

**UMZINYATHI UMASIPALA WESIFUNDA
UMZINYATHI DISTRICT MUNICIPALITY**



**FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2009**

UMZINYATHI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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UMZINYATHI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

GENERAL INFORMATION

Speaker	Clr. S.R. Nyamane
Mayor	Clr. M.S. Yengwa
Deputy Mayor	Clr. T.H. Mchunu
Exco Members	Clr. F.S. Mkhize Clr. B Brown Clr. A.M. Shaikh
Council Members	Clr. P M Bisram Clr. X.S. Xaba Clr. B.H. Ndlovu Clr. M. I. Sithole Clr. L. D. Ngubane Clr. I. Bedassi Clr. A.S. Shezi Clr. S. M. Kunene Clr. F J Sikhakhane Clr T. E. Malunga Clr. T.M.B. Zulu Clr. F.I. Mdlalose Clr. N.P. Zulu Clr. N. G. Sithebe Clr.P G Mabalisa Clr. A. M. Mtshali Clr. P.M.S. Ngubane

Grading of Municipality

Grade 3 (in terms of Government Notice R1224 dated 1 December 2006)

Auditors

The Auditor-General
Private Bag X9034
PIETERMARITZBURG
3200

UMZINYATHI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

GENERAL INFORMATION (continued)

Bankers

ABSA Bank Limited, Current Account, Dundee (Operating account)

Registered office

Princess Magogo Building
39 Victoria Street
DUNDEE
3000

P O Box 1965
DUNDEE
3000

Tel: (034) 219 1500

Fax: (034) 218 1940

E-mail: registry@umzinyathi.gov.za

Municipal Manager

Sipho N Dubazana
BA Hons, MBA

Chief Financial Officer

Bongani B. Mdletshe
FIAC , SAIPA, LIMFO

UMZINYATHI DISTRICT MUNICIPALITY

REPORT OF THE AUDITOR-GENERAL

30 JUNE 2009

The report of the Auditor-General will be inserted after the audit.

STATEMENT OF THE MUNICIPAL MANAGERS RESPONSIBILITY

**UMZINYATHI DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2009**

The Umzinyathi District Municipality is situated 41 Victoria Street, Dundee is a category C Municipality established in terms of section 12 (1) of the Municipal Structures Act, No.117 and published in terms of Provincial Government Notice 346 on the 19 September 2000. The Local Government Operations of the Municipality are assigned by section 156 and 229 of the South African Constitution and defined specifically in terms of section 83 of the Municipal Structures Act.

I am responsible for the preparation of these financial statements, which are set out on page 1 to 55 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed on note 13 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the remuneration of the Public Office Bearers and the Minister of Provincial and Local Government's determination in accordance with this act.

.....
Mr S.N. Dubazana
Municipal Manager

27 August 2009
Date

UMZINYATHI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES
for the year ended 30 June 2009

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies , Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Accounting policies for material transaction, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7,11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 issued in March 2009. Details of the transitional provisions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies which have been consistently applied except where transitional provisions has been granted are disclosed below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

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

1.4 EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting - issued March 2005
GRAP 21	Impairment of Non-Cash-generating-assets - issued March 2009
GRAP 23	Revenue from Non-Exchange Transactions - issued February 2008
GRAP 24	Presentation of Budget Information - issued November 2007
GRAP 26	Impairment of Cash-generating-assets - issued March 2009
GRAP 103	Heritage Assets - issued July 2008
IAS 19	Employee Benefits - effective 1 January 2009
IFRIC 17	Distribution of Non-cash Assets to Owners - effective 1 July 2009

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset's given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

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2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. **Land** is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

	<u>Years</u>	<u>Other</u>	<u>Years</u>
Infrastructure			
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-80	Other vehicles	5
Water	15-100	Office equipment	3-7
Sewerage	15-60	Furniture and fittings	7-10
		Watercraft	15
Community			
Buildings	30	Bins and containers	5
Recreational Facilities	20-30	Specialised plant and equipment	10-15
Security	5	Other items of plant and equipment	2-5
		Landfill sites	15

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009, with respect to the measurement of property, plant and equipment as set out in paragraph 73 to 83.

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**UMZINYATHI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES
for the year ended 30 June 2009**

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009, with respect to the measurement of Intangible Assets as set out in paragraph 110 to 118..

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

5 NON-CURRENT ASSETS HELD FOR SALE

5.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

5.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

6 FINANCIAL INSTRUMENTS

6.1. INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

6.2. SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

6.3. INVESTMENTS

Investments, which include listed, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

6.4. UTHUKELA WATER INVESTMENT

Investment at Uthukela Water Pty Ltd has been raised using the historical cost price value of the water services assets purchased and transferred to Uthukela Water from 1 July 2004 to 30 June 2009 by Umzinyathi District Municipality. The value of Investment will be evaluated using the Audited annual financial statements of Uthukela Water Pty Ltd. A Provision for Uthukela Water Investment write off has been raised due to the fact that the value of the investment could not be determined as a result of unavailability of up to date audited financial statements of

6.5. TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

6.6. FINANCIAL LIABILITIES: ACCOUNTS PAYABLE

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

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UMZINYATHI DISTRICT MUNICIPALITY

ACCOUNTING POLICIES

for the year ended 30 June 2009

6.7. CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

6.8. INVENTORIES

Initial Recognition

Inventories are initially recognised at costs. Costs generally referes to the purchase price, plus tax, transport and any other costs of bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced the costs include the costs of labour, material and overheads during the manufacturing process.

Subsequent Measurement

Consumer stores, maintenance materials and water stock are valued at the lower of costs and net realisable value. In general, the basis of determining cost is the weighted average method.

Unsold properties are valued at the lower of costs and net realisable value on a weighted average costs basis. Direct costs are accumulated for each separate development. Costs also include a proportion of overhead costs.

Redunded slow moving inventories are identified and written down from costs to net realisable value with regard to their estimated economic or realisable values.

6.9. INVESTMENT IN JOINT VENTURE

An investment in a joint venture is carried at costs less any accumulated impairment.

The municipality's share of profit or loss, resulting from operatins of the joint venture, is recognised on accrual basis and is capitilised to the costs of investment.

7 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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**UMZINYATHI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES
for the year ended 30 June 2009**

8 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

10 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met: (a)

The municipality has a detailed formal plan for the restructuring identifying at least: - the business or part of a business concerned;- the principal locations affected - the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

11 TRANSLATION OF FOREIGN CURRENCY

The transaction in the foreign currency are initially recorded at the prevailing exchange rate on the dates of the transaction. Monetary assets and liabilities in such foreign transaction are translated at the rates prevailing at the reporting date.

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UMZINYATHI DISTRICT MUNICIPALITY ACCOUNTING POLICIES for the year ended 30 June 2009

12 COMPARATIVE INFORMATION

Current Year Comparatives

Budgeted amount have been included in an annexure to these financial statements for current financial year only.

Prior Year Comparatives

When presentation or classification of items in the annual financial statements is amended, prior period comparatives amounts are restated. The nature and reason for the reclassification is disclosed. When there has been a change in the accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparative is restated accordingly.

13 LONG SERVICE AWARD

Provision for the long service awards represents the present value of the estimated future cash outflows to be made by the municipality resulting from employee service providing up to Statement of Financial Position date. The provision comprise amounts that the municipality has present obligation to pay resulting from employees services provided up to Statemetment of Finanicial Position date.

14 LEASES

14.1. MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

14.2. MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease installments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**UMZINYATHI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES
for the year ended 30 June 2009**

15 REVENUE

15.1. REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

15.2.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible Councilors or officials is virtually certain.

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UMZINYATHI DISTRICT MUNICIPALITY ACCOUNTING POLICIES for the year ended 30 June 2009

15.3. GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

16 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

17 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined benefit funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

The funds are actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from participating municipalities in the form of surcharges added to the contributions which are recognised as an expense in the statement of Financial Performance in the year that they become payable.

18 OTHER POST RETIREMENT BENEFITS

The municipality provides post-retirement health care benefits to their retirees. The entitlement of these benefits is usually conditional on the employees remaining in service up to retirement age and the completion of the minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for defined pension benefit plans. Actuarial gains and losses arising from experience adjustment, and changes in actuarial assumption, are charged or credited to revenue over the expected average remaining lives of the relevant employees to the extent which they exceed the 10% corridor.

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UMZINYATHI DISTRICT MUNICIPALITY ACCOUNTING POLICIES for the year ended 30 June 2009

19 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

**UMZINYATHI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES
for the year ended 30 June 2009**

20 **RESERVES**

20.1. Capital Replacement Reserve (CRR)

In order to Finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from accumulated surplus to the CRR. A corresponding amount is transferred to a designated CRR bank account or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amount in the CRR are utilised.

The amount transferred to CRR is based on the municipality's needs to finance future capital projects included in the Intergrated Development Plan.

CRR is included in Accumulated Surplus in the Statement of Financial Position . In the Prior year it was separately disclosed.

20.2. Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is be made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and

equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit)

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

20.3. Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

20.4. Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

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**UMZINYATHI DISTRICT MUNICIPALITY
ACCOUNTING POLICIES
for the year ended 30 June 2009**

21 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

22 TRANSITIONAL PROVISIONS

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board,

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 12	Inventories - paragraphs 45-52
GRAP 13	Leases - paragraphs 55-60
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

UMZINYATHI DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Note	2009 R	Restated 2008 R
EQUITY AND LIABILITIES			
EQUITY			
		63 608 879	87 182 688
Accumulated Surplus/ (Deficit)	1	57 808 879	87 182 688
Revaluation Reserve	3	5 800 000	0
NON CURRENT LIABILITIES			
		1 803 398	2 114 227
Long Term Liabilities	4	1 803 398	2 114 227
Non-Current Provisions			
CURRENT LIABILITIES			
		84 367 575	62 446 518
Provisions	10	952 323	465 991
Unspent Conditional Grant and Receipts	11	49 539 741	49 538 340
Creditors	11	33 593 435	12 221 638
Current Portion of Long-term Liabilities	4	282 076	220 549
TOTAL EQUITY AND LIABILITIES		149 779 852	151 743 433
ASSETS			
NON- CURRENT ASSETS			
		81 442 665	48 045 854
Propert, Plant and Equipment	5	14 472 006	23 391 482
Investments	6	66 970 659	24 651 526
Long Term Receivables	7	0	2 846
Uthukela Water Investment	2	0	0
CURRENT ASSETS			
		68 337 187	103 697 580
Debtors	9	1 576 242	10 355 274
Vat	9	18 373 596	29 484 142
Other Debtors	9	0	0
Current Portion of Long-term Debtors	7	35 896	66 101
Call Investment Deposits	6	33 890 337	51 052 949
Bank Balance and Cash	21	14 461 116	12 739 114
TOTAL ASSETS		149 779 852	151 743 433

