Services	-58%	39 774 605	16 856 980	14 784 149
Total Budgeted Income	-21%	111 196 444	88 085 200	90 149 638
<u>EXPENDITURE</u>				
Rates and general services	-4%	69 105 062	66 681 836	94 901 919
Trading Services	-56%	42 024 581	18 675 382	18 406 318
Total expenses	-23%	111 129 643	85 357 218	113 308 237
(Deficit)/Surplus for the year		66 801	2 727 982	(23 158 599)

Revenue

Rates and General Services

Current year actual revenue to prior year depicts a 5% decrease. Current year receipts compares fairly to the budgeted.

Trading Services

Current year actual revenue to prior year depicts a 15% increase. Current year income does not compare fairly to the budget. This is due to the fact that, with effect from the year under review, the municipality is not showing water and sanitation revenue as the Ukhahlamba District Municipality is the water services authority.

Expenditure

Rates and General Services

Current year actual expenditure to prior year depicts a 30% decrease. Current year expenses compares fairly to the budgeted. Much of last year's expenditure was due to the provision for bad debts raised from approximately R20 million to R16 million, which was unprecedented. A bad debts write off of R9,4 million, and a reduction in the provision for bad debts is responsible for the difference.

Trading Services

Current year actual expenditure to prior year depicts a 1% increase. Current year expenses do not compare fairly to the budgeted. The difference between the budget and the annual financial statements is due to the fact that there has been a different accounting treatment for water services in the annual financial statements, which recognises that any revenue earned and expenditure in respect of water and sanitation services is for the account of the Ukhahlamba District Municipality.

The changes in the accounting treatment of water and sanitation will only affect financial reporting, and the municipality will continue to budget for water and sanitation as it has been doing so far.

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R15 142 948. The actual expenditure consists of the following: -

	VARIANCE	ACTUAL 2009 R	ACTUAL 2008 R
Capital Development	(10 748 944)	348 144	11 097 088
Electricity Network	6 051 607	8 683 300	2 631 693
Office Equipment	(246 930)	117 893	364 823
Computer Equipment	(321 311)	220 517	541 828
Computer Software	(36 720)	-	36 720
Machinery	(95 524)	-	95 524
Motor Vehicles	(780 839)	652 073	1 432 912
Land & Buildings	(546 075)	186 877	732 952
Streets	2 458 238	4 750 048	2 291 810
Plant & Equipment	(50 568)	-	50 568
Tools & Equipment	181 556	184 096	2 540
Other Assets	(257 970)	-	257 970
	<u>(4 393 480)</u>	<u>15 142 948</u>	<u>19 536 428</u>

Resources used to finance the fixed assets were as follows: -

	ACTUAL 2009 R
<u>Grants & Subsidies</u>	
Grants & Subsidies	<u>15 142 948</u>
	<u>15 142 948</u>

A detailed analysis of fixed assets can be examined on Appendix C of the annual financial statements.

3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding as at 30 June 2009 amounted to R327 336 (2008: R368 281). These loans are payable over a period of 20 years and bear interest at rates of 16.72% and 17.36% per annum. They will be fully redeemed by 2009 and 2015 respectively.

As at 30 June 2009, external investments at approved financial institutions amounted to R51,1 million (2008: R55,2 million).

The main bank account shows an favourable cashbook balance of R1 800 344 (2008: R1 952 437), whilst the First National Bank Account had a favourable balance of R934 738 (2008: R8 568).

More information regarding loans and investments are disclosed in the notes and Appendix B of the annual financial statements.

4. FUNDS AND RESERVES

TRUST FUNDS

The balance of Trust and Project funds at 30 June 2008 amounted to R25 million (2008: R21 million).

More information on these Trust and Project Funds is detailed in Appendix A to the financial statements.

5. CONTINGENT LIABILITIES

SALA Pension Fund vs Elundini Municipality

Alleged outstanding pension fund contribution by the municipality 244 000

Matyeni vs Elundini Municipality

Alleged failure by municipality to pay subsistence allowance due 80 000

Department of Housing vs Elundini Municipality

Alleged mismanagement of funds transferred to the municipality 936 047
Alleged failure by the municipality to pay subsistence allowance due to him.

