

Planning by	Reviewed	Performed by	Final review

Client details





Client name: UMGUNGUNDLOVU DISTRICT MUNICIPALITY
Year end: 30 June 2010

File details

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Design mode has been entered
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Balance Check

Controlling entity

		2010	2009
	Statement of financial position balances		
	Cash flow statement is out of balance	Diff (31)	-
	Net Surplus per the Statement of financial performance does not agree with the NETINC account	Diff 8	1
	Opening Accumulated Surplus (deficit) does not match the closing balance for the prior year	Diff (5 215)	2 129 871

Print details

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uMGUNGUNDOVU

U M A S I P A L A W E S I F U N D A

D I S T R I C T M U N I C I P A L I T Y

D I S T R I K M U N I S I P A L I T E I T

UMGUNGUNDOVU DISTRICT MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2010

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

General Information

Executive Committee

Mayor

Y Bhamjee (ANC)

Deputy Mayor: T Zondi (ANC)

Councillors

N B Z Cele (ANC)

T R Zuma (ANC)

J B Mtolo (ANC)

J S Majola (DA)

P Bhengu (IFP)

T R Zungu (ANC)

PART TIME COUNCILLORS

M S Bond (DA)

D Buthelezi (ANC)

M M Cekwane (ANC)

N B Z Cele (ANC)

L P Chiya (ANC)

B A Dlamini (ANC)

N V Duze (ANC)

S C Gabela (ANC)

J E P Green (DA)

R T Khanyile (IFP)

A M Lukhele (ANC)

N C Mabhida (ANC)

M E Madlala (IFP)

N B Ahmed (ANC)

S D Mbanjwa (IFP)

A D Mbense (ANC)

B A Mchunu (ANC)

M P Mkhize (ANC)

S E Mkhize (ANC)

S N Mkhize (ANC)

V J Mkhize (ANC)

B I Mncwabe (IFP)

V M Mncwabe (IFP)

M L Msimang (ANC)

S N Naidoo (ANC)

D A Ndlela (ANC)

M D Ndlovu (DA)

M E Ngcongco (DA)

P R Barnard (DA)

S M Ngubane (ANC)

M M Nkala (ANC)

E Z Ntombela (ANC)

G H Zondi (ANC)

B E Zuma (IFP)

Grading of local authority

Grade 4

SPEAKER

G H Zondi

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

General Information

MANAGEMENT

Municipal Manager- T L S Khuzwayo
Strategic Executive Manager - Community Services - S E Gwala
Acting Strategic Executive Manager - Corporate Services - S D Mkhize
Acting Strategic Executive Manager - Financial Services - B Ndlovu
(Appointed 01 November 2008)
Acting Strategic Executive Manager - Technical Services - E B Mbambo

Registered office

242 Langalibalele Street (Longmarket)
Pietermaritzburg
3201

Postal address

P O Box 3235
Pietermaritzburg
3200

Bankers

First National Bank

Auditors

Auditor General

Website

www.umd.gov.za

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
GEPF	Government Employees Pension Fund

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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VAT	Value Added Tax
PPE	Property Plant and Equipment
SALGA	South African Local Government Association
NJMP	Natal Joint Municipal Pension
ANC	African National Congress
DA	Democratic Alliance
IFP	Inkatha Freedom Party

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. 6.

The annual financial statements set out on pages 6 to 27, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2010 and were signed by:

Accounting Officer
Municipal Manager

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Officer's Report

Operating capital ratio 1.97:1 (1,34:1)

There is an improvement in nett current assets compared to prior year, we have enough short term assets to finance short term liabilities.

Solvability ratio 2.56:1 (2,54:1)

Assets are almost 2.5 times the liabilities, the Municipality will be able to meet all its short and long term obligations.

Cash to interest cover ration 19.36:1 (25.03:1)

The cash flow is sufficient enough to finance interest from long term liabilities.

Debt to cash ratio 77% (39%)

Indicates the remaining pay back period.