UMZINYATHI DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

Restated

	Note	Actual 2009 R	Actual 2008 R
REVENUE			
Rental of Facilities and equipment		308 907	304 825
Interest Earned - External Investments		11 674 225	8 916 964
Interest Earned - Outstanding Debtors		0	832
Government and Provincial grants and subsidies	22	240 827 958	145 820 647
Other		77 320	379 436
Public Contribution and Donations		0	0
Gains on Disposal of Property, Plant and Equipment			
TOTAL REVENUE		252 888 410	155 422 704
EXPENDITURE			
Employee Related Costs		16 721 489	12 228 320
Remuneration of Councillors		1 928 210	1 828 210
Bad Debts			
Collection Costs			
Depreciation		2 119 768	12 990 037
General expenses		74 671 057	49 415 550
Repairs and maintenance		1 320 846	855 930
Interest Paid		468 927	456 627
Contracted Services		169 931 502	75 490 719
Loss on Disposal of Property, Plant and Equipment			
Total Expenditure		267 161 800	153 265 393
Less: Amounts charged out		-	-
Net expenditure		(14 273 390)	2 157 311

UMZINYATHI DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Pre-GRAP GAMAP Accum Funds	Pre-GRAP GAMAP Reserves	Pre-GRAP GAMAP External Loan Lease	Pre-GRAP GAMAP Internal Loan CDF	Pre-GRAP GAMAP Loans Redeemed Capital Receipt	Total Pre-GRAP GAMAP Reserve	Government Grant Reserve	Donation and Public Contribution Reserve	Revaluation Reserve	Accumulated Surplus/ Deficit	Total
	R	R	R	R	R		R	R	R	R	R
2008											
Balance at 1 July 2007	9 169 833	5 325 865	149 113	893 755	33 123 360	48 661 926				39 789 792	88 451 718
Implementation of Gamap (note 33)	-9 169 833	-5 325 865	-149 113	-893 755	-33 123 360	-48 661 926	16 222 302	22 226 924		10 212 701	0
Change in accounting policy (note 33)											0
Restated Balance	0	0	0	0	0	0	16 222 302	22 226 924	0	50 002 492	88 451 718
Surplus/(deficit) for the year										15 147 348	15 147 348
Prior Year Adjustment										-1 374 950	-1 374 950
Transfer to CRR											
Funds Utilised During the Year											
PPE purchased							-1 931 905			0	-1 931 905
Uthukela Capitalisation Reserve							1 227 858	481 002			1 708 860
PPE purchased transferred										0	0
Offsetting of Depreciation							-1 828 346	0		0	-1 828 346
							-2 347 315	-10 642 723			-12 990 037
Balance as at 30 June 2008	0	0	0	0	0	0	11 342 594	12 065 203	0	63 774 890	87 182 687
Correction of error (note 33)											0
Change in accounting policy (note 33)											0
Restated Balance	0	0	0	0	0	0	11 342 594	12 065 203	0	63 774 890	87 182 687
Balance at 1 July 2008							11 342 594	12 065 203		63 774 890	87 182 687
Surplus/(deficit) for the year										-14 273 389	-14 273 389
Funds Utilised During the Year										0	-4 372 736
Uthukela Capitalisation										0	0
PPE purchased							4 138 595	208 940		0	4 347 535
Revaluation of Property									5 800 000	0	5 800 000
Insurance Claim Proceeded										-0	-0
Asset transferred to LMS							-10 602 655	-4 472 563			-15 075 218
Asset Disposal											0
Offsetting of Depreciation											0
Balance as at 30 June 2009	0	0	0	0	0	0	2 613 933	5 693 445	5 800 000	49 501 501	63 608 879

UMZINYATHI DISTRICT MUNICIPALITY

CASH FLOW STATEMENT

FOR THE PERIOD ENDING 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated by operations	17	(15 616 762)	6 131 052
Cash contributions from the Public and State		0	0
Cash Receipt From Rate Payers, Government and Other			
Cash Paid to Suppliers and Employees	18	41 843 686	9 796 618
Cash generated from /(Utilised in) Operations		26 226 925	15 927 670
Interest Received	15	11 674 225	8 917 796
Interest Paid	15	(468 927)	(456 627)
NET CASH FROM OPERATING ACTIVITIES		37 432 223	24 388 840
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property,Plant and Equipment	5	(10 242 868)	(1 489 537)
Proceed on Disposal of Property, Plant and Equipment			
Increase in Uthukela Investment	2	0	0
Decrease in non Current Receivables	19	(310 830)	(1 262 191)
Increase in non-current investment	20	(25 156 522)	(51 874 291)
NET CASH FLOW FROM INVESTING ACTIVITIES		(35 710 219)	(54 626 019)
CASH FLOW FROM FINANCING ACTIVITIES			
New Loans Raised / (Repaid)			
Increase in Consumer Deposits			
NET CASH FLOW FROM FINANCING ACTIVITIES		0	0
NET DECREASE IN CASH AND CASH CASH EQUIVALENTS	21	1 722 004	(30 237 179)
		(1 722 003)	30 237 179
Cash and Cash Equivalents at the Beginning of the Year		12 739 113	42 976 293
Cash and Cash Equivalents at the End of the Year		14 461 116	12 739 113

UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2 009	2 008
	R	R
1 Accumulated Surplus / (Deficit)		
Donations and Public Contributions Reserve	5 693 446	11 342 594
Government Grant Reserve	2 613 933	12 065 203
Accumulated Surplus	49 501 501	63 774 892
	<u>57 808 879</u>	<u>87 182 688</u>

For more details refer to the statement of net changes in assets.

2 UTHUKELA WATER INVESTEMENT		
Uthukela Water Pty Ltd Investment	473 449 540	345 568 883
Provision for Uthukela Water Investment Write Off	(473 449 540)	-345 568 883
	<u>0</u>	<u>0</u>

Investment at Uthukela Water Pty Ltd has been raised using the historical costs price value of the water services assets purchased and transferred to Uthukela Water from 1 July 2004 to 30 June 2009 by Umzinyathi District Municipality . The investment value will be evaluated using the audited Annual Financial statements of Uthukela Water Pty Ltd. A provision for Uthukela Investment write off has been raised due to the fact that the actual value of investment could not be determined as a result of unavailability of up to date audited financials statements of Uthukela Water Pty Ltd.

REVALUATIONS RESERVE		
3 Revaluation Reserve	<u>5 800 000</u>	<u>-</u>

Revaluation of property were performed using Endumeni Municipality Valuation Roll which was prepared by an independent person. The original cost price was R8 000 000.00 plus revaluation of R5 800 000 resulting to R13 800 000.00

4 LONG-TERM LIABILITIES		
DBSA Loan	2 085 473	2 334 776
	<u>2 085 473</u>	<u>2 334 776</u>
Less: Current portion of Long- Term Liabilities	282 076	220 549
	<u>0</u>	<u>-</u>
	282 076	220 549
	<u>0</u>	<u>-</u>
	<u>1 803 398</u>	<u>2 114 227</u>

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

ANNUITY AND OTHER LOANS

Bear interest at rates of between 7.5% per annum and 16.85% and will be fully redeemed in 2019.

UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

	2 009 R	2 008 R
5 FIXED ASSETS		Restated
Fixed assets	23 391 482	36 720 328
Capital outlay during the year	10 151 035	1 489 537
Adjustments		-
Less :	16 950 743	1 828 346
Total fixed assets	16 591 774	36 381 519
Less : Depreciation	2 119 768	12 990 037
Net fixed assets	14 472 006	23 391 482

Fixed assets has been restated in order to comply with GRAP 17 accounting requirements.

Previously Reported

3 377 645

Restated amount

23 391 482

Property, Plant And Equipment at 30 JUNE 2009

	Land and Building R	Vehicles R	Office Furniture Equipment & other R	Total R
Reconciliation of Carrying Value				
Carrying Value as at 1 July 2008	15 080 541	2 819 522	5 491 418	23 391 481
Costs / Revaluation	19 952 475	6 184 672	10 244 372	36 381 518
Correction of Error				-
Accumulated depreciation	-4 871 933	-3 365 150	-4 752 954	-12 990 037
Acquisitions	1 415 000	1 179 880	1 756 155	4 351 035
Revaluation	5 800 000			5 800 000
Capital under Construction				
Depreciation	-385 056	-704 255	(1 030 456)	-2 119 768
Carrying value of disposal	-13 897 898	-1 179 880	(1 872 964)	-16 950 742
Costs				
Accumulated Depreciation				
Impairment Losses				
Other Movements				
Carrying Value at 30 June 2009	8 012 587	2 115 266	4 344 152	14 472 006
Costs	21 367 475	7 364 552	12 000 526	40 732 553
Accumulated Depreciation	-5 256 990	-4 069 405	(5 783 410)	-15 109 805
	16 110 485	3 295 146	6 217 116	25 622 748

Property, Plant And Equipment continued

	Land and Building R	Vehicles R	Office Furniture Equipment & other R	Total R
Reconciliation of Carrying Value				
Carrying Value as at 1 July 2007	19 952 474	6 184 672	10 583 181	36 720 327
Costs	19 952 474	6 184 672	10 583 181	36 720 327
Correction of Error				-
Accumulated depreciation				-
Acquisitions		85 964	1 403 573	1 489 537
Capital under Construction				
Depreciation	-4 871 933	-3 365 150	(4 752 954)	-12 990 037
Carrying value of disposal			(1 828 346)	-1 828 346
Costs				
Accumulated Depreciation				
Impairment Losses				
Other Movements				
Carrying Value at 30 June 2008	15 080 541	2 905 486	5 405 454	23 391 481
Costs	19 952 474	6 270 636	11 986 754	38 209 864
Accumulated Depreciation	-4 871 933	-3 365 150	(4 752 954)	-12 990 037
	15 080 541	2 905 486	7 233 800	25 219 827

(Refer to Appendix C for more details.)

6 INVESTMENTS

Unlisted :

Long term deposits	66 970 659	24 651 526
Call deposits	33 890 337	51 052 949

Total investments	100 860 997	75 704 475
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Managements' valuation of unlisted investments.	100 860 997	75 704 475
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Average gross rate of return on investments	10%	7%
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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.

UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

	2 009	2 008
	R	R
Institution		
Investec	0	-
ABSA	33 890 337	51 052 949
Nedbank	40 714 622	696 897
First National Bank	26 256 037	23 954 629
Total	100 860 997	75 704 475

7 LONG TERM DEBTORS

Car loans	0	-
Less : Provision for doubtful debts	0	-
	<u>0</u>	<u>-</u>
Bridging finance	35 896	68 946
Other loans	0	-
	<u>35 896</u>	<u>68 946</u>
Less : Short-term portion	35 896	66 101
	<u>0</u>	<u>2 846</u>

Soft loan of R700 000 granted in 1993 by the then uThukela Joint Services Board to the then Dundee Municipality for a period of 15 years at 5% interest per annum.