Performance Bonuses

718 347

This is in respect of the impending evaluation of the performance of section 57 employees in respect of the years ended 30 June 2007, 30 June 2008 and 30 June 2009. In terms of the conditions of employment applicable to the section 57 employees, there must be an annual assessment of the performance of all section 57 employees, which may result in the employees being rewarded if their performance meets and /or exceeds certain prescribed standards. A potential liability exists in the event that the performance evaluation outcomes require that bonuses be paid.

Claims by Mrs S Songca, N D Mdzanga and P J Brits

230 000

The above claims relate to alleged damages suffered by the claimants as a result of a fire which apparently emanated from the property of the municipality. The municipality intends to defend the case.

6. EXPRESSION OF APPRECIATION

I wish to express my appreciation to the Mayor, the Chairperson of the Standing Committee on Finance, the Council at large, the Municipal Manager, my fellow managers as well as to the staff members at large for their invaluable support during the past year. A special word of thanks is extended to the representatives of the Auditor General for their assistance during the year.

M KASUMBA
CHIEF FINANCIAL OFFICER

ELUNDINI LOCAL MUNICIPALITY

BALANCE SHEET
as at 30 June 2009

	Notes	2009 R	2008 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
		7 625 703	29 349 962
Statutory funds	1	7 625 703	29 349 962
ACCUMULATED SURPLUS			
		22 825 627	4 888 014
NON CURRENT LIABILITIES			
		374 508	460 087
Long term loans	3	237 316	266 612
Consumer deposits	4	137 192	193 475
		30 825 838	34 698 063
EMPLOYMENT OF CAPITAL			
PROPERTY, PLANT & EQUIPMENT	5	327 335	368 281
NET CURRENT ASSETS			
		30 498 503	34 329 782
CURRENT ASSETS			
		61 171 026	64 737 133
Inventory	7	607 183	649 472
Accounts receivable	8	6 738 741	6 846 752
Short term investments	6	51 088 972	55 279 904
Cash	9	2 736 130	1 961 005
CURRENT LIABILITIES			
		30 672 523	30 407 351
Accounts payable	10	4 071 168	8 864 782
Provisions	11	1 500 000	-
Trust and project funds	2	25 011 335	21 440 900
Short term portion of long term loans	3	90 020	101 669
		30 825 838	34 698 063

ELUNDINI LOCAL MUNICIPALITY

CASH FLOW STATEMENT
for the year ended 30 June 2009

	Notes	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	15	(59 633 657)	(96 498 074)
Increase/(decrease) in working capital	16	(3 211 246)	8 478 733
Contributions to funds and reserves		16 933 813	(16 013 755)
Interest received	13	6 319 172	2 134 831
Interest paid	13	(62 130)	(78 321)
		<u>(39 654 048)</u>	<u>(101 976 586)</u>
Cash contributions from the public and government		49 749 227	127 904 687
NET CASH FROM OPERATING ACTIVITIES		10 095 179	25 928 101
CASH UTILISED IN INVESTMENT ACTIVITIES			
Investment in fixed assets		<u>(13 481 690)</u>	<u>(5 885 738)</u>
		(3 386 511)	20 042 363
NET CASH FLOWS FROM FINANCING ACTIVITIES			
Increase / (decrease) in long term loans	17	<u>(29 296)</u>	<u>128 215</u>
Decrease/ (increase) in cash investments	18	<u>4 190 932</u>	<u>(17 967 201)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		775 125	2 203 377
(INCREASE)/DECREASE IN CASH ON HAND	19	<u>(775 125)</u>	<u>(2 203 377)</u>

ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009 R	2008 R
1 STATUTORY FUNDS		
Revolving fund	7 625 703	11 412 988
Equitable share fund	-	17 936 974
	<u>7 625 703</u>	<u>29 349 962</u>
2 TRUST & PROJECT FUNDS		
Housing Personnel Fund	60 483	56 226
Town Register Fund	21 224	20 127
Drought Relief Fund	942 251	865 120
Intervention Fund	509 491	887 872
MIG Fund	7 607 383	125 527
CMIP Fund	1 001 747	1 047 822
Elundini Housing Fund	71 732	66 683
IDP/LDO Fund	118 600	110 877
Leave Reserve Fund	12 118	11 549
NER Fund	6 131 551	10 756 599
Survey Fund	228 899	210 684
Transitional Grant Fund	978 970	913 502
Capacity Building Fund	1 235 773	1 335 853
MSP Fund	1 637 912	1 575 242
Katlehong Housing Fund	2 791	2 660
LED Open Market Fund	38 726	33 238
Housing Pilot Fund	112 508	114 684
Maclear Greenfields Fund	805 811	739 557
Financial Management Grant Fund	318 650	761 118
MSIG Fund	122 926	216 425
Enkululekweni Fund	438 879	406 399
Library Fund	-	285 152
Municipal Admin. Fund	73 855	68 656
HIV/AIDS Fund	60 000	-
Mt Fletcher Youth Center Fund	200 000	-
Tourism Fund	1 857 781	829 328
Expanded Public Works Fund	420 165	-
Voter Station Fund	1 109	-
	<u>25 011 335</u>	<u>21 440 900</u>
3 LONG TERM LOAN		
DBSA Loan	327 336	368 281
Short Term Portion	(90 020)	(101 669)
Long Term Portion	<u>237 316</u>	<u>266 612</u>
<p>These loans bear interest at rates of 16,72% and 17,36% per annum. They will be fully redeemed over a period of 20 years (2009 and 2015 respectively). The loan balance has been adjusted to reflect the actual amount due.</p>		
4 CONSUMER DEPOSITS		
Deposits - Houses	7 908	15 858
Deposits - Water	21 473	30 868
Deposits - Electricity	107 811	146 749
	<u>137 192</u>	<u>193 475</u>

ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009 R	2008 R
5 PROPERTY, PLANT & EQUIPMENT		
Fixed assets at the beginning of the year	71 008 989	65 163 346
Capital expenditure during the year	15 142 948	19 536 426
Less: Assets written off during the year	<u>(1 661 258)</u>	<u>(13 690 783)</u>
TOTAL FIXED ASSETS	84 490 679	71 008 989
Less: Loans Redeemed and other capital receipts	(84 163 344)	(70 640 708)
NET FIXED ASSETS	<u>327 335</u>	<u>368 281</u>

For more details on Fixed Assets, Refer to Appendix C.

6 SHORT TERM INVESTMENTS

UNLISTED

Town Register Investment	21 224	20 127
Elundini Housing Investment	71 732	66 683
IDP/LDO Investment	118 600	60 877
Intervention Investment	509 491	1 214 997
Leave Reserve Investment	12 118	11 549
Drought Relief Investment	942 251	865 119
Equitable Share Investment	18 174 509	20 987 462
NER Investment	6 131 546	6 756 594
Survey Investment	228 899	210 684
Personal Housing Investment	60 483	56 226
Coloured Housing Investment	20 279	19 234
MIG Investment	4 576 261	1 175 964
Capacity Building Investment	1 235 773	1 335 853
Transitional Grant Investment	978 970	913 503
LED Open Market Investment	38 725	199 904
MSP Investment	1 637 911	1 812 221
CMIP Investment	838 915	895 235
Katlehong Housing Investment	2 792	2 660
Housing Pilot Investment	112 508	114 684
Maclear Greenfields Investment	805 811	764 622
Electricity Investment	1 577 352	1 873 920
Surplus Investment	1 200 764	1 152 776
Financial Management Grant Investment	318 630	761 118
Investments - Deposits	12 425	11 841
Investment - Revolving Fund	7 483 068	11 175 976
Youth Centre Investment	200 000	-
Public Works Investment	420 165	-
Voting Station Investment	99 860	-
MSIG Investment	550 959	844 759
Testing Centre	3 306	3 150
Mount Fletcher Balance	7 584	7 228
Motor Registration Investment	1 635	1 635
Training/Cemetery/Golf Course	15 439	14 714
Enkululekweni Housing Investmen	438 879	406 399
Tourism Investment	1 944 792	941 842
Library Investment	221 461	531 690
Municipal Administration Investment	73 855	68 658
	<u>51 088 972</u>	<u>55 279 904</u>

ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009 R	2008 R
7 INVENTORY	607 183	649 472
8 ACCOUNTS RECEIVABLE		
Rates & Taxes	7 635 112	6 702 301
Health Rates	5 370	6 558
Electricity	4 596 076	3 564 272
Water and sanitation	-	18 615 943
Ukhahlamba W & S	178 565	-
Refuse	10 795 861	12 226 502
Commonage	13 898	15 474
Housing Rental	711 054	738 288
Sundry Billings	113 879	111 791
Grazing	55 898	55 943
Outstanding Balances	90 188	92 411
Self-help Housing	-	196 170
Elundini Library Fund	25 077	-
Training, Cemetery and Golf Course	-	-
Housing Scheme	123 786	-
Sundry Debtors	4 235	-
Bank Errors	-	2 356
T/A Funds	-	-
R/D Cheques	-	36 425
VAT	2 436 577	1 462 966
Internal Loan	4 506	4 506
	<u>26 790 082</u>	<u>43 831 906</u>
Less: Provision for bad debts	<u>(20 051 341)</u>	<u>(36 985 154)</u>
	<u>6 738 741</u>	<u>6 846 752</u>
Provision for bad debts has been made for all debts outstanding for more than 180 days. Refer to note 20.		
9 CASH & CASH EQUIVALENTS		
Elundini Revenue Bank Account	1 800 344	1 952 437
Petty cash account	1 048	-
Elundini FNB Account	934 738	8 568
Bank & Cash	<u>2 736 130</u>	<u>1 961 005</u>
10 ACCOUNTS PAYABLE		
Trade Creditors	1 995 335	7 994 980
Other Creditors	853 803	-
SARS (P.A.Y.E; U.I.F & S.D.L.)	-	316 278
Dept of Roads & Transport	-	297 859
Provision - Leave Pay	1 222 030	255 665
	<u>4 071 168</u>	<u>8 864 782</u>
11 PROVISIONS		
Provision for rehabilitation of waste sites	<u>1 500 000</u>	<u>-</u>
12 FINANCE TRANSACTIONS		
Interest earned	<u>6 319 172</u>	<u>2 134 831</u>
Interest paid	<u>62 130</u>	<u>78 321</u>

ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009 R	2008 R
13 COUNCILLOR'S REMUNERATION		
Mayor	534 680	464 896
Speaker	430 942	374 698
Executive Councillors	1 119 675	-
Other	4 203 346	4 736 596
	<u>6 288 643</u>	<u>5 576 190</u>
14 APPROPRIATIONS		
Accumulated surplus/(deficit) at the beginning of the year	4 888 014	69 450 206
Operating (deficit)/surplus for the year	2 727 982	(23 158 599)
Appropriations for the year	15 209 631	(41 403 593)
	<u>22 825 627</u>	<u>4 888 014</u>
15 CASH (UTILIZED)/GENERATED BY OPERATIONS		
CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	2 876 044	(23 158 598)
Appropriations for the year	15 209 631	(41 403 594)
Appropriations charged against income:	(16 933 813)	16 013 755
Bad debt provision	(16 933 813)	16 013 755
	<u>1 151 862</u>	<u>(48 548 437)</u>
Interest received	(6 319 172)	(2 134 831)
Interest paid	62 130	78 321
Grants and subsidies received from the state	(54 380 415)	(45 893 127)
	<u>(59 485 595)</u>	<u>(96 498 074)</u>
16 (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/decrease in inventory	42 289	(359 854)
(Increase)/decrease in debtors	(40 051)	8 379 096
Increase/(decrease) in provisions	1 500 000	(30 000)
Increase/(decrease) in short-term portion on long term liabilities	(11 649)	(13 610)
Increase/(decrease) in consumer deposits	(56 283)	11 878
Increase/(decrease) in creditors	(4 793 614)	491 223
	<u>(3 359 308)</u>	<u>8 478 733</u>

ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009 R	2008 R
17 INCREASE/(DECREASE) IN LONG-TERM LOANS (EXTERNAL)		
Loans repaid	(29 296)	128 215
	<u>(29 296)</u>	<u>128 215</u>
18 (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS		
Investment made	4 190 932	(17 967 201)
	<u>4 190 932</u>	<u>(17 967 201)</u>
19 INCREASE IN BANK AND CASH		
Cash balance: beginning of the year	1 961 005	(242 372)
Less: Cash balance: end of the year	(2 736 130)	(1 961 005)
	<u>(775 125)</u>	<u>(2 203 377)</u>
20 SUMMARY OF CONSUMER DEBTORS		
<30 days	2 020 943	1 247 854
<60 days	1 367 782	1 171 013
<90 days	1 155 725	1 074 899
<120 days	1 099 807	1 039 717
<150 days	1 094 484	1 036 732
<180 days	20 051 341	36 985 154
	<u>26 790 082</u>	<u>42 555 369</u>
21 EMPLOYEE RELATED COSTS		
Remuneration of Municipal Manager		
Annual Remuneration	695 253	575 080
Housing Allowance	70 000	60 000
Travelling Allowance	60 000	120 000
	<u>825 253</u>	<u>755 080</u>
Remuneration of Chief Finance Officer		
Annual Remuneration	340 285	339 612
Housing Allowance	217 358	256 211
Travelling Allowance	66 975	73 590
	<u>624 618</u>	<u>669 413</u>
Remuneration of Manager - Technical Services		
Annual Remuneration	417 885	295 945
Housing Allowance	109 800	181 940
Travelling Allowance	120 000	186 473
	<u>647 685</u>	<u>664 358</u>
Remuneration of Manager - Community Services		
Annual Remuneration	409 131	363 873
Housing Allowance	96 436	210 320
Travelling Allowance	228 479	88 778
	<u>734 046</u>	<u>662 971</u>
Remuneration of Manager - Corporate Services		
Annual Remuneration	383 511	339 612
Housing Allowance	79 836	73 590
Travelling Allowance	275 830	256 211
	<u>739 177</u>	<u>669 413</u>

ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009 R	2008 R
22 OTHER COMPULSORY DISCLOSURES AS PER SECTION 125 OF MFMA		
Included in the personnel and general expenditure during the current are the following amounts:		
Audit fees paid	1 214 628	511 985
Pension fund contributions	2 493 176	2 211 952
Medical aid contributions	956 467	1 047 416
	<u>4 664 271</u>	<u>3 771 353</u>
23 RELATED PARTY TRANSACTIONS		
Matubatuba and Associates	<u>150 701</u>	<u>97 580</u>
Being services in respect of various litigation and disciplinary matters rendered by the company owned by the brother to one of the senior managers.		
YYZ Suppliers	<u>198 427</u>	<u>-</u>
Payments in respect of the contract amounting to R198 427 for the rehabilitation of the municipal ground awarded to a company owned by a wife of a municipal employee.		
Ganta Trading Enterprise	<u>26 320</u>	<u>10 485</u>
Catering services rendered by a company owned by a wife to Councillor.		
	<u>375 448</u>	<u>108 065</u>
24 COUNCILLOR DEBTORS		
Cllr CK Mthi	522	430
Cllr KT Mthi	367	222
Cllr D Mvumvu	14 908	17 538
Cllr NR Lengs	5 012	5 233
Cllr GM Moni	13 783	12 895
Cllr T Fokoto	11 685	11 402
Cllr H Rankuthu	2 578	2 428
	<u>48 855</u>	<u>50 148</u>
The following councillors have made arrangements with the municipality to settle their outstanding debt:		
Cllr CK Mthi		
Cllr KT Mthi		
Cllr D Mvumvu		
Cllr NR Lengs		
Cllr GM Moni		
25 FRUITLESS & WASTEFUL EXPENDITURE	<u>226 916</u>	
The expenditure related to penalties and interest charged by the Compensation Commissioner due to failure by the municipality to pay statutory Workmen's Compensation contributions since 2002. The Council has since condoned the fruitless and wasteful expenditure.		
FRUITLESS & WASTEFUL EXPENDITURE	<u>1 100</u>	
The amount relates to an employee who incurred expenditure without the necessary authority. The said employee has since been dismissed for this and other infractions.		

ELUNDINI LOCAL MUNICIPALITY

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009**

26 CONTINGENT LIABILITIES

SALA Pension Fund vs Elundini Municipality

Alleged outstanding pension fund contribution by the municipality 244 000

Matyeni vs Elundini Municipality

Alleged failure by municipality to pay subsistence allowance due 80 000

Department of Housing vs Elundini Municipality

Alleged mismanagement of funds transferred to the municipality 936 047

Performance Bonuses

718 347

This is in respect of the impending evaluation of the performance of section 57 employees in respect of the years ended 30 June 2007, 30 June 2008 and 30 June 2009. In terms of the conditions of employment applicable to the section 57 employees, there must be an annual assessment of the performance of all section 57 employees, which may result in the employees being rewarded if their performance meets and /or exceeds certain prescribed standards. A potential liability exists in the event that the performance evaluation outcomes require that bonuses be paid.