1. Going concern

We draw attention to the fact that at 30 June 2010 , the municipality had accumulated a surplus of R 218 709 219.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Statement of Financial Position

Figures in Rand	Note(s)	2010	2009
Assets			
Current Assets			
Trade and other receivables from exchange transactions	3	37 905 025	7 768 751
VAT receivable	4	55 094 345	27 413 870
Consumer debtors	5	40 768 027	20 217 887
Cash and cash equivalents	6	35 443 040	75 585 349
		169 210 437	130 985 857
Non-Current Assets			
Property, plant and equipment	2	192 059 973	174 224 572
Total Assets		361 270 410	305 210 429
Liabilities			
Current Liabilities			
Long term liabilities	7	2 193 286	5 124 257
Trade and other payables from exchange transactions	9	46 155 099	57 354 130
VAT payable	10	54 635 761	22 151 307
Consumer deposits	11	3 834 508	3 453 478
Unspent conditional grants and receipts	8	11 653 697	31 986 927
		118 472 351	120 070 099
Non-Current Liabilities			
Long term liabilities	7	20 924 948	20 469 807
Unspent conditional grants and receipts	8	3 163 892	3 924 260
		24 088 840	24 394 067
Total Liabilities		142 561 191	144 464 166
Net Assets		218 709 219	160 746 263
Net Assets			
Accumulated surplus		218 709 219	160 746 263

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Statement of Financial Performance

Figures in Rand	Note(s)	2010	2009
Revenue			
Service charges	13	38 336 839	44 690 333
Government grants & subsidies	14	320 052 962	370 060 815
Rental income		353 001	339 127
Other income	15	41 940 812	3 689 451
Interest received on Call Account	20	7 176 666	6 934 032
Total Revenue		407 860 280	425 713 758
Expenditure			
Personnel	17	(98 386 328)	(89 781 323)
Remuneration of councillors	18	(8 023 333)	(7 276 845)
Management fees		(2 539 997)	(1 885 174)
Depreciation and amortisation	21	(25 420 575)	(24 610 901)
Finance costs	22	(5 670 266)	(3 023 312)
Debt impairment	19	(6 491 642)	(15 151 801)
Repairs and maintenance		(3 582 213)	(5 411 194)
Bulk purchases	27	(41 244 306)	(29 150 728)
Contracted services	24	(104 920 479)	(143 660 810)
General Expenses	16	(52 775 268)	(35 231 738)
Total Expenditure		(349 054 407)	(355 183 826)
Loss on disposal of assets and liabilities		(837 701)	(201 526)
Surplus for the year		57 968 172	70 328 406

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2008	90 417 857	90 417 857
Changes in net assets		
Surplus for the year	70 328 406	70 328 406
Total changes	<u>70 328 406</u>	<u>70 328 406</u>
Opening balance as previously reported	160 746 266	160 746 266
Adjustments		
Adjustments	(5 219)	(5 219)
Balance at 01 July 2009 as restated	160 741 047	160 741 047
Changes in net assets		
Surplus for the year	57 968 172	57 968 172
Total changes	<u>57 968 172</u>	<u>57 968 172</u>
Balance at 30 June 2010	218 709 219	218 709 219
Note(s)		

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Cash flow statement

Figures in Rand	Note(s)	2010	2009
Cash flows from operating activities			
Receipts			
Sale of goods and services		38 331 002	44 690 333
Grants		320 052 962	370 060 815
Interest income		7 176 666	6 934 032
Other receipts		353 001	339 127
Other cash item		41 937 402	3 689 451
		<u>407 851 033</u>	<u>425 713 758</u>
Payments			
Employee costs		(98 386 328)	(89 781 323)
Suppliers		(41 244 306)	(29 150 728)
Finance costs		(5 670 266)	(3 023 312)
Other payments		(256 109 893)	(237 346 949)
Other cash item		-	15 939 486
		<u>(401 410 793)</u>	<u>(343 362 826)</u>
Net cash flows from operating activities	25	<u>6 440 240</u>	<u>82 350 932</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(44 638 131)	(67 011 846)
Proceeds from sale of property, plant and equipment	2	531 381	(716)
Net cash flows from investing activities		<u>(44 106 750)</u>	<u>(67 012 562)</u>
Cash flows from financing activities			
Repayment of long term liabilities		(2 475 830)	(4 840 286)
Net cash flows from financing activities		<u>(2 475 830)</u>	<u>(4 840 286)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(40 142 340)</u>	<u>10 498 084</u>
Cash and cash equivalents at the beginning of the year		75 585 349	65 087 265
Cash and cash equivalents at the end of the year	6	<u>35 443 009</u>	<u>75 585 349</u>