8 INVENTORY

Inventory represents consumable stores.	<u>0</u>	<u>-</u>
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Where necessary, provision is made for obsolete inventory.

UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

	2 009	2 008
	R	R
9 DEBTORS		
Debtors	1 576 242	10 355 274
Debtor - Interest Accrued	329 041	248 017
District Games 2009	674 177	-
General Suspense	0	-
Inter-DC Debtor Suspence	0	22 054
ISWIP Debtor Suspence	0	248 468
Premiers Office Funding	0	11 270
Debtors Control	0	23 190
Sundry Debtors Control	0	68 480
Sundry Debtors Deposits Cont	0	66 918
Sundry Debtors (Other)	0	5 801
uThukela Water Control	0	7 490 096
Supplier Deposits	0	7 325
Sundry Creditors;ISWIP Creditor	0	157 808
LGSETA : Training Grant	573 024	526 794
iNdlovu DM Distribution Debt	0	1 452 211
CMIP-Sithembile Bulk Sewer	0	26 841
Other Debtors	0	0
Salaries Suspense	0	-
Salary Advances Suspense	0	-
Short-term portion of long-term debtors	35 896	66 101
Receiver of Revenue - Value Added Tax	18 373 596	29 484 142
Vat Input Control	45 002 802	19 162 877
Vat Input Control:Public Works	0	709 173
Vat Output Control	(306 948)	-263 333
Vat Outp Control:CMIP Projec	0	-410 160
Vat Control	(26 322 257)	10 285 587

UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

	2 009	2 008
	R	R
10 PROVISIONS		
Leave pay	952 323	465 991
Maintenance		
(Refer to appendix F for more detail)		
	952 323	465 991

11 CREDITORS

	33 593 435	12 221 638
Trade Creditors and accruals	0	4 800
Deposit Clearing Account	0	656 408
Kranskop Taxi Rank - Mvoti D	0	4 754
Inter-DC Direct Deposits Sus	0	-
Insurances Suspense	12 478 667	8 850 149
Retentions Held Suspense	0	-
Unknown Deposit Suspense	0	558 283
Sureties Held Suspense	21 114 768	957 355
Accruals Suspense Account	0	-
Unclaimed Wages	0	11 903
Prepaid Income	0	-
Cash Suspense Account	0	-
LOAN ACCOUNT: KZ242(NQUTHU)	0	1 177 986

Creditors: Unspent Conditional Grants and Receipts

	49 539 741	49 538 340
MiG Grant	13 129 958	23 178 349
DWAF : M & E Grant	600 000	600 000
DWAF : Water Loss Management	1 871 999	5 220 000
DIMS Project	3 318	5 100
Msinga/Nyoniyezwe Sportfield	74 259	420 998
Hermannesburg Mvoti Sportfield	0	323 441
Silonjane Nquthu Sportsfield	178 185	323 441
uMvoti Sports Complex - DSRS	214 816	239 816
Fabeni Sports Stadium Suspen	18 295	43 295
Makhabeleni Sports Complex	260 323	376 150
Nondweni Sportfield Upgrade	0	16 205
Nquthu Sport Stadium	0	16 350
Umsinga Poultry Plan	104 666	
Fan Parks	0	
Grant Funding Intergovernmental	200 000	
Solid Waste Management	300 000	
Reserves: Transitional Grant	0	240 340
GRANT-EMANDLENI GRAZING CAMP	4 904	29 227
Shared Services	2 613 065	3 010 000
Reserves: General Grants :Intergrated Transport Plan	149 499	250 499
Reserves: General Grants :Finance Management Grant	97 695	601 372
Reserves: General Grants :Transformation Grant	0	197 771
Reserves: General Grants :Community Communication Initiative	0	23 781
Reserves: General Grants :Civil Protection	0	23 500
Reserves: General Grants :Tourism	37 756	40 560
Reserves: General Grants :IDP And Capacity Building	0	21 655
Reserves: General Grants :PMS Funding DBSA	0	146 400
Reserves: General Grants :Gijima	0	-46 288
Reserves: General Grants :Gijima - Inter SMME's	0	-43 746
Reserves: General Grants :Gijima - Agriculture Development Strategy	23 784	238 490
Reserves: General Grants :Gijima - Led Strategy	0	153 367
Reserves: General Grants :LGTA WSDP Review	0	-
Reserves: General Grants :LGTA Assess of Water	444 254	444 254
LED:DISTRICT TOURISM STRATEGY	0	241 251
LED:DISTRICT SIGNAGE PROJECT	99 664	318 755
LED:ENDUMENI MARKET STALLS	82 485	141 068

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

	2009	2008
	R	R
Creditors: Unspent Conditional Grants and Receipts Cont.		
LED:MANGENI WATERFALL	0	23 763
LED:KWAKOPI CURIOSHOP	0	141 877
LED:MUDEEN ARTS & CRAFT	16 811	50 073
Reserves: Municipal Support Grant	0	36 333
Reserves: CMC & Secretariat Grant	53 546	61 988
Reserves: LGTA Municipal (ICS) Grant:	997 682	1 532 934
NLDTF : Dundee Arts & Craft	1 209 905	774 744
Growth Development Summit	0	100 000
Reserves: GIS System Grant;	1 484 895	1 158 596
Reserves: Municipal Systems Improvement Grant	23 365	2 178 328
Halodi Gravel Access Road	1 342 464	-
Bhambatha Stadium;	205 044	460 752
Endumeni Rural Horse Riding;	181 293	525 503
LED Msinga Agriculture Packhouse Project	273 598	273 598
LED Msinga Stone Crushing Plan	146 598	146 598
LED Msinga Bee&Mushroom Farming	20 048	107 323
LED Nquthu Eqhude Agribusiness	29 193	29 193
Disaster Management Grant	102 160	400 000
LED Corridor Development	502 765	520 000
Development Planning IDP Capacity Building	285 387	510 000
Disaster Managemen Plan/Centre	467 132	587 548
DTLGA:WSDP 06/07	0	17 870
DTLGA:S78 06/07	700 000	700 000
DTLGA:TECH SUP 06/07	612 718	740 000
DTLGA:BACKLOG 06/07	116 548	116 548
DTLGA:ENERGY 06/07	200 000	200 000
DTLGA:CAPACITY BUILDING 06/0	4 218	98 000
DTLGA:CAPACITY IDP 2007	16 023	16 023
Greytown Bulk Water	10 334 945	-
Soya Bean Project	0	-
Contractor Incubator Project	1 530 588	-
Decommiss Nquthu Sewer	2 421 663	-
Msinga Agri-Business	1 292 351	-
CMIP Dundee Bulk Water	0	-
Massifikation of Bulk Water	1 000 000	-
Enseleni Community Hall1 Greytown	1 106 842	-
Enkamba Community Hall1 Msinga	1 146 126	-
Development of 2 Landfill Sites	1 000 000	-
Drought Relief No.3;	206 908	1 235 347
12 CONSUMER DEPOSITS		
There were no guarantees in lieu of deposits.	0	-
13 REMUNERATION		
COUNCILLORS' REMUNERATION		
Mayor's allowance	258 213	237 696
Deputy Mayor's allowance	79 132	70 112
Speaker's allowance	224 928	211 083
Members' allowances	1 095 069	1 040 986
Executive committee allowances	115 105	114 122
Local Authority attendance fees	28 184	19 507
Medical aid contributions	6 852	16 510
Pension fund contributions	120 726	118 194
	1 928 210	1 828 210
EMPLOYEE RELATED COSTS		
Employee related costs : Salaries and Wages	14 593 073	8 157 205
Employee related costs : Contribution for UIF, Pension and Medical Aid	2 128 417	1 832 135
Travel, Motor Car, Accommodation, Subsistence and other allowances		1 264 691
Housing Benefit and Allowances		423 697
Overtime Payments		90 568
Performance Bonuses		329 491
Less : Employee costs capitilised		
Less : Employee costs included in other expenses		
Total Employee Related Costs	16 721 489	12 097 787
There were no advances and loans issued to employees		

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

	2 009	2 008
	R	R
Remuneration of the Municipal Manager		
Total Package	886 890	711 923
Structured as follows :		
Annual Remuneration	434 436	347 367
Leave Pay	0	284 817
Acting Allowance	0	
Performance Bonuses	113 379	
Car Allowance	182 549	122 400
UIF, Medical and Pension Fund	116 352	34 251
Total	846 716	788 835

Remuneration of the Chief Financial Officer		
Total Package	771 625	552 300
Structured as follows :		
Annual Remuneration		210 000
Leave Pay		241 841
Performance Bonuses		37 415
Car Allowance		42 486
UIF, Medical and Pension Fund		96 000
Total	771 625	670 659

EXECUTIVE MANAGER'S REMUNERATION

	Manager Technical Services	Manager Corporate Services	Manager Planning and Social Dev
30 June 2009			
Total Package	633 474	633 474	633 474
Structured as follows :			
Annual Remuneration	388 428	275 000	390 543
Performance Bonuses	92 497	0	50 011
Leave Pay	0		
Acting Allowance	0		
Car Allowance	113 940	113 000	84 804
UIF, Medical & Pension Fund	67 003	25 059	67 022
Total	661 868	413 059	592 379

	Deputy Municipal Manager		
30 June 2008			
Total Package	588 785	552 300	552 300
Structured as follows			
Annual Remuneration	269 407	289 927	254 847
Performance Bonuses	45 561	42 486	
Acting Allowance	123 151		
Car Allowance	182 549	149 760	56 536
Leave Pay	62 250		
UIF, Medical & Pension Func	227 831	167 886	79 662
Total	910 749	650 059	391 045

JUNIOR MANAGER'S REMUNERATION

Assistant Manager Communication	512 966	405 066
Asst Manager Legal	532 974	606 636
IDP/ PMS Manager	463 890	405 170
Total	1 509 830	1 920 619

Remuneration: Other Staff	13 854 222	8 724 564
Total: Salaries, Wages and Allowances	18 649 700	14 056 530

Managements' Remuneration as a percentage of total remuneration	9%	7%
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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

	2 009	2 008
	R	R
MANAGEMENTS' PERFORMANCE BONUSES		
Municipal Manager	113 379	
Dep Municipal Manager	0	45 561
Internal Auditor	0	50 000
Asst Manager: Communications	50 000	37 500
Manager: Disaster Management	0	50 000
Chief Financial Officer	0	42 486
Manager: IDP PMS	50 000	11 458
Manager: Development Planning	50 011	-
Manager: Technical Services	92 497	42 486
Legal Advisor	50 011	50 000
Total	<u>405 898</u>	<u>329 491</u>
14 AUDITORS' REMUNERATION		
Audit fees	<u>676 704</u>	<u>567 531</u>
15 FINANCE TRANSACTIONS		
Total external interest earned or paid:		
Interest earned	11 674 225	8 917 796
Interest paid	<u>468 927</u>	<u>456 627</u>
Capital charges debited to operating account:		
Interest :	468 927	456 627
Redemption :	0	219 323
	0	-
Prior year adjustment:		
	<u>468 927</u>	<u>675 949</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