Claims by Mrs S Songca, N D Mdzanga and P J Brits

230 000

The above claims relate to alleged damages suffered by the claimants as a result of a fire which apparently emanated from the property of the municipality. The municipality intends to defend the case.

ELUNDINI LOCAL MUNICIPALITY
INCOME STATEMENT
for the year ended 30 June 2009

2008			2009		
2008	2008	2008	2009	2009	2009
R	R	R	R	R	R
Actual Income	Actual Expenditure	Surplus / (deficit)	Actual Income	Actual Expenditure	Surplus / (deficit)
<u>75 365 489</u>	<u>94 901 918</u>	<u>(19 536 429)</u>	<u>71 228 220</u>	<u>66 681 836</u>	<u>4 546 384</u>
RATES AND GENERAL SERVICES					
71 185 485	88 875 962	(17 690 477)	66 913 164	60 020 604	6 892 560
308 646	2 711 230	(2 402 584)	342 833	2 931 608	(2 588 775)
3 871 358	3 314 726	556 632	3 972 223	3 729 624	242 599
14 784 149	18 406 318	(3 622 169)	16 856 980	18 675 382	(1 818 402)
<u>90 149 638</u>	<u>113 308 236</u>	<u>(23 158 598)</u>	<u>88 085 200</u>	<u>85 357 218</u>	<u>2 727 982</u>
		(41 403 594)			15 209 631
		(64 562 192)			17 937 613
		69 450 206			4 888 014
		<u>4 888 014</u>			<u>22 825 627</u>

ELUNDINI MUNICIPALITY

APPENDIX E

DETAILED INCOME STATEMENT
for the year ended 30 June 2009

2008			2009		
Actual Income	Actual Expenditure	Surplus / (deficit)	Actual Income	Actual Expenditure	Surplus / (deficit)
R	R	R	R	R	R
75 365 489	94 901 918	(19 536 429)	71 228 220	66 681 836	4 546 384
RATES AND GENERAL SERVICES					
71 185 485	88 875 962	(17 690 477)	66 913 164	60 020 604	6 892 560
-	2 657 865	(2 657 865)	100	50 408	3 784 582
222 811	6 656 158	(6 433 347)	110	222 982	7 264 675
-	1 287 277	(1 287 277)	200	-	1 264 638
547 614	694 679	(147 065)	201	244 525	642 362
-	713 599	(713 599)	202	-	-
-	97 825	(97 825)	203	41 056	584 504
109 022	4 805 644	(4 696 622)	205	-	5 619 202
-	1 217 647	(1 217 647)	206	-	750 148
208 610	2 027 398	(1 818 788)	207	335 862	3 330 200
-	71 789	(71 789)	210	-	-
-	-	-	220	-	-
11 767	-	11 767	240	-	41 941
1 253 942	2 649 855	(1 395 913)	255	946 295	2 627 636
55 367 705	44 522 833	10 844 872	300	53 214 261	17 005 521
16 616	-	16 616	420	-	-
13 371 142	19 263 214	(5 892 072)	430	11 792 278	14 459 617
69 683	670 069	(600 386)	450	39 287	863 677
-	1 069 104	(1 069 104)	460	-	1 195 303
-	443 636	(443 636)	700	14 673	524 370
6 573	27 370	(20 797)	595	11 537	62 228
308 646	2 711 230	(2 402 584)	342 833	2 931 608	(2 588 775)
-	2 134 826	(2 134 826)	480	3 031	2 527 368
308 646	576 404	(267 758)	615	339 802	404 240
Subsidised Services					
3 871 358	3 314 726	556 632	3 972 223	3 729 624	242 599
185 090	1 673 244	(1 488 154)	470	-	-
3 686 268	1 641 482	2 044 786	475	3 972 223	3 729 624
Economic Services					
14 784 149	18 406 318	(3 622 169)	16 856 980	18 675 382	(1 818 402)
7 977 154	14 759 254	(6 782 100)	805	16 856 980	18 675 382
6 806 995	3 647 064	3 159 931	800	-	-
90 149 638	113 308 236	(23 158 598)	88 085 200	85 357 218	2 727 982
					(41 403 594)
					Accumulated surplus:
					69 450 206 beginning of the year
					4 888 014 Accumulated surplus/(deficit) end of the year
					15 209 631
					4 888 014
					22 825 627