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

Standard of GRAP

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
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 & Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests 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 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	segment Reporting
GRAP 19	Provisions, Contingent Liabilities & Contingent Assets
GRAP 23	Revenue from Non-Exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 100	Non Current Assets Held for
GRAP 101	Agriculture
GRAP102	Intangible Assets

GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 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.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

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 period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured 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 management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.1 Property, plant and equipment (continued)

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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	20 Years
Furniture and fixtures	5 Years
Motor vehicles	4 Years
Office equipment	5 Years
IT equipment	3 Years
Computer software	2 Years
Infrastructure	
• Roads and paving	6 Years
• Water	6 Years
• Sewerage	6 Years
Capital work in progress	Not depreciated (Until Completed)

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.1 Property, plant and equipment (continued)

depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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 from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.2 Financial instruments

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables are classified as loans and receivables. We have used the method of recovery in the current year and non recovery was then used to create a doubtful debt provision hence we did not discount the debtors because of the materiality of the provision. The provision for doubtful debt was based on information provided by an approved accredited bureau on individual debtors by profiling each debtor in terms of risk. The customers that could not be profiled by the approved accredited bureau have been provided. No provision has been made for amounts outstanding by government departments as these balances are recoverable.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.4 Impairment of Assets

The municipality assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable 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 impairments annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual assets. If it is not possible to estimate the recoverable amount, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable 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.

1.5 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.6 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

1.7 Revenue

Revenue comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.8 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.9 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.10 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified.

1.11 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote;
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.12 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.13 Internal Reserves

Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is 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 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.

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.

1.14 Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand 2010 2009

2. Property, plant and equipment

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	1 843 767	-	1 843 767	1 843 767	-	1 843 767
Buildings	21 417 324	(7 174 920)	14 242 404	20 809 092	(6 119 449)	14 689 643
Plant and machinery - Fire equipment	11 800 429	(2 411 786)	9 388 643	13 254 580	(2 044 871)	11 209 709
Furniture and fixtures	2 714 485	(1 943 442)	771 043	2 202 095	(1 436 566)	765 529
Motor vehicles	5 689 287	(5 418 735)	270 552	5 846 110	(4 259 315)	1 586 795
IT equipment	3 493 067	(2 163 797)	1 329 270	2 452 064	(1 615 427)	836 637
Capital work in progress	113 475 241	-	113 475 241	83 172 317	-	83 172 317
Wastewater network	192 815 202	(144 036 308)	48 778 894	182 686 285	(122 566 110)	60 120 175
Plant and Machinery - Other	2 016 992	(56 833)	1 960 159	-	-	-
Total	355 265 794	(163 205 821)	192 059 973	312 266 310	(138 041 738)	174 224 572

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	1 843 767	-	-	-	-	1 843 767
Buildings	14 689 643	608 231	-	-	(1 055 470)	14 242 404
Plant and machinery - Fire equipment	11 209 709	14 599	(1 349 318)	-	(486 347)	9 388 643
Furniture and fixtures	765 529	512 390	-	-	(506 876)	771 043
Motor vehicles	1 586 795	-	(19 764)	-	(1 296 479)	270 552
IT equipment	836 637	1 041 005	-	-	(548 372)	1 329 270
Capital work in progress	83 172 317	39 375 496	-	(9 072 572)	-	113 475 241
Wastewater network	60 120 175	1 069 418	-	9 072 572	(21 483 271)	48 778 894
Plant and Machinery - Other	-	2 016 992	-	-	(56 833)	1 960 159
	174 224 572	44 638 131	(1 369 082)	-	(25 433 648)	192 059 973

Reconciliation of property, plant and equipment - 2009

	Opening balance	Additions	Disposals	Depreciation	Total
Land	1 843 767	-	-	-	1 843 767
Buildings	15 031 698	672 822	-	(1 014 877)	14 689 643
Plant and machinery - Fire equipment	11 734 200	6 883	-	(531 374)	11 209 709
Furniture and fixtures	1 226 890	125 289	(167 188)	(419 462)	765 529
Motor vehicles	3 042 641	-	-	(1 455 846)	1 586 795
IT equipment	539 257	761 454	(33 622)	(430 452)	836 637
Capital work in progress	46 443 062	36 729 255	-	-	83 172 317
Wastewater network	52 162 921	28 716 143	-	(20 758 889)	60 120 175
	132 024 436	67 011 846	(200 810)	(24 610 900)	174 224 572