	2 009	2 008
	R	R
16 Appropriation account		
Accumulated surplus / (deficit) at the beginning of the year	63 774 890	39 789 792
Operating surplus / (deficit) for the year	(14 273 389)	2 157 311
Appropriations for the year	(0)	21 827 787
Prior year adjustments - Appropriation Movement	0	21 827 787
Capital Replacement Reserve	(0)	-
Interest received iro prior year		
Transfer of reserves		
Transfer of previous year revenue		
Write-back of provisions		
Write-back of prior year accruals		
Correcting of incorrect allocations		
Refund of levies iro prior year	0	-
Prior year revenue reversed/Written off		
Prior year expenditure		
VAT corrections		
Accumulated surplus at the end of the year	49 501 501	63 774 890
Operating account		
Capital expenditure	10 242 868	1 489 537
Contributions to provisions:	793 913	247 061
Maintenance provision	0	-
Leave pay	793 913	247 061
Contribution to Consolidated Capital Development Fund	0	-
Depreciation and renewals Fund	0	-
	11 036 781	1 736 598
The Prior year adjustments - other is made up of the following adjustments:		
Prior year expenditure	0	-
System errors	0	-
Correction of expenditure allocations	0	-
Total	0	-

	2 009 R	2 008 R
17 CASH GENERATED BY OPERATIONS		
Surplus / (deficit) for the year	(14 273 389)	2 157 311
Adjustments in respect of:		
Previous years' operating transactions	(0)	21 827 787
Appropriations charged against income:	2 427 349	-
	0	-
Leave Provision	307 581	-
	0	-
Depreciation	2 119 768	-
	0	-
Capital charges :	468 927	675 949
	0	-
Interest Paid	468 927	456 627
	0	-
	0	-
Redemption of Loan	0	219 323
Investment income (operating account)	(11 674 225)	-8 917 796
Other income	0	-
Non-operating expenditure :		
Capital Expenditure	10 242 868	1 489 537
Accumulated Funds and Reserves	(2 808 291)	-11 101 736
	(15 616 762)	6 131 052
18 (INCREASE) / DECREASE IN WORKING CAPITAL		
(Increase) / Decrease in inventory	0	-
(Increase) / Decrease in debtors	19 919 783	15 665 252
Increase / (Decrease) in creditors	21 859 530	-5 831 383
(Increase) / Decrease in long-term debtors	2 846	100 942
Increase / (Decrease) in consumer deposits	0	-
Increase / (Decrease) in short-term portion of long-term liabilities	61 527	-138 193
	41 843 686	9 796 618
19 INCREASE / (DECREASE) IN LONG-TERM LOANS (EXTERNAL)		
Loans raised		
Loans redeemed	(310 830)	-1 262 191
	(310 830)	-1 262 191

UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

	2 009	2 008
	R	R
20 (INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENTS		
Investments made	0	-
Investments realised	(25 156 522)	-51 874 291
	<u>(25 156 522)</u>	<u>-51 874 291</u>
21 (INCREASE) / DECREASE IN CASH ON HAND AND AT BANK		
Cash Book balance: beginning of the year	12 739 113	42 976 293
Less: Cash Book balance end of the year	14 461 116	12 739 113
Cash Floats:	0	-
Petty Cash:	4 000	3 104
Petty Cash:	0	-
Cash Floats:	100	100
General Bank Account ABSA Account No. 405 0280 759	14 457 016	12 735 909
	<u>(1 722 003)</u>	<u>30 237 179</u>
Bank Statement Balance at beginning of the year	20 387 062	43 046 477
Bank Statement Balance at end of the year	14 457 016	20 387 062
22 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable Share	85 342 211	69 182 928
Finance Management Grant	300 000	
DWAF Operating Subsidy	850 300	1 147 000
Contract Services Grants as per Apendix F	154 335 447	75 490 719
	<u>240 827 958</u>	<u>145 820 647</u>

In terms of the Constitution, the equitable share is used to subsidise the provision of basis services. FMG is funding the Implementation of MFMA, DWAF operational subsidy is used to fund operations and maintenance on water schemes previously owned by the Department of Water Affairs and Contract Services are grant allocated by Provincial and National Treasury to fund community infrastructure projects and capacity building programs as listed below.

22.1. GRANT : SPORTS & RECREATION

Balance unspent at the Beginning of the Year	1 759 696	1 328 719
Current year Receipt	1 950 000	-
Conditions met transferred to Revenue	2 963 818	-430 977
Conditions still to be met transferred to Liabilities	745 878	1 759 696

22.2 TRANSFORMATION GRANT

Balance unspent at the Beginning of the Year	197 771	509 659
Current year Receipt	123	-
Conditions met transferred to Revenue	197 894	311 888
Conditions still to be met transferred to Liabilities	0	197 771

22.3. MIG

Balance unspent at the Beginning of the Year	23 178 349	12 578 814
Current year Receipt	105 539 000	72 585 915
Conditions met transferred to Revenue	115 587 392	61 986 380
Conditions still to be met transferred to Liabilities	13 129 958	23 178 349

22.4. EQUITABLE SHARE

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community member and basic services.

22.5. GRANT : FINANCIAL MANAGEMENT

Balance unspent at the Beginning of the Year	601 372	500 000
Current year Receipt	500 346	500 000
Conditions met transferred to Revenue	(1 004 023)	-398 628
Conditions still to be met transferred to Liabilities	97 695	601 372

	2 009	2 008
	R	R
22.6. GRANT : ECONOMIC REGENERATION		
Balance unspent at the Beginning of the Year	0	0
Current year Receipt	0	6 253 129
Conditions met transferred to Revenue	0	6 253 129
Conditions still to be met transferred to Liabilities	0	0
22.7. MUNICIPAL SYSTEMS IMPROVEMENT GRANT		
Balance unspent at the Beginning of the Year	2 178 328	3 425 869
Current year Receipt	753 010	1 000 000
Conditions met transferred to Revenue	2 907 973	2 247 541
Conditions still to be met transferred to Liabilities	23 365	2 178 328
22.8. GRANT : DWAF		
Balance unspent at the Beginning of the Year	5 820 000	0
Current year Receipt	0	5820000
Conditions met transferred to Revenue	3 348 001	0
Conditions still to be met transferred to Liabilities	2 471 999	5820000
22.9. OPERATIONAL SUBSIDY		
Balance unspent at the Beginning of the Year	0	0
Current year Receipt	850 300	1147000
Conditions met transferred to Revenue	850 300	1147000
Conditions still to be met transferred to Liabilities	0	0
22.10. DIMS PROJECT		
Balance unspent at the Beginning of the Year	5 100	61275
Current year Receipt	0	0
Conditions met transferred to Revenue	1 782	56175
Conditions still to be met transferred to Liabilities	3 318	5100
22.11. UMSINGA POULTRY PLAN		
Balance unspent at the Beginning of the Year	0	0
Current year Receipt	200 000	0
Conditions met transferred to Revenue	95 334	0
Conditions still to be met transferred to Liabilities	104 666	0
22.12. FAN PARKS		
Balance unspent at the Beginning of the Year	0	0
Current year Receipt	1 000 000	0
Conditions met transferred to Revenue	1 000 000	0
Conditions still to be met transferred to Liabilities	0	0
22.13. GRANT FUNDING INTERGOVERNMENTAL		
Balance unspent at the Beginning of the Year	0	0
Current year Receipt	200 000	0
Conditions met transferred to Revenue	0	0
Conditions still to be met transferred to Liabilities	200 000	0
22.14. SOLID WASTE MANAGEMENT		
Balance unspent at the Beginning of the Year	0	0
Current year Receipt	300 000	0
Conditions met transferred to Revenue	0	0
Conditions still to be met transferred to Liabilities	300 000	0
22.15. TRANSITIONAL GRANT		
Balance unspent at the Beginning of the Year	240 340	727 943
Current year Receipt	0	-
Conditions met transferred to Revenue	240 340	487 603
Conditions still to be met transferred to Liabilities	0	240 340
22.16. EMANDLENI GRAZING CAMP		
Balance unspent at the Beginning of the Year	29 227	29 227
Current year Receipt	0	-
Conditions met transferred to Revenue	24 323	-
Conditions still to be met transferred to Liabilities	4 904	29 227

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

	2 009	2 008
	R	R
22.17. SHARED SERVICES		
Balance unspent at the Beginning of the Year	3 010 000	1 500 000
Current year Receipt	800 000	1 510 000
Conditions met transferred to Revenue	1 196 935	-
Conditions still to be met transferred to Liabilities	2 613 065	3 010 000
22.18. INTERGRATED TRANSPORT		
Balance unspent at the Beginning of the Year	250 499	53 899
Current year Receipt	0	200 000
Conditions met transferred to Revenue	101 000	3 400
Conditions still to be met transferred to Liabilities	149 499	250 499
22.19. FINANCE MANAGEMENT GRANT		
Balance unspent at the Beginning of the Year	601 372	500 000
Current year Receipt	500 346	500 000
Conditions met transferred to Revenue	1 004 023	398 628
Conditions still to be met transferred to Liabilities	97 695	601 372
22.20. COMMUNITY COMMUNICATION		
Balance unspent at the Beginning of the Year	23 781	50 000
Current year Receipt	0	-
Conditions met transferred to Revenue	23 781	26 219
Conditions still to be met transferred to Liabilities	0	23 781
22.21. CIVIL PROTECTION		
Balance unspent at the Beginning of the Year	23 500	23 500
Current year Receipt	0	-
Conditions met transferred to Revenue	23 500	-
Conditions still to be met transferred to Liabilities	0	23 500
22.22. TOURISM		
Balance unspent at the Beginning of the Year	40 560	-
Current year Receipt	0	-
Conditions met transferred to Revenue	2 804	40 560
Conditions still to be met transferred to Liabilities	37 756	40 560
22.23. IDP AND CAPACITY BUILDING		
Balance unspent at the Beginning of the Year	21 655	-
Current year Receipt	0	785 000
Conditions met transferred to Revenue	21 655	763 345
Conditions still to be met transferred to Liabilities	0	21 655
22.24. PMS FUNDING DBSA		
Balance unspent at the Beginning of the Year	146 400	146 400
Current year Receipt	0	-
Conditions met transferred to Revenue	146 400	-
Conditions still to be met transferred to Liabilities	0	146 400
22.25. GRANT : GJIMA		
Balance unspent at the Beginning of the Year	(46 288)	-34 288
Current year Receipt	44 249	-
Conditions met transferred to Revenue	(2 039)	12 000
Conditions still to be met transferred to Liabilities	0	(46 288)
22.26. GRANT: GJIMA INTER SMME'S		
Balance unspent at the Beginning of the Year	(43 746)	426 244
Current year Receipt	0	287 105
Conditions met transferred to Revenue	(43 746)	757 095
Conditions still to be met transferred to Liabilities	0	(43 746)
22.27. GJIMA AGRICULTURE		
Balance unspent at the Beginning of the Year	238 490	296 510
Current year Receipt	0	-
Conditions met transferred to Revenue	214 706	58 020
Conditions still to be met transferred to Liabilities	23 784	238 490

UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

	2 009	2 008
	R	R
22.28. GIJIMA LED STRATEGY		
Balance unspent at the Beginning of the Year	153 367	148 416
Current year Receipt	0	478 024
Conditions met transferred to Revenue	153 367	473 073
Conditions still to be met transferred to Liabilities	0	153 367
22.29 LGTA WSDP REVIEW		
Balance unspent at the Beginning of the Year	0	-
Current year Receipt	0	-
Conditions met transferred to Revenue	0	-
Conditions still to be met transferred to Liabilities	0	0
22.30. LGTA ASSESS OF WATER		
Balance unspent at the Beginning of the Year	444 254	450 000
Current year Receipt	0	-
Conditions met transferred to Revenue	0	5 746
Conditions still to be met transferred to Liabilities	444 254	444 254
22.31. LED: DISTRICT TOURISM STRATEGY		
Balance unspent at the Beginning of the Year	241 251	150 000
Current year Receipt	0	350 000
Conditions met transferred to Revenue	241 251	258 749
Conditions still to be met transferred to Liabilities	0	241 251
22.32. LED DISTRICT SIGNAGE PROJECT		
Balance unspent at the Beginning of the Year	318 755	238 655
Current year Receipt	0	170 000
Conditions met transferred to Revenue	219 091	89 900
Conditions still to be met transferred to Liabilities	99 664	318 755
22.33. LED: ENDUMENI MARKET STALLS		
Balance unspent at the Beginning of the Year	141 068	130 000
Current year Receipt	0	870 000
Conditions met transferred to Revenue	58 583	858 932
Conditions still to be met transferred to Liabilities	82 485	141 068
22.34. LED: MANGENI WATERFALL		
Balance unspent at the Beginning of the Year	23 763	120 000
Current year Receipt	0	-
Conditions met transferred to Revenue	23 763	96 237
Conditions still to be met transferred to Liabilities	0	23 763
22.35. LED: KWAKOPI CURIOSHOP		
Balance unspent at the Beginning of the Year	141 877	150 000
Current year Receipt	0	150 000
Conditions met transferred to Revenue	141 877	158 123
Conditions still to be met transferred to Liabilities	0	141 877
22.36. MUDEN ARTS & CRAFT		
Balance unspent at the Beginning of the Year	50 073	116 598
Current year Receipt	0	-
Conditions met transferred to Revenue	33 262	66 525
Conditions still to be met transferred to Liabilities	16 811	50 073
22.37. MUNICIPAL SUPPORT GRANT		
Balance unspent at the Beginning of the Year	36 333	111 909
Current year Receipt	0	-
Conditions met transferred to Revenue	36 333	75 576
Conditions still to be met transferred to Liabilities	0	36 333

UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

	2 009	2 008
	R	R
22.38. CMC & SECRETARIAT GRANT		
Balance unspent at the Beginning of the Year	61 988	61 988
Current year Receipt	0	-
Conditions met transferred to Revenue	8 442	-
Conditions still to be met transferred to Liabilities	53 546	61 988
22.39. LGTA MUNICIPAL (ICS) GRANT		
Balance unspent at the Beginning of the Year	1 532 934	1 558 235
Current year Receipt	0	-
Conditions met transferred to Revenue	535 252	25 300
Conditions still to be met transferred to Liabilities	997 682	1 532 935
22.40. NLDTF: DUNDEE ARTS AND CRAFT		
Balance unspent at the Beginning of the Year	774 744	-
Current year Receipt	828 000	1 801 000
Conditions met transferred to Revenue	392 839	1 026 256
Conditions still to be met transferred to Liabilities	1 209 905	774 744
22.41. GROWTH DEVELOPMENT SUMMIT		
Balance unspent at the Beginning of the Year	100 000	
Current year Receipt	0	100 000
Conditions met transferred to Revenue	100 000	
Conditions still to be met transferred to Liabilities	0	100 000
22.42. GIS SYSTEM GRANT		
Balance unspent at the Beginning of the Year	1 158 596	461 264
Current year Receipt	250 000	735 000
Conditions met transferred to Revenue	(76 299)	37 668
Conditions still to be met transferred to Liabilities	1 484 895	1 158 596
22.43. HALODI GRAVEL ACCESS ROAD		
Balance unspent at the Beginning of the Year	0	0
Current year Receipt	2 000 000	0
Conditions met transferred to Revenue	657 536	0
Conditions still to be met transferred to Liabilities	1 342 464	0
22.44. BHAMBATHA STADIUM		
Balance unspent at the Beginning of the Year	460 752	375 000
Current year Receipt	0	1 125 000
Conditions met transferred to Revenue	255 708	1 039 248
Conditions still to be met transferred to Liabilities	205 044	460 752
22.45. ENDUMENU RURAL HORSE RIDING		
Balance unspent at the Beginning of the Year	525 503	500 000
Current year Receipt	0	1 500 000
Conditions met transferred to Revenue	344 210	1 474 497
Conditions still to be met transferred to Liabilities	181 293	525 503
22.46. LED MSINGA AGRICULTURE PACKHOUSE PROJECT		
Balance unspent at the Beginning of the Year	273 598	146 598
Current year Receipt	0	127 000
Conditions met transferred to Revenue	0	-
Conditions still to be met transferred to Liabilities	273 598	273 598
22.47. LED MSINGA STONE CRUSHING PLAN		
Balance unspent at the Beginning of the Year	146 598	146 598
Current year Receipt	0	-
Conditions met transferred to Revenue	0	-
Conditions still to be met transferred to Liabilities	146 598	146 598

UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

	2 009	2 008
	R	R
22.48. LED MSINGA BEE & MUSHROOM FARMING		
Balance unspent at the Beginning of the Year	107 323	146 598
Current year Receipt	0	-
Conditions met transferred to Revenue	87 275	39 275
Conditions still to be met transferred to Liabilities	20 048	107 323
22.49. LED NQUTHU EQHUDE AGRIBUSINESS		
Balance unspent at the Beginning of the Year	29 193	150 000
Current year Receipt	0	-
Conditions met transferred to Revenue	0	120 807
Conditions still to be met transferred to Liabilities	29 193	29 193
22.50. DISASTER MANAGEMENT GRANT		
Balance unspent at the Beginning of the Year	400 000	400 000
Current year Receipt	0	-
Conditions met transferred to Revenue	297 840	-
Conditions still to be met transferred to Liabilities	102 160	400 000
22.51. LED CORRIDOR DEVELOPMENT		
Balance unspent at the Beginning of the Year	520 000	-
Current year Receipt	9 940 000	520 000
Conditions met transferred to Revenue	9 957 235	-
Conditions still to be met transferred to Liabilities	502 765	520 000
22.52. DEVELOPMENT PLANNING IDP CAPACITY BUILDING		
Balance unspent at the Beginning of the Year	510 000	510 000
Current year Receipt	3 566	-
Conditions met transferred to Revenue	228 178	-
Conditions still to be met transferred to Liabilities	285 387	510 000
22.53. DISASTER MANAGEMENT PLAN		
Balance unspent at the Beginning of the Year	587 548	700 000
Current year Receipt	0	-
Conditions met transferred to Revenue	120 416	112 452
Conditions still to be met transferred to Liabilities	467 132	587 548
22.54. DTLGA: WSDP 06/07		
Balance unspent at the Beginning of the Year	17 870	17 870
Current year Receipt	0	-
Conditions met transferred to Revenue	17 870	-
Conditions still to be met transferred to Liabilities	0	17 870
22.55. DTLGA: S78 06/07		
Balance unspent at the Beginning of the Year	700 000	700 000
Current year Receipt	0	-
Conditions met transferred to Revenue	0	-
Conditions still to be met transferred to Liabilities	700 000	700 000
22.56. DTLGA: TECH SUPPORT 06/07		
Balance unspent at the Beginning of the Year	740 000	740 000
Current year Receipt	0	-
Conditions met transferred to Revenue	127 283	-
Conditions still to be met transferred to Liabilities	612 718	740 000
22.57. DTLGA: BACKLOG 06/07		
Balance unspent at the Beginning of the Year	116 548	160 856
Current year Receipt	0	-
Conditions met transferred to Revenue	0	44 308
Conditions still to be met transferred to Liabilities	116 548	116 548

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

22.58. DTLGFA: ENERGY 06/07

Balance unspent at the Beginning of the Year	200 000	200 000
Current year Receipt	0	-
Conditions met transferred to Revenue	0	-
Conditions still to be met transferred to Liabilities	200 000	200 000

22.59. DTLGA CAPACITY BUILDING 06/07

Balance unspent at the Beginning of the Year	98 000	120 000
Current year Receipt	0	-
Conditions met transferred to Revenue	93 782	22 000
Conditions still to be met transferred to Liabilities	4 218	98 000

22.60. DTLGA CAPACITY IDP 2007

Balance unspent at the Beginning of the Year	16 023	130 475
Current year Receipt	0	-
Conditions met transferred to Revenue	0	114 452
Conditions still to be met transferred to Liabilities	16 023	16 023

22.61. GREYTOWN BULKWATER

Balance unspent at the Beginning of the Year	0	0
Current year Receipt	13 388 554	0
Conditions met transferred to Revenue	3 053 610	0
Conditions still to be met transferred to Liabilities	10 334 945	0

22.62. SOYA BEAN PROJECT

Balance unspent at the Beginning of the Year	0	0
Current year Receipt	0	0
Conditions met transferred to Revenue	0	0
Conditions still to be met transferred to Liabilities	0	0

22.63. CONTRACTOR INCUBATOR PROJECT

Balance unspent at the Beginning of the Year	0	0
Current year Receipt	2 640 000	0
Conditions met transferred to Revenue	1 109 412	0
Conditions still to be met transferred to Liabilities	1 530 588	0

22.64. DECOMMISS NQUTHU SEWER

Balance unspent at the Beginning of the Year	0	0
Current year Receipt	8 000 000	0
Conditions met transferred to Revenue	5 578 337	0
Conditions still to be met transferred to Liabilities	2 421 663	0

22.65. MSINGA AGRI BUSINESS

Balance unspent at the Beginning of the Year	0	0
Current year Receipt	1 600 000	0
Conditions met transferred to Revenue	307 649	0
Conditions still to be met transferred to Liabilities	1 292 351	0

22.66. MASSIFIKATION OF BULK WATER

Balance unspent at the Beginning of the Year	0	0
Current year Receipt	1 000 000	0
Conditions met transferred to Revenue	0	0
Conditions still to be met transferred to Liabilities	1 000 000	0

22.67. ENSELENI COMMUNITY HALL 1 GREYTOWN

Balance unspent at the Beginning of the Year	0	0
Current year Receipt	1 200 000	0
Conditions met transferred to Revenue	93 158	0
Conditions still to be met transferred to Liabilities	1 106 842	0

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

22.68. ENKAMBA COMMUNITY HALL 1 MSINGA	0	0
Balance unspent at the Beginning of the Year	0	0
Current year Receipt	1 200 000	0
Conditions met transferred to Revenue	53 874	0
Conditions still to be met transferred to Liabilities	1 146 126	0
22.69. DEVELOPMENT OF 2 LANDFILL SITES		
Balance unspent at the Beginning of the Year	0	0
Current year Receipt	1 000 000	0
Conditions met transferred to Revenue	0	0
Conditions still to be met transferred to Liabilities	1 000 000	0
22.70. DROUGHT RELIEF NO.3		
Balance unspent at the Beginning of the Year	1 235 347	75 186
Current year Receipt	0	3 000 000
Conditions met transferred to Revenue	1 028 439	1 839 839
Conditions still to be met transferred to Liabilities	206 908	1 235 347

23 Changes in the level of government grant

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding expected over the next three financial year.