ELUNDINI LOCAL MUNICIPALITY							APPENDIX A
TRUST FUNDS, PROJECT FUNDS AND RESERVES							
	Balance at 30 June 2008	Contribution during the period	Interest on Investment	Operating expenditure during the year	Capital expenditure during the year	Transfers	Balance at 30 June 2009
PROJECT FUNDS							
Housing Personnel Fund	56 226	-	4 257	-	-	-	60 483
Town Register Fund	20 127	-	1 097	-	-	-	21 224
Drought Relief Fund	865 120	-	77 131	-	-	-	942 251
Intervention Fund	887 872	-	52 331	430 713	-	-	509 491
MIG Fund	125 527	17 789 847	48 281	-	10 356 272	-	7 607 383
CMIP Fund	1 047 822	-	26 396	72 471	-	-	1 001 747
Elundini Housing Fund	66 683	-	11 434	-	-	6 385	71 732
IDP/ LDO Fund	110 877	-	7 723	-	-	-	118 600
Leave Reserve Fund	11 549	-	569	-	-	-	12 118
NER Fund	10 756 599	5 000 000	381 205	-	10 006 253	-	6 131 551
Survey Fund	210 684	-	18 215	-	-	-	228 899
Transitional Grant Fund	913 502	-	80 141	14 674	-	-	978 970
Capacity Building Fund	1 335 853	-	106 834	-	-	206 914	1 235 773
MSP Fund	1 575 242	-	142 254	-	79 584	-	1 637 912
Katlehong Housing Fund	2 660	-	131	-	-	-	2 791
LED Open Market Fund	33 238	-	5 488	-	-	-	38 726
Housing Pilot Fund	114 684	-	9 468	-	11 644	-	112 508
Maclear Greenfields Fund	739 557	-	66 254	-	-	-	805 811
FMG Fund	761 118	250 000	62 494	-	-	754 962	318 650
MSIG Fund	216 425	918 750	62 917	1 075 167	-	-	122 926
Enkululekweni Funds	406 399	-	32 480	-	-	-	438 879
Library Funds	285 152	-	23 753	333 982	-	-25 077	0
Municipal Admin. Fund	68 656	-	5 199	-	-	-	73 855
Tourism Fund	-	2 029 838	159 939	244 982	-	87 013	1 857 782
Voter Station Fund	-	250 000	880	249 771	-	-	1 109
Expanded Public Works Fund	-	500 000	4 516	-	84 351	-	420 165
HIV/ Aids Fund	829 328	60 000	-	829 328	-	-	60 000
Mt Fletcher Youth Center Fund	-	200 000	-	-	-	-	200 000
	21 440 900	26 998 435	1 391 390	3 251 087	20 538 104	1 030 197	25 011 335
STATUTORY FUNDS							-
							-
Revolving Fund	11 412 988	-	832 289	-	4 619 574	-	7 625 703
Equitable Share Fund	17 936 974	-	-	17 936 974	-	-	-
	29 349 962	-	832 289	17 936 974	4 619 574	-	7 625 703

ELUNDINI LOCAL MUNICIPALITY
INTERNAL LOANS/(INTERNAL ADVANCES)

APPENDIX B

	Balance at 30 June 2008	Received during the year	Redeemed or written off during the year	Balance at 30 June 2009
INTERNAL LOANS				
Financial Management Grant	4 506	-	-	4 506
Library Fund	246 538	-	-	246 538
Intervention Fund	327 126	-	327 126	-
MIG Fund	971 686	715 437	-	1 687 123
Tourism Fund	112 515	87 011	112 515	87 011
MSIG Fund	628 334	-	200 350	427 984
MSP Fund	236 980	-	236 980	-
LED Open Market Fund	166 667	-	166 667	-
Maclear Greenfields Fund	25 065	-	25 065	-
Voter Station Fund	-	98 751	-	98 751
	2 719 417	901 199	1 068 703	2 551 913
INTERNAL ADVANCES				
Revolving Fund	237 011	26 024	120 400	142 635
CMIP Fund	152 587	10 145	-	162 732
IDP/LDO Fund	50 000	-	50 000	-
NER Fund	4 000 000	-	4 000 000	-
	4 439 598	36 169	4 170 400	305 367