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
3. Trade and other receivables from exchange transactions		
Deposits	145 191	124 169
Agency Agreements	4 877 684	6 959 393
Accrued Income	32 560 128	-
Prepaid expenses	1 005 362	685 189
Sundry Debtors	(686 691)	-
Other debtors #3	3 351	-
	37 905 025	7 768 751
4. VAT receivable		
VAT	55 094 345	27 413 870
5. Consumer debtors		
Gross balances		
Water	142 056 742	115 717 856
Debtors Discounting	(5 408 574)	(3 396 260)
	136 648 168	112 321 596
Less: Provision for debt impairment		
Water	(95 880 141)	(92 103 708)
Net balance		
Water	40 768 027	20 217 887
Water		
Current (0 -30 days)	8 475 798	30 397 741
31 - 60 days	4 428 834	1 046 787
61 - 90 days	3 654 818	2 977 396
91 - 120 days	2 825 044	2 176 392
121 - 365 days	122 672 248	79 119 540
Provision	(95 880 141)	(92 103 709)
Debtors Discounting	(5 408 574)	(3 396 260)
	40 768 027	20 217 887
Reconciliation of debt impairment provision		
Balance at beginning of the year	(92 103 708)	(92 103 708)
Contributions to provision	(6 850 800)	-
Discounting effect of provision	3 074 367	-
	(95 880 141)	(92 103 708)

The Debtors are initially recorded at the Fair value being the invoice value, these are subsequently amortised at an effective rate determined as current average interest on FNB's call accounts. We calculated the estimated effect of discounting resulting in an amount of R5 408 574. We assumed that debtors will be paid in six months time. The interest rate used in discounting was 6.3% per annum. Debtors and revenue has been disclosed net of discounting.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	12 267 044	69 465 614
Call accounts	23 170 433	6 115 981
Petty cash and cashier collection	5 563	3 754
	35 443 040	75 585 349
7. Long term liabilities		
Held at amortised cost		
Development Bank of South Africa	23 118 234	25 594 064
At amortised cost - Refer to Appendix A The external loans represent interest bearing liabilities acquired from DBSA for various projects. The loans bear interest at 10 percent per annum and repayments are made after six months i.e. 31 October and 31 March for the duration of the loans		
Non-current liabilities		
At amortised cost	20 924 948	20 469 807
Current liabilities		
At amortised cost	2 193 286	5 124 257
	23 118 234	25 594 064
8. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Corridor Development Grant	5 450 000	-
Water Purification Grant	2 244 800	2 244 800
Technical Grant	525 785	525 785
MIG	(1 056 276)	(1 243 145)
Drought Relief WSA	580 896	2 681 136
Public Works	431 382	647 782
DPSS GIS Grants	2 679 627	1 850 000
KZN Sports	2 622 720	2 300 594
Other Grants	1 338 655	26 904 235
	14 817 589	35 911 187
Non-current liabilities	3 163 892	3 924 260
Current liabilities	11 653 697	31 986 927
	14 817 589	35 911 187
The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and		
9. Trade and other payables from exchange transactions		
Trade payables	28 936 492	41 263 824
Retention creditors	6 841 314	8 984 251
Other accrued expenses	10 197 388	7 106 055
Sundry Creditors	179 905	-
	46 155 099	57 354 130