24 OTHER INCOME

Other Income		
Recovered from unauthorised , irregular, fruitless and wasteful expenditure		
Total Other Income		

25 SERVICE CHARGES

Sale of water		
Total Service Charges		

26 RETIREMENT BENEFITS OBLIGATION

26.1. Defined benefit plan

Statement of Financial Position obligation for :

Post-employment medical benefits	0	-
Pension benefits	0	-
Balance at the end of year	0	-

Statement of Financial Performance obligation for :

Post-employment medical benefits	0	-
Pension Benefits :	0	-
Defined Benefit Funds	0	-
Defined Contribution funds	0	-
Total, included in employee benefits expense	0	0

26.1.1. Post-Retirement Medical Aid plan

The municipality operates on 6 accredited medical aid schemes, namely Key health, Discovery, Hosemed, Bonital , Samwumed and LA Health. Pensioners continue on the option they belonged to on the day on their retirement.

Movement in the defined benefit obligation is as follows :

Balance at the beginning of the year	0	-
Current service cost	0	-
Interest costs	0	-
Actuarial (gains) losses	0	-
Benefit payments	0	-
Balance at end of year	0	0

26 RETIREMENT BENEFITS OBLIGATION (continued)

Net Expense recognised in the Statement of Financial performance

Current service cost	0	-
Interest costs	0	-
Actuarial (gains) losses	0	-
Benefit payments	0	-
Total, included in employee benefits expense	0	0

26 RETIREMENT BENEFITS OBLIGATION (continued)

Key assumptions used

The principal actuarial assumptions used will be as follows

Discount rates used	9.5%	9.5%
General increase to medical aid contributions	8.0%	8.5%
Salary Inflation	8.0%	8.0%
Expected retirement age	63	63
Proportion continuing membership at retirement	100%	100%
Proportion of retiring members who are married	90%	90%

Other assumption :

Age of spouse - Husbands 5 years older than wives

Mortality of in-service members - In accordance with the SA 85 - 90 (Light) ultimate table (rated down 3 years for females).

Mortality of pensioners - In accordance with the PA (90) ultimate male and female tables

(No explicit assumption was made about additional mortality or health care costs due to AIDS)

Percentage of in-service members withdrawing before retirement :

age 20	7.85%	7.85%
age 25	5.67%	5.67%
age 30	4.20%	4.20%
age 35	3.31%	3.31%
age 40	2.23%	2.23%
age 45	1.21%	1.21%
age 50	0.55%	0.55%
age 55+	0.00%	0.00%

26.1.2. Pension benefits

The amount recognised in Statement of Financial Position were determined as follows :

Present value of funded obligations	0	-
Present value of the defined benefit obligation - partially or wholly funded	0	-
Asset not recognised due to future surplus policy not yet established	0	-
Surplus in the Statement of Financial Position	0	-

26 RETIREMENT BENEFITS OBLIGATION (continued)

Movement in the defined benefit obligation is as follows

Balance at the beginning of the year	0	-
Current Service Costs	0	-
Contributions by plan participants	0	-
Actuarial losses	0	-
Interest costs	0	-
Benefit payment	0	-
Obligation not recognised due to future surplus policy not yet established	0	-
Balance at end of year	-	-

Movement in the fair value of plan assets is as follows :

Actuarial gain (losses)	0	-
Employer Contributions	0	-
Employee Contributions	0	-
Benefit payment	0	-
Expected return of assets	0	-
Asset not recognised due to future surplus policy not yet established	0	-
Balance at end of year	0	0

The amount recognised in the Statement of Financial Performance were as follows :

Current service cost	- Defined Benefit Funds	0	-
Current service cost	- Defined Contribution Funds	0	-
Total Included in employee benefit expense		0	0

Key assumptions used

The principal actuarial assumptions used were as follows

Discount rate	10.75%	7.75%
Expected return on plan assets	11.00%	8.25%
Future salary increase	8.00%	4.75%
Future pension increase	5.98%	2.85%

Examples of mortality rates to be used are as follows :

Active members (ALL) :

age 20	0.13%	0.13%
age 25	0.18%	0.18%
age 30	0.25%	0.25%
age 35	0.37%	0.37%
age 40	0.52%	0.52%
age 45	0.72%	0.72%
age 50	0.99%	0.99%
age 55	1.37%	1.37%
age 55	1.89%	1.89%

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

26 RETIREMENT BENEFITS OBLIGATION (continued)

All Councillors and Employees belong to the following funds within the Natal Joint Municipal Pension fund which provides retirement benefits to such employees.

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

In accordance with the regulations governing the Fund and in compliance with Section 16 of the Pension Funds Act, 1956 (Act No. 24 of 196) the financial position of the Fund is examined and reported upon but the Valuator at intervals not exceeding three years.

In practice the Valuator conducts a statutory valuation on a triennial basis and an interim on an annual basis.

Interim Valuations of the Fund as at 31 March 2006 and Report on the Operations of the Memorandum Account for the Year Ended 31 March 2006.

In respect of Service to 31 March 2006 the actuarial value of the total assets was R121,7 million more than the actuarial value of the liabilities for the service of members to that date and for pensioners, made up as follows:

- surplus of R210,0 million in respect of pensioners (funding level 119,4%)
- deficit of R88,3 million in respect of members (funding level 95,0%) of which deficit
- about R49,0 million was attributable to salary increases being higher than expected (the average salary increased by 9,7% over the three years which is substantially in excess of inflation).

The Fund was thus 104,3% funded. The Fund did not hold an investment reserve.

Statutory Valuations of the Fund as at 31 March 2006 and Report on the Operations of the Memorandum Account for the Year Ended 31 March 2006.

In respect of Service to 31 March 2006 the actuarial value of the total assets was R140,9 million less than the actuarial value of the liabilities for the service of members to that date and for pensioners, made up as follows:

- surplus of R63,4 million in respect of pensioners (funding level 116,2%)
- deficit of R204,3 million in respect of members (funding level 73,0%) attributed to salary increases being higher than expected (the average salary increased by 11,1% over the three year period which is substantially in excess of inflation).

The Fund was thus 87,7% funded. The Fund did not hold an investment reserve.

27 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:	0	-
Approved and contracted for	49 539 741	49 538 340
Approved but not yet contracted for		
	<u>49 539 741</u>	<u>49 538 340</u>

This expenditure will be financed from:	0	-
Internal sources	0	-
External sources	49 539 741	49 538 340
	<u>49 539 741</u>	<u>49 538 340</u>

28**CONSOLIDATED CAPITAL DEVELOPMENT FUND**

Outstanding advances to borrowing services:	0	-
Accumulated fund	0	-
Less:	0	-
	<u>0</u>	<u>-</u>

(Refer to Appendices A and B for more detail)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

29

LOAN REDEMPTION FUND

Outstanding advances to borrowing services	0	-
Accumulated fund	0	-
Less:		
	<u>0</u>	<u>-</u>

(Refer to Appendix A for more detail)

30

DEPRECIATION & RENEWALS FUND

Outstanding advances to borrowing services	0	-
Accumulated fund	0	-
Less:	0	-
	<u>0</u>	<u>-</u>

(Refer to Appendices A and B for more detail)

31 CONTINGENT LIABILITIES

None

32 MUNICIPAL ENTITIES

During the 2004/05 financial year the water and sanitation services assets were transferred to uThukela Water (Pty) Ltd in terms of a thirty year WSP agreement entered into by uThukela Water (Pty) Ltd and the three WSA's being uMzinyathi District Municipality, Amajuba District Municipality and Newcastle Local Municipality.

Since Uthukela Water has not submitted annual financial statements since inception, no audit was conducted on the figures used.

uMzinyathi District Municipality holds 33% shares in uThukela Water (Pty) Ltd.

The overall operating results for the year ended 30 June 2007 are as follows:

uThukela Water (Pty) Ltd	(44 211 142)	-26 561 325
Income generated by water sales	15 425 077	15 800 784
Sundry Income	0	1 678 775
Expenditure by uThukela Water (Pty) Ltd	(59 636 219)	-44 040 884
uMzinyathi District Municipality	37 547 451	34 647 000
Funding from Equitable Shares	36 697 151	33 500 000
Operational Subsidy	850 300	1 147 000
Direct Expenditure	0	-
Provision for Bad Debt	0	-
Surplus / (Deficit) for the year	(6 663 691)	8 085 675

Transfer of powers and functions in respect of the water and sanitation services transferred from uMzinyathi District Municipality to uThukela Water (Pty) Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

33 MIG EXPENDITURE

	2008 / 2009	2007/08
MIG EXPENDITURE		
BOREHOLES REHABILITATION	189 126.80	
Amangwe Buthanani - Isandlwana Phase 1&2	4 190 473.30	770 306
ESHANE WATER SUPPLY	5 440 284.20	
Hlazakazi Water Scheme Phase 1 - Isandlwana	800 000.37	6 023 699
Keates Drift Water Scheme		61 415
Kwa Senge Water Supply	145 000.00	51 655
KwaJama Household Sanitation	2 985 162.42	5 173 654
KWAKOPI MHLANGANA	6 988 371.14	
Mahhabeleni Phase 2 & 3(Subject to approval)	7 072 947.30	
MAKHABENI SANITATION:IMPLEMENTATION	4 250 096.37	
Mbono Water	14 389 909.37	257 517
MBUBA HERMANSBERG	4 005 587.72	
Mbuba-Ward 9 Sanitation		958 422
Mthembu West - Tugela Ferry	5 379 720.18	4 956 168
Muden/Ngome Water Supply Scheme		
Ndaya Water		412 610
Ndindindi Water Supply Scheme	52 440.98	
NGUBUKAZI WATER SUPPLY	4 575 907.31	
Nondweni Town Sewerage Disposal		311 629
Nondweni Sanitation		
Ntanyadlovu/Ngwetshana Water Scheme	2 822 193.34	1 045 699
Ophathe - Water	9 369 648.42	6 025 971
Othame Sanitation	312 121.45	1 738 050
Pomeroy Bulk Water Supply Phase 2 (ISRDP)		
Pomeroy Sanitation		
POMEROY SUB REGIONAL SCHEME	5 192 860.21	13 901 187
Qhudenl Water Scheme	18 054 070.23	9 017 400
RUGTEFONTEIN SETTLEMENT AREA	2 352 906.40	
Sithembile Sewer Pump Station		151 310
PMU		1 165 234
UMBABA MTEMBISWENI SANITATION	982 763.37	
Umzinyathi Rudimentary	14 445 985.50	9 739 690
	113 997 576.38	61 761 614
External Funded - MIG Grant	113 997 576	61 761 614