ELUNDINI LOCAL MUNICIPALITY					APPENDIX C
ANALYSIS OF FIXED ASSETS					
ASSET CATEGORY	Balance at June 2008	Expenditure During the year	Written off /Transferred	Disposal	Balance at 30 June 2009
Rates and General Services	71 008 989	15 142 948	1 620 312	40 946	84 490 679
Community Services	70 573 399	15 142 948	1 620 312	40 946	84 055 089
Office equipment	604 739	117 893	-	-	722 632
Capital development	11 097 088	348 144	-	-	11 445 232
Computer equipment	729 975	220 517	-	-	950 492
Computer software	36 720	-	-	-	36 720
Commonage	8 002 060	-	-	-	8 002 060
Electricity network	2 631 693	8 683 300	-	40 946	11 274 047
Plant and equipment	50 568	-	-	-	50 568
Buildings	2 503 715	-	-	-	2 503 715
Machinery	2 678 808	-	-	-	2 678 808
Streets	2 291 810	4 750 048	-	-	7 041 858
Land and Buildings	36 130 876	186 877	-	-	36 317 753
Library	128 579	-	-	-	128 579
Motor Vehicles	3 426 258	652 073	1 620 312	-	2 458 019
Tools and Equipment	2 540	184 096	-	-	186 636
Other assets	257 970	-	-	-	257 970
					-
Economic Services	435 590	-	-	-	435 590
	435 590				435 590
					-
Less: Loans redeemed and other capital receipts	-70 640 708	-15 142 948	-1 620 312	-	-84 163 344
NET FIXED ASSETS	368 281	-	-	40 946	327 335

ELUNDINI LOCAL MUNICIPALITY

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE
for the year ended 30 June 2009

INCOME	VAR. %	BUDGET 2009 R	ACTUAL 2009 R	ACTUAL 2008 R
Grants and subsidies	-31%	35 834 597	32 030 990	24 712 573
National Government - Equitable Share	-22%	31 030 000	31 029 765	24 350 623
Provincial Government(Finance, Tourism; HR)		-	-	361 950
Grants in Aid	-100%	4 804 597	1 001 225	-
Operating income	7%	41 375 446	33 196 697	44 256 511
Assesment Rates	102%	1 800 000	3 548 743	3 628 823
Sale of Electricity	194%	1 600 000	2 839 593	4 700 227
Sale of Water	173%	1 243 558	-	3 396 315
Other Service Charges	-11%	36 731 888	26 808 361	32 531 146
TOTAL INCOME	-11%	77 210 043	65 227 687	68 969 084
Add: Government Grants in Funds				
Government Grants in Funds	-38%	33 986 401	22 857 513	21 180 554
		111 196 444	88 085 200	90 149 638
EXPENDITURE				
Salaries, wages and allowances	2175%	35 087 379	29 955 936	27 454 405
General expenditure	-1752%	67 076 977	53 770 542	78 830 482
Purchases of Electricity	2735%	6 102 475	-	4 433 224
Repairs and maintenance	953%	2 862 812	1 630 740	2 590 126
Gross expenditure	-196%	111 129 643	85 357 218	113 308 237
Less: amounts charged out	0%	-	-	-
Net expenditure	-196%	111 129 643	85 357 218	113 308 237
Net (Deficit)/Surplus for the year		66 801	2 727 982	113 308 237

		2008/2009	
1)	Population		137 580
	Registered Voters		56 704
2)	Valuation of Property		
	Land	Taxable	24 473 165
	Land	Non- Taxable	19 135 443
	Improvements	Taxable	138 843 252
	Improvements	Non- Taxable	29 085 170
	Residential	Land	
	Improvements		107 192 143
Commercial	Land		3 642 930
	Improvements		31 636 949
Number of Properties	Residential		2 447
	Residential (Non-rateable)		3 147
	Commercial		94
3) Assesment Rates - Land & Improvements		Residential	0,02
		Government	0,03
		Business	0,025
4) Number of employees as at 30 June 2009			205
5) Electricity Statistics	Units Purchased		18 243 080
	Units Sold		10 475 304
	Cost Per Unit Sold		0,47cents
6) Water Statistics	Units Purified		268 693
	Units Sold		268 693
	0 - 6 KL		Free
	6 - 30 KL	R	4.67
	31 - 50 KL	R	5.14
	> 50 KL	R	5.60