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
10. VAT payable		
Tax refunds payables	<u>54 635 761</u>	<u>22 151 307</u>
11. Consumer deposits		
Water	<u>3 834 508</u>	<u>3 453 478</u>
<p>The water deposits relates to amounts paid by customers and are refundable as and when the customer closes their water account. The Municipality does not accrue nor pay interest on these deposits.</p>		
12. Revenue		
Service charges	38 336 839	44 690 333
Government grants & subsidies	320 052 962	370 060 815
	<u>358 389 801</u>	<u>414 751 148</u>
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	<u>38 336 839</u>	<u>44 690 333</u>
The amount included in revenue arising from non-exchange transactions is as follows:		
Government grants & subsidies	<u>320 052 962</u>	<u>370 060 815</u>
13. Service charges		
Sale of water	33 582 225	39 288 165
Sewerage and sanitation charges	4 754 614	5 402 168
	<u>38 336 839</u>	<u>44 690 333</u>
<p>The municipality averages water loss to be approximately 29%.The loss is calculated by comparing quantity of water sold to quantity purchased. This calculation was determined by a reputable civil engineering company.</p>		
14. Government grants and subsidies		
Equitable share	208 963 175	188 294 729
Public Works	2 741 263	-
MIG	70 592 828	102 317 830
FMG	1 002 227	-
Corridor Development	7 000 000	17 000 000
Stadium Grant	23 051 972	55 839 952
MSIG	735 000	735 000
SETA Grant	758 981	-
Shared Services Grant	346 980	447 368
2010 Disaster Grant	289 496	210 504
DIMs Grant	-	119 658
Disaster Management Grant	52 284	208 267
Drought Relief	1 579 182	714 864
Sports and Recreation	-	646 629
GIS Shared Services	1 224 373	-
Government grant - other	1 715 201	925 243
Other grants	-	2 600 771
	<u>320 052 962</u>	<u>370 060 815</u>

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
15. Other income		
Project Income	79 064	54 158
Sundry income	41 861 104	2 800 238
Other Revenue	644	835 055
	41 940 812	3 689 451
16. General expenses		
Advertising	487 599	257 269
Assessment rates & municipal charges	437 240	445 943
Auditors remuneration	1 000 111	1 210 263
Bank charges	161 793	79 957
Computer expenses	456 712	129 543
Consulting and professional fees	4 576 166	3 263 239
Consumables	291 461	385 797
Entertainment	630 536	169 121
Fines and penalties	406 217	-
Hire	882 748	502 085
Insurance	1 584 016	614 546
Conferences and seminars	442 725	342 286
Lease rentals on operating lease	412 957	326 919
Levies	418 018	357 958
Magazines, books and periodicals	28 667	2 905
Motor vehicle expenses	5 989 401	3 992 702
Postage and courier	491 740	137 214
Printing and stationery	959 603	902 760
Communication	633 940	503 138
Protective clothing	786 551	327 609
Project maintenance costs	710 641	541 281
Research and development costs	10 461	-
Royalties and license fees	864 126	666 926
Security (Guarding of municipal property)	2 268 957	1 196 508
Subscriptions and membership fees	1 324 775	881 767
Telephone and fax	5 046 453	3 629 249
Training	1 580 486	201 672
Travel - local	193 729	268 528
Electricity	1 358 140	1 009 064
Social services	10 128 321	2 634 547
Assets under R5 000	631 255	-
Grant Expenditure	7 579 723	10 250 942
	52 775 268	35 231 738

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
17. Employee related costs		
Basic	60 573 904	53 447 126
Medical aid - company contributions	3 079 204	2 487 231
UIF	497 410	484 732
SDL	776 568	788 393
Salgbc levies	18 620	17 888
Leave pay provision charge	3 206 812	1 994 381
Life group Insurance	767 330	1 095 786
Fire shift and services allowance	1 357 998	1 337 787
Post-employment benefits - Pension - Defined contribution plan	9 589 197	9 297 539
Travel, motor car, accommodation, subsistence and other allowances	7 810 154	7 962 010
Overtime payments	2 197 218	2 735 600
Long-service awards	572 874	422 291
Acting allowances	1 497 150	1 845 034
Housing benefits and allowances	532 882	645 908
Holiday Bonus	4 874 822	4 247 260
Stand by allowance	825 978	714 028
Telephone	130 262	176 458
Clothing Allowance	77 945	81 871
	98 386 328	89 781 323
Remuneration of municipal manager		
Annual remuneration	918 222	850 000
Remuneration of chief finance officer		
Annual remuneration	773 512	491 462
Acting allowance	42 847	45 353
	816 359	536 815

Post employment benefits

The Municipality's staff are members of the following Benefit Schemes

Natal Joint Municipal Pension Fund (Retirement Registration Number 12/8/6676/2 - a State and Multi Employer Defined Benefit Plan)

Natal Joint Municipal Pension Fund (a State and Multi Employer Defined Benefit Plan)

Kwazulu Natal Provident Fund (a State and Multi Employer Defined Contribution Plan)

Along with other Municipalities in the province of Kwazulu Natal, Umgungundlovu participates in a multi employer defined plan. Because the plan exposes the participating entities to actuarial risks associated with the current and former employees of other municipalities participating in the plan there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual municipalities participating in the plan. Umgungundlovu therefore accounts for the plan as if it were defined contribution plan. A funding valuation which is not drawn up on the basis of assumptions compatible with GRAP Exposure Draft # 49 - Employee benefits as at 31 March 2010 reflected an overall plan deficit of R17.8 million.