CHANGE IN ACCOUNTING POLICY -
34 IMPLEMENTATION OF GAMAP

34.1 Statutory Funds

Balance previously reported: -

Capital Development Fund	0	9 169 833
CDF - Internal Loan		893 755
Lease - External Loan	0	149 113
Loans redeemed and other capital receipts	0	33 123 360
Total	0	43 336 061

Implementation of GAMAP

Transferred to Accumulated Surplus/(Deficit) (see 26.7 below)	0	10 212 701
Transferred to Government Grant Reserve	0	10 896 436
Transferred to Donation and Public Contribution Reserve	0	22 226 924
	0	43 336 061

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2009 (continued)

34.2 Provisions and Reserves

Balance previously reported

Reserves	0	5 325 865
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Total	0	5 325 865
--------------	----------	------------------

Implementation of GAMAP

Transferred to Government Grant Reserve	0	5 325 865
---	---	-----------

Transferred to Capitalisation Reserve	0	5 325 865
---------------------------------------	---	-----------

34.3 Accumulated Depreciation

Balance previously reported

Implementation of GAMAP

Backlog depreciation: Land and buildings		4 871 933
--	--	-----------

Backlog depreciation: Vehicle		3 365 150
-------------------------------	--	-----------

Backlog depreciation: Community		
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Backlog depreciation: Other		4 752 954
-----------------------------	--	-----------

Total (debited to Accumulated Surplus/(Deficit)) (see 34.4 below)		12 990 037
--	--	-------------------

34.4 Accumulated Surplus/(Deficit)

Implementation of GAMAP

Transferred from statutory funds	0	10 212 701
----------------------------------	---	------------

Fair value of Property, Plant and Equipment previously not recorded	0	0
---	---	---

Backlog depreciation	0	12 990 037
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Total	0	23 202 738
--------------	----------	-------------------

35

2009

2 008

UTHUKELA INVESTMENT AND CAPITALISATION RESERVE

An amount of R345 568 882 has been raised for assets transferred to Uthukela Water Pty Ltd for period 1 July 2005 to 30 June 2008 which is an investment to Uthukela Water and a provision for write off.

Investment and Capitalisation Reserve	Investment and Capitalisation Reserve
Restated	Previsouly Stated

Uthukela Investment	473 449 540	345 568 882
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Provision for Uthukela water Investment Write Off	(473 449 540)	-345 568 882
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0	-
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36 IRREGULAR EXPENDITURE

505 423

-

505 423

-

An amount of R505 423.00 has been identified as irregular expenditure on the 21 October 2009. An internal investigation was conducted between the 21 to 26 October 2009 and the report was submitted to the Municipal Manager on the 27 October 2009. The Municipal Manager appointed the Forensic Auditor on the 4 November 2009 and the investigation is in progress. The journal disclosing this amount as irregular expenditure was processed on the 4 November 2009. Further accounting treatments will be informed by the finalisation of the investigation.

UMZINYATHI DISTRICT MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AND INTERNAL ADVANCES

			Balance at 30/06/2008 R	Received During the Year R	Redeemed or Written off During the Year R	Adjustments R	Balance at 30/6/2009 R
OTHER LOANS							
DBSA loan	12.00%	2019	2 334 776		249 303		2 085 473
			2 483 889	-	249 303	0	2 085 473

UMZINYATHI DISTRICT MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

Expenditure 2008 R	Service R	Budget 2009 R	Balance at 30/06/2008 R	Expenditure 2009 R	Transferred / Disposal 2009 R	Acc Depreciation 2009 R	Balance at 30/6/2009 R
1 489 538	Resource Support Services	5 333 173.69	36 381 518	10 151 035	16 950 741.83	15 109 805.30	14 472 006
	Electricity Supply and Reticualtion		25 000	9 848	16 518.55	8 521.92	9 808
	Electricity Mains		700	-	-	455.47	245
	Car Parks		65 946	-	-	23 081.49	42 865
	Water Supply and Reticulation		5 184 250	-	3 497 618.92	1 686 631.08	0
	Sewer Pumps		900	725	380.00	536.26	709
	Security Systems		7 857	16 257	-	9 188	14 926
	Community Centres		3 097 955	-	2 671 619.74	426 334.84	0
	Libraries		9 999	121 200	5 711.99	5 409.75	120 077
	Outdoor Sport Facilities		5 746 044	-	4 014 053.91	1 731 990.09	0
	Office Buildings	3 000 000	9 022 180	5 800 000	6 386 224.69	1 785 179.36	6 650 776
	Council Owned Homes		-	1 415 000	-	3 876.71	1 411 123
348 160	Computer Hardware	322 687	2 403 823	348 160	234 900.34	1 783 403.14	733 679
	Office Machines	83 788	565 688	83 738	1 384.32	549 199.74	98 842
746 959	Air Conditioners	177 381	1 148 954	177 381	1 326.36	715 265.54	609 743
	Chairs	127 334	487 984	127 334	1 787.09	328 729.31	284 801
	Tables and Desks	187 125	438 436	187 125	2 568.46	336 132.89	286 859
	Carbinets And Cupboards	229 993	425 474	229 993	3 012.99	337 342.54	315 111
	Furniture and Fittings Other	200 520	467 730	200 520	2 036.42	395 513.54	270 699
	Household Refuse Bins	4 346	11 410	4 346	-	10 555.37	5 200
	Bulk Containers		2 000	-	-	2 000.00	0
	Fire Equipment		99 646	-	792.33	32 207.15	66 647
	Medical Equipment		1 000	-	-	1 000.00	0
85 964	Motor Vehicles;	1 000 000	1 771 566	186 630	64 445.57	1 339 530.89	554 219
	Trucks and Bakkies		4 087 106	993 250	-	2 570 474.73	2 509 881
	Tractors		326 000	0	46 200.22	159 399.69	120 400
	Compressors		-	2 495	-	373.21	2 122
	Radio Equipment		266 810	81 471	-	266 066.13	82 214
	Telecommunication Equipment		269 172	46 265	159.93	262 083.94	53 193
	Plant and Equipment		10 576	119 298	-	12 758.47	117 116
308 455	Computer Software		429 086	-	-	318 337.10	110 749
	None Assets		8 226.90	-	-	8 226.90	0
1 489 538	TOTAL FIXED ASSETS	5 333 174	36 381 518	10 151 035	16 950 741.83	15 109 805.30	14 472 006

UMZINYATHI DISTRICT MUNICIPALITY

APPENDIX C

SEGMENTED ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

Expenditure 2008	Service	Budget 2009	Balance at 30/06/2008	Expenditure 2009	Transferred /		Balance at 30/06/2009
					Disposal 2009	Acc Depreciation 2009	
R		R	R	R	R	R	R
1 489 537	Resource Support Services	5 333 174	36 381 518	10 151 035	16 950 742	15 109 805	14 472 005
37 914	Municipal Manager		8 782 252	7 294 666	5 801 441	1 939 427	8 336 050
12 633	Mayor		43 050			35 124	7 926
5 700	Deputy Mayor		58 074			39 314	18 760
35 000	Speaker		69 620			33 243	36 376
22 290	Councillor		28 570	4 200		16 766	16 004
21 613	Internal Audit		562 116	28 140	0	474 100	116 156
-	Deputy Municipal Manager		0				0
73 750	Disaster Management	10 000	0				0
258 176	Corporate Services	935 000	5 471 943	1 461 727		3 951 122	2 982 548
-	Secretariate		52 263			52 263	0
27 574	Auxilliary Services		508 640	291 898	17 976	427 459	355 103
308 455	Registry		405 043	5 730		282 127	128 646
950	Multi Purpose Centre		4 896 098		4 005 240	890 858	0
19 706	Water Services		0				0
	Planning		130 535	67 515		87 416	110 633
655	Planning and Social Development	195 000	241 312	127 979		188 149	181 142
	Pimms		52 984		190	52 378	415
	Gis		245 184	67 319	0	186 327	126 176
-	Development		2 184			437	1 747
	Led, Idp, and Tourism		105 010			88 833	16 176
605 801	Financial Services	100 000	3 461 133	484 723	267 006	2 113 332	1 565 518
-	Finance : Levies		800			800	0
59 320	Technical Services	4 053 174	11 137 475	299 752	6 810 569	4 191 820	434 839
-	Community Based Public Works		1 651			1 650	1
-	Vehicles Technical Services		0				0
-	Nondweni		65 982		48 320	17 662	0
-	Enviromental Health	40 000	59 600	17 387	0	39 198	37 789
-			-				0
1 489 537	TOTAL FIXED ASSETS	5 333 174	36 381 517	10 151 035	16 950 742	15 109 805	14 472 005

UMZINYATHI DISTRICT MUNICIPALITY

APPENDIX D

ANALYSIS OF FINANCIAL PERFORMANCE

FOR THE PERIOD ENDING 30 JUNE 2009

Actual 2008 R		Actual 2009 R	Budget 2009 R
INCOME			
145 820 647	Government and Provincial grants and subsidies	240 827 958	218 074 000
9 602 057	Other	12 060 452	6 863 800
<u>155 422 704</u>		<u>252 888 410</u>	<u>224 937 800</u>
EXPENDITURE			
14 056 530	Salaries, wages and allowances	18 649 700	23 572 913
138 352 933	General expenses	247 191 253	199 952 187
855 930	Repairs and maintenance	1 320 846	1 412 700
<u>153 265 393</u>	Gross expenditure	<u>267 161 800</u>	<u>224 937 800</u>
<u>2 157 311</u>	Net expenditure	<u>(14 273 390)</u>	<u>0</u>