The shortfall will be funded through a surcharge of 17% of salaries, this surcharge is spread across supernation members. The fund could not produce Audited Financial Statements on time hence we are unable to report on the performance of 2010.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
18. Remuneration of councillors		
Mayor	593 374	538 575
Deputy Mayor	464 690	430 860
WHIP	449 305	403 931
Speaker	496 503	383 191
All other councillor's remuneration benefits	6 019 461	5 520 289
	8 023 333	7 276 846
19. Debt impairment		
Contributions to debt impairment provision	6 491 642	15 151 801
20. Investment revenue		
Bank	7 176 666	6 934 032
21. Depreciation and amortisation		
Property, plant and equipment	25 420 575	24 610 901
22. Finance costs		
Non-current borrowings - DBSA	2 648 427	2 718 291
Interest paid - sundry	3 021 839	305 021
	5 670 266	3 023 312
23. Auditors' remuneration		
Fees	1 000 111	1 210 263
24. Contracted services		
Operating Leases	38 474 163	28 960 878
Project Related Contractors	66 446 316	114 699 932
	104 920 479	143 660 810

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
25. Cash generated from operations		
Surplus	57 968 172	70 328 406
Adjustments for:		
Depreciation and amortisation	25 420 575	24 610 901
Gain on sale of assets and liabilities	837 701	201 526
Debt impairment	6 491 642	15 151 801
Prior year error	-	2 129 874
Other non-cash items	13 065	-
Changes in working capital:		
Trade and other receivables from exchange transactions	(30 136 274)	(6 659 295)
Consumer debtors	(27 047 030)	(21 586 839)
Trade and other payables from exchange transactions	(11 199 022)	25 935 061
VAT	4 803 979	9 900 336
Taxes and transfers payable (non exchange)	-	(7 890 913)
Unspent conditional grants and receipts	(21 093 598)	(30 814 427)
Consumer deposits	381 030	1 044 501
	6 440 240	82 350 932

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
26. Retirement benefits		
Defined contribution plan		
It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.		
The municipality is under no obligation to cover any unfunded benefits.		
27. Bulk purchases		
Water	41 244 306	29 150 728
28. Commitments		
Already contracted for but not provided for		
Already contracted for but not provided for		
• Infrastructure	76 800 539	180 505 718
This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.		
29. Related parties		
uMshwathi Local Municipality (KZ 221)	83 807	(196 543)
Agency Agreement in relation to water and sanitation		
uMngeni Local Municipality (KZ 222)	4 321 723	5 244 191
Agency Agreement in relation to water, sanitation and Environmental Health		
Mpofana Local Municipality (KZ 223)	962 165	1 399 072
Agency Agreement in relation to water and sanitation		
Msunduzi Local Municipality (KZ 225)	24 704 587	(2 248 040)
Agency Agreement in relation to fire services		
Mkhambathini Local Municipality (KZ 226)	150 422	150 422
Agency Agreement in relation to water and sanitation		
Richmond Local Municipality (KZ 227)	(560 307)	165 708
Agency Agreement in relation to water and sanitation		
	29 662 397	4 514 810
30. Fruitless and wasteful expenditure		
Fruitless and wasteful expenditure is in respect of penalties and interest due to late submission of earnings returns to SARS	406 207	-

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand

31. Statement of comparative and actual information

2010

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance									
Service charges	59 094 911	59 094 911		59 094 911	38 336 839		20 758 072	65 %	65 %
Investment revenue	3 000 000	3 000 000		3 000 000	7 176 666		(4 176 666)	239 %	239 %
Transfers recognised - operational	359 576 516	359 576 516		359 576 516	320 052 962		39 523 554	89 %	89 %
Other own revenue	660 000	660 000		660 000	42 293 813		(41 633 813)	6 408 %	6 408 %
Total revenue (excluding capital transfers and contributions)	422 331 427	422 331 427		422 331 427	407 860 280		14 471 147	97 %	97 %
Employee costs	(104 193 583)	(104 201 583)	-	(104 201 583)	(98 386 328)	-	(5 815 255)	94 %	94 %
Remuneration of councillors	(110 000)	(50 000)	-	(50 000)	(8 023 333)	-	7 973 333	16 047 %	7 294 %
Debt impairment	(23 000 000)	(23 000 000)		(23 000 000)	(6 491 642)	-	(16 508 358)	28 %	28 %
Depreciation and asset impairment	(20 000 000)	(20 000 000)		(20 000 000)	(25 420 575)	-	5 420 575	127 %	127 %
Finance charges	(3 261 223)	(3 336 223)	-	(3 336 223)	(5 670 266)	-	2 334 043	170 %	174 %
Materials and bulk purchases	(35 663 772)	(35 663 772)	-	(35 663 772)	(41 244 306)	-	5 580 534	116 %	116 %
Other expenditure	(94 894 234)	(95 003 232)	-	(95 003 232)	(164 655 658)	-	69 652 426	173 %	174 %
Total expenditure	(281 122 812)	(281 254 810)	-	(281 254 810)	(349 892 108)	-	68 637 298	124 %	124 %
Surplus/(Deficit)	141 208 615	141 076 617		141 076 617	57 968 172		83 108 445	41 %	41 %

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	1 000 000	1 000 000		1 000 000	-		1 000 000	- %	- %
Surplus (Deficit) after capital transfers and contributions	142 208 615	142 076 617		142 076 617	57 968 172		84 108 445	41 %	41 %
Surplus/(Deficit) for the year	142 208 615	142 076 617		142 076 617	57 968 172		84 108 445	41 %	41 %

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o.council approved)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows									
Net cash from (used) operating	29 909 270	29 909 270		29 909 270	6 440 240		23 469 030	22 %	22 %
Net cash from (used) investing	(140 890 514)	(140 890 514)		(140 890 514)	(44 106 750)		(96 783 764)	31 %	31 %
Net cash from (used) financing	113 785 877	113 785 877		113 785 877	(2 475 830)		116 261 707	(2)%	(2)%
Cash/cash equivalents at the year end	2 804 633	2 804 633		2 804 633	(40 142 340)		42 946 973	(1 431)%	(1 431)%

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Appendix A: Schedule of external loans

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Appendix A - Schedule of external loans as at 30 June 2010

June 2010

	Loan Number	Redeemable	Balance at 30 June 2009	Received during the period	Redeemed written off during the period	Balance at 30 June 2010	
Development Bank of South Africa							
10.00%	Development Bank of South Africa	9370	2014/09/30	1 912 353	-	275 323	1 637 030
10.00%	Development Bank of South Africa	10181	2015/03/31	158 210	-	20 327	137 883
10.00%	Development Bank of South Africa	10155	2015/03/31	2 889 409	-	371 246	2 518 163
10.00%	Development Bank of South Africa	10157	2015/03/31	1 043 188	-	134 034	909 154
10.00%	Development Bank of South Africa	10434	2016/03/31	3 447 307	-	359 649	3 087 658
10.00%	Development Bank of South Africa	10394	2016/03/31	60 599	-	6 323	54 276
10.00%	Development Bank of South Africa	10180	2016/03/31	3 447 307	-	359 649	3 087 658
10.00%	Development Bank of South Africa	10392	2015/09/30	348 214	-	40 200	308 014
10.00%	Development Bank of South Africa	10158	2016/03/31	4 243 383	-	402 043	3 841 340
10.00%	Development Bank of South Africa	10395	2017/03/31	1 320 702	-	114 121	1 206 581
11.00%	Development Bank of South Africa	13851	2018/09/30	5 983 406	-	362 615	5 620 791
14.50%	Development Bank of South Africa	12358	2015/12/31	133 379	-	13 531	119 848
14.50%	Development Bank of South Africa	12359	2015/06/30	115 331	-	13 190	102 141
14.85%	Development Bank of South Africa	12360	2017/12/31	39 643	-	2 575	37 068
15.60%	Development Bank of South Africa	12361	2012/12/31	108 808	-	25 526	83 282
16.32%	Development Bank of South Africa	12363	2011/12/31	224 438	-	79 443	144 995
8.00%	Development Bank of South Africa	12698	2014/06/30	47 230	-	12 332	34 898
8.50%	Development Bank of South Africa	12699	2014/12/31	40 968	-	9 607	31 361
10.00%	Development Bank of South Africa	15346	2015/06/30	30 190	-	6 556	23 634
11.25%	Development Bank of South Africa	11457	2010/06/30	-	132 460	-	132 460
Total external loans				25 594 065	132 460	2 608 290	23 118 235