UMZINYATHI DISTRICT MUNICIPALITY

APPENDIX E

SEGMENTED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual income R	2008 Actual expenditure R	2008 Surplus/ (deficit) R		2009 Actual income R	2009 Actual expenditure R	2009 Surplus/ (deficit) R	Budget Surplus/ (deficit) R
79 931 985	77 774 674	2 157 311	Resource Support Services	252 888 410	267 161 799	(14 273 389)	(23 422 785)
28 800	3 826 577	(3 797 777)	Corporate Services - Admin	8 064	1 695 149	(1 687 085)	903 093
			Corporate - Communication	0	3 537 426	(3 537 426)	(245 288)
			Corporate - Human Resources	0	1 080 040	(1 080 040)	871 555
			Corporate - Support Services	0	3 482 197	(3 482 197)	1 045 391
			Corporate - Legal Services	0	726 358	(726 358)	(52 265)
			Corporate - Thusong Service Center	106 781	289 867	(183 086)	589 652
			Corporate - Building	214 252	2 662 965	(2 448 712)	(3 134)
0	2 528 740	(2 528 740)	Council	33 283 462	4 451 427	28 832 035	(89 197)
0	6 587 011	(6 587 011)	Finance - Admin	11 976 394	24 890 272	(12 913 878)	(15 299 417)
9 500 906	2 880 668	6 620 238	Finance - Supply Chain Management	0	662 296	(662 296)	94 367
			Finance - Budget and Treasury	154 335 447	157 101 996	(2 766 549)	2 728 074
			Levy collection	15 361 598	0	15 361 598	(15 009 000)
48 488 494	34 647 000	13 841 494	Technical Services - Admin	37 602 232	45 748 539	(8 146 307)	(5 077 958)
141 026	398 539	(257 514)	Technical Services - Project Management	0	946 064	(946 064)	113 348
11 619 885	6 176 305	5 443 580	Technical Services - Facilitation	0	2 935 139	(2 935 139)	(742 609)
1 000 000	1 404 873	(404 873)	Technical Services - Public Works	0	20 221	(20 221)	1 734 778
8 998 129	14 228 323	(5 230 194)	Municipal Manager	0	1 427 214	(1 427 214)	641 633
0	264 155	(264 155)	Planning and Social Development - Admin	0	1 890 696	(1 890 696)	86 480
0	0	0	Planning and Social Development - IDP & PMS	0	1 065 280	(1 065 280)	844 949
120	1 243 140	(1 243 020)	Planning and Social Development - Social Development	0	8 606 250	(8 606 250)	1 258 197
154 625	1 832 359	(1 677 734)	Planning and Social Development - Disaster Management	0	2 426 964	(2 426 964)	1 792 998
0	1 477 655	(1 477 655)	Planning and Social Development - Environmental Health	180	1 515 439	(1 515 259)	391 569
0	279 328	-279 327.76	Planning and Social Development - PIMMS	0	0	0	0
<u>79 931 985</u>	<u>77 774 674</u>	2 157 311	TOTAL	<u>252 888 410</u>	<u>267 161 799</u>	<u>(14 273 389)</u>	<u>(23 422 785)</u>
		21 827 787	Appropriations for this year (refer to note 16)			(0)	
		23 985 099	Net surplus for the year			(14 273 389)	
		39 789 792	Accumulated surplus beginning of the year			63 774 892	
		<u>63 774 892</u>	Accumulated surplus end of year			<u>49 501 501</u>	

UMZINYATHI DISTRICT MUNICIPALITY

APPENDIX E

SEGMENTED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual income R	2008 Actual expenditure R	2008 Surplus/ (deficit) R	2009 Actual income R	2009 Actual expenditure R	2009 Surplus/ (deficit) R	Budget Surplus/ (deficit) R
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APENDIX F - GRANT CREDITORS AND PROVISIONS : 30 JUNE 2009

	Opening Balance at 30/06/2008 R	Contri - butions during the year R	Capital Expenditure during the Year R	Operating Expenditure during the Year R	Closing Balance at 30/06/2009 R
Government Grants Creditors					
MiG Grant	23 178 349	105 539 000	115 587 392		13 129 958
DWAF : M & E Grant	600 000	0	-		600 000
DWAF : Water Loss Management	5 220 000	0	3 348 001		1 871 999
DIMS Project	5 100		1 782		3 318
Msinga/Nyoniyezwe Sportfield	420 998		346 739		74 259
Hermannsburg Mvoti Sportfield	323 441	975 000	1 298 441	-	-
Silonjane Nquthu Sportsfield	323 441	975 000	1 120 256		178 185
uMvoti Sports Complex - DSRS	239 816		25 000		214 816
Fabeni Sports Stadium Suspen	43 295		25 000		18 295
Makhabeleni Sports Complex	376 150		115 828		260 323
Nondweni Sportfield Upgrade	16 205		16 205		-
Nquthu Sport Stadium	16 350		16 350		-
Umsinga Poultry Plan	0	200 000	95 334		104 666
Fan Parks	0	1 000 000	1 000 000		-
Grant Funding Intergovernmental	0	200 000	-		200 000
Solid Waste Management	0	300 000	-		300 000
Reserves: Transitional Grant	240 340		240 340		-
GRANT-EMANDLENI GRAZING CAMP	29 227	0	24 323		4 904
Shared Services	3 010 000	800 000		1 196 935	2 613 065
Reserves: General Grants ;Intergrated Transpor	250 499			101 000	149 499
Reserves: General Grants ;Finance Manageme	601 372	500 346		1 004 023	97 695
Reserves: General Grants ;Transformation Gran	197 771	123		197 894	-
Reserves: General Grants ;Community Commu	23 781			23 781	-
Reserves: General Grants ;Civil Protection	23 500			23 500	-
Reserves: General Grants ;Tourism	40 560			2 804	37 756
Reserves: General Grants ;IDP And Capacity Bt	21 655			21 655	-
Reserves: General Grants ;PMS Funding DBSA	146 400			146 400	-
Reserves: General Grants ;Gijima	(46 288)	44 249		-2 039	-
Reserves: General Grants ;Gijima - Inter SMME's	(43 746)		-43 746		-
Reserves: General Grants ;Gijima - Agriculture I	238 490		214 706		23 784
Reserves: General Grants ;Gijima - Led Strategy	153 367			153 367	-
Reserves: General Grants ;LGTA WSDP Review	0		-		-
Reserves: General Grants ;LGTA Assess of Wate	444 254		-		444 254
LED;DISTRICT TOURISM STRATEGY	241 251			241 251	-
LED;DISTRICT SIGNAGE PROJECT	318 755		219 091		99 664
LED;ENDUMENI MARKET STALLS	141 068		58 583		82 485
LED;MANGENI WATERFALL	23 763		23 763		-
LED;KWAKOPI CURIOSHOP	141 877		141 877		-
LED;MUDEN ARTS & CRAFT	50 073		33 262		16 811
Reserves: Municipal Support Grant	36 333			36 333	-
Reserves: CMC & Secretariat Grant	61 988			8 442	53 546
Reserves: LGTA Municipal (ICS) Grant;	1 532 934			535 252	997 682
NLDTF : Dundee Arts & Craft	774 744	828 000	392 839		1 209 905

UMZINYATHI DISTRICT MUNICIPALITY

APENDIX F - GRANT CREDITORS AND PROVISIONS : 30 JUNE 2009 : CONTINUED

	Opening Balance at 30/06/2008 R	Contri - butions during the year R	Capital Expenditure during the Year R	Operating Expenditure during the Year R	Closing Balance at 30/06/2009 R
Growth Development Summit	100 000	0		100 000	-
Reserves: GIS System Grant;	1 158 596	250 000	-76 299		1 484 895
Reserves: Municipal Systems Improvement Gra	2 178 328	753 010	2 907 973		23 365
Halodi Gravel Access Road	0	2 000 000	657 536		1 342 464
Bhambatha Stadium;	460 752		255 708		205 044
Endumeni Rural Horse Riding;	525 503		344 210		181 293
LED Msinga Agriculture Packhouse Project	273 598		-		273 598
LED Msinga Stone Crushing Plan	146 598		-		146 598
LED Msinga Bee&Mushroom Farming	107 323		87 275		20 048
LED Nquthu Eqhude Agribusiness	29 193		-		29 193
Disaster Management Grant	400 000			297 840	102 160
LED Corridor Development	520 000	9 940 000	9 957 235		502 765
Development Planning IDP Capacity Building	510 000	3 566		228 178	285 387
Disaster Managemen Plan/Centre	587 548			120 416	467 132
DTLGA;WSDP 06/07	17 870			17 870	-
DTLGA;S78 06/07	700 000		-		700 000
DTLGA;TECH SUP 06/07	740 000			127 283	612 718
DTLGA;BACKLOG 06/07	116 548			-	116 548
DTLGA;ENERGY 06/07	200 000			-	200 000
DTLGA;CAPACITY BUILDING 06/0	98 000			93 782	4 218
DTLGA;CAPACITY IDP 2007	16 023		-		16 023
Greytown Bulk Water	0	13 388 554	3 053 610		10 334 945
Soya Bean Project	0		-		-
Contractor Incubator Project	0	2 640 000	1 109 412		1 530 588
Decommiss Nquthu Sewer	0	8 000 000	5 578 337		2 421 663
Msinga Agri-Business	0	1 600 000	307 649		1 292 351
CMIP Dundee Bulk Water	0		-		-
Massifikation of Bulk Water	0	1 000 000			1 000 000
Enseleni Community Hall1 Greytown	0	1 200 000	93 158		1 106 842
Enkamba Community Hall1 Msinga	0	1 200 000	53 874		1 146 126
Development of 2 Landfill Sites	0	1 000 000	-		1 000 000
Drought Relief No.3;	1 235 347			1 028 439	206 908
Government Grants Creditors	49 538 339	154 336 849	148 631 040	5 704 407	49 539 741
Provisions					
Leave pay	465 991	793 913		307 581	952 323
Provisions	465 991	793 913	307 581	952 323	952 323
Grant Creditors and Provisions	50 004 330	155 130 762	148 938 621	6 656 730	50 492 064

UMZINYATHI DISTRICT MUNICIPALITY

APPENDIX G: STATISTICAL INFORMATION

	2009	2008	2007	2006	2005	2004	2003	2002
General Statistics								
Levy tariffs								
Regional Establishment Levy (% of Turnover excluding VAT)	0	0	0.12	0.12	0.12	0.12	0.12	0.12
Regional Services Levy (% of Salaries, wages & drawings)	0	0	0.30	0.30	0.30	0.30	0.30	0.30
Number of Registered Levy Payers	0	0	1 245	1 896	1 791	1 459	1 279	1 977
Number of councillors of the Municipality	23	23	23	22	22	23	23	23
Number of employees of the Municipality	53	53	53	44	86	112	106	89
Number of water connections	-	-	-	-	722	236	*	*
Water Statistics								
Units purified (kL)	-	-	-	-	6 317 998	*	*	*
Units Sold (kL)	-	-	-	-	5 175 736	*	*	*
Distribution Loss (kL)	-	-	-	-	1 142 262	*	*	*
Distribution Loss (%)	-	-	-	-	18%	*	*	*
Average cost per unit sold (R)	-	-	-	-	3.98	*	*	*

* = Information not available