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Supplementary Information

Appendix E(1): Actual versus Budget (Revenue and Expenditure)

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Appendix E(1)

June 2010

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2010 Act. Bal. Rand	Current year 2010 Adjusted budget Rand
Revenue		
Service charges	38 336 839	59 094 911
Government grants & subsidies	320 052 963	360 576 516
Rental income	353 001	450 000
Other income	41 940 813	210 000
Interest received - investment	7 176 667	3 000 000
	<u>407 860 283</u>	<u>423 331 427</u>
Expenses		
Personnel	(98 386 335)	(104 201 583)
Remuneration of councillors	(8 023 333)	(50 000)
Administration	(2 539 996)	(3 000 000)
Depreciation	(25 420 575)	(20 000 000)
Finance costs	(5 670 267)	(3 336 223)
Debt impairment	(6 491 642)	(23 000 000)
Repairs and maintenance - General	(3 582 212)	(500 000)
Bulk purchases	(41 244 307)	(35 663 772)
Contracted Services	(104 920 480)	(19 113 600)
General Expenses	(52 775 269)	(72 389 632)
	<u>(349 054 416)</u>	<u>(281 254 810)</u>
Other revenue and costs		
Gain or loss on disposal of assets and liabilities	(837 701)	-
	<u>(837 701)</u>	<u>-</u>
Net surplus/ (deficit) for the year	<u>57 968 166</u>	<u>142 076 617</u>

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Supplementary Information

Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Supplementary Information

Appendix F: Disclosure of grants and subsidies in terms of the Municipal Finance Management Act

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Appendix F

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

June 2010

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld			Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance	
		Sep	Dec	Mar	Jun	Mar	Sep	Dec	Mar	Jun	Mar	Mar	Jun	Sep				Dec
MIG	COGTA	86 697	-	-	93 000	-	75 837	84 127	69 552	63 312	-	-	-	-	-	-	Yes	
FMG	COGTA	50 000	-	-	-	-	10 577	24 910	05 918	08 594	-	-	-	-	-	-	Yes	
MSIG	COGTA	35 000	-	-	-	-	-	75 130	-	59 870	-	-	-	-	-	-	Yes	
CORRIDOR	Prov COGTA	-	00 000	50 000	-	-	-	00 000	-	00 000	-	-	-	-	-	-	Yes	
DPSS	Prov COGTA	-	-	54 000	-	-	-	-	-	89 250	-	-	-	-	-	-	Yes	
		71 697	00 000	04 000	93 000	-	86 414	84 167	75 470	21 026	-	-	-	-	-	-		

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Supplementary Information

Appendix G: Bank and Cash balances

UMGUNGUNDLOVU DISTRICT MUNICIPALITY**Appendix F - Cash and cash equivalents**

June 2010

	Current year 2010 Rand	Prior Year # 1 2009 Rand
Bank balances		
FNB Call Account - 62215748289	10 437 812	1 646 809
FNB CBWP Account - 62012438603	470 279	647 782
FNB Salaries Account - 50940092196	28 493	3 147 341
FNB Main Account - 50940026773	10 950 189	65 976 573
Petty Cash	3 079	3 154
FNB Call Account - 61094008971	40 334	38 056
FNB FNB WSA Projects - 62023616462	1 012 342	71 390
FNB Stadium Grant Account - 62170274311	19 525	225 729
FNB ID Campaign - 62056927357	8 110	8 511
FNB Stadium Account - 62025307506	20 379	20 408
FNB Local Economic Development Account - 62107013790	49 861	48 996
	<u>23 040 403</u>	<u>71 834 749</u>
Short term deposits		
FNB Investment	<u>3 750 000</u>	<u>3 750 000</u>
	<u>3 750 000</u>	<u>3 750 000</u>
Other cash and cash equivalents		
FNB (62243484417)	1 150 155	-
STD (358610095002)	5 000 000	-
Investec(50003728655)	2 500 000	-
	8 650 155	-
	<u>35 440 558</u>	<u>75 584 749</u>