

ILEMBE DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2010

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 49, 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 in note 21 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 Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mike Newton
MUNICIPAL MANAGER

Date

**ILEMBE DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

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**ILEMBE DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010**

	Note	2010 R	2009 R
NET ASSETS AND LIABILITIES			
Net assets		503 540 402	419 822 248
Accumulated surplus		503 540 402	419 822 248
Non-current liabilities		114 609 624	110 043 175
Long-term liabilities	1	97 280 652	99 618 626
Retirement benefits	2	2 549 551	2 218 158
Lease liability	3	14 779 421	8 206 391
Current liabilities		147 649 813	132 366 162
Consumer deposits	4	2 502 987	2 146 136
Creditors	5	79 677 082	65 358 452
Unspent conditional grants and receipts	6	51 137 428	52 771 763
Value Added Taxation	7	7 051 450	6 464 214
Current portion of non-current liabilities	1	2 337 974	2 594 490
Current portion of lease liability	3	4 942 892	3 031 107
Total Net Assets and Liabilities		765 799 839	662 231 585
ASSETS			
Non-current assets		630 462 118	501 301 069
Property, plant and equipment	8	613 780 595	485 928 817
Intangible assets	9	571 221	715 473
Investments	10	15 811 697	14 346 921
Long-term receivables	11	298 605	309 858
Current assets		135 337 721	160 930 516
Inventories	12	5 317 295	5 841 893
Consumer debtors	13	44 135 391	59 421 234
Other debtors	14	10 668 483	15 801 630
Current investments	15	52 567 412	62 770 390
Bank balances and cash	16	22 649 140	17 095 369
Total Assets		765 799 839	662 231 585

**ILEMBE DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 R	2009 R
REVENUE			
Interest on debtors		17 351 099	16 988 366
Service charges	17	101 303 107	80 904 807
Interest on investment		5 747 945	10 123 338
Government grants and subsidies	18	358 288 124	238 685 093
Other income	19	15 930 891	6 069 089
		<hr/>	<hr/>
Total Revenue		498 621 166	352 770 693
EXPENDITURE			
Employee related costs	20	72 514 870	59 249 004
Remuneration of councillors	21	5 413 484	5 024 373
Amortisation	9	238 664	241 217
Depreciation	8	14 120 610	9 949 532
Impairment	8	3 957 607	-
Repairs and maintenance		24 570 220	19 709 564
Finance costs	22	9 839 748	8 018 245
Bulk purchases	23	42 570 492	30 008 902
Retirement and long services benefits	2	331 393	323 095
General expenses	24	90 552 631	72 466 792
Grant expenses	24	82 952 988	4 976 457
Adjustments to provisions	13	74 090 667	40 838 770
Loss on disposal of asset		528 047	-
Less: Recharges		(6 304 610)	(5 947 744)
		<hr/>	<hr/>
Total Expenditure		415 376 811	244 858 207
SURPLUS FOR THE YEAR			
		<hr/> <hr/>	<hr/> <hr/>
		83 244 355	107 912 486

**ILEMBE DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2010**

	<u>Accumulated Surplus and Total</u>
	R
2008/2009	
Balance as previously reported	19 722 356
Change in accounting policy - reversal of funds (Note 32.17)	18 041 044
Change in accounting policy - reversal of reserves (Note 32.17)	2 527 543
Change in accounting policy - unbundling of loans redeemed (Note 32.17)	412 859 413
Change in accounting policy - charge for backlog depreciation (Note 32.17)	(26 254 934)
Change in accounting policy - post retirement benefits (Note 32.17)	(1 895 063)
Change in accounting policy - assets incorrectly recorded (Note 32.17)	(1 309 243)
Restated balance at 1 July 2008	423 691 116
Surplus for the year - restated (Note 32.18)	107 912 486
Prior year adjustments (Note 32.19)	(8 471 941)
Reversal of accumulated depreciation on assets sold (Note 32.17)	2 544 154
Transfer of grant - offset against loans redeemed (Note 32.17)	(99 921 094)
Write back of non-GRAP expenditure - offset against loans redeemed (Note 32.17)	(5 932 473)
Restated balance at 30 June 2009	419 822 248
2009/2010	
Surplus for the year	83 244 355
Prior year adjustments (Note 32.19)	473 799
Balance at 30 June 2010	503 540 402

**ILEMBE DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 R	2009 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		449 505 751	
Cash paid to suppliers and employees		<u>(310 406 396)</u>	
Cash generated from operations	26	139 099 355	
Interest received		5 747 945	
Finance costs		<u>(9 839 748)</u>	
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u><u>135 007 552</u></u>	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(144 957 149)	
Purchase of intangible assets		(94 412)	
Proceeds on disposal of property, plant and equipment		601 150	
Increase in non-current investments		(1 464 776)	
Decrease in non-current receivables		11 253	
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u><u>(145 903 934)</u></u>	
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans raised - leases		9 663 245	
Loans repaid		(2 594 490)	
Loans repaid - leases		(1 178 431)	
Increase in consumer deposits		356 851	
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u><u>6 247 175</u></u>	
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u><u>(4 649 207)</u></u>	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>79 865 759</u>	
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27	<u><u>75 216 552</u></u>	<u><u>79 865 759</u></u>

Comparative information has not been provided for the 2008/09 financial statements as the cumulative effect of prior year adjustments due to errors and the implementation of GRAP render IMFO based financial information for 2008 inappropriate for the purpose of determining the 2009 comparative cash flow statement. In terms of GRAP 3 paragraph 25, when it is impracticable to determine the cumulative effect the accounting policy shall be adopted prospectively. GRAP 2 has thus been adopted for the year ended 30 June 2010.

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
1. LONG-TERM LIABILITIES		
Development bank of South Africa	69 618 626	72 213 116
ABSA	30 000 000	30 000 000
Sub-total	<u>99 618 626</u>	<u>102 213 116</u>
Less: Current portion transferred to current liabilities	2 337 974	2 594 490
Annuity Loans	<u>2 337 974</u>	<u>2 594 490</u>
Total External Loans	<u><u>97 280 652</u></u>	<u><u>99 618 626</u></u>

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

Development Bank of South Africa

Bear interest at rates between 9.02% and 10.8% per annum and are repayable in 2025.

ABSA Loan

Bear's interest at 10.8% per annum, and is repayable in 2025.

2. RETIREMENT BENEFITS

Long service awards

The independent valuers, ARCH actuarial consulting, carry out a statutory valuation on an annual basis.

The principal actuarial assumptions used were as follows:

Discount rate per annum	9%	9%
Inflation rate	7%	7%
Net effective discount rate	2%	2%
Benchmark inflation (equal to salary inflation)	6%	6%
Average retirement age	63	63
Proportion continuing membership at retirement	95%	95%
Proportion of retiring members who are married	90%	90%
Mortality during employment	SA 85-90 ultimate	SA 85-90 ultimate
Mortality post-retirement	PA 90 ultimate	PA 90 ultimate
(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	30%	30%
Age 30	25%	25%
Age 40	12%	12%
Age 50	4%	4%
Age 55+	0%	0%

The amounts recognised in the Statement of Financial Position were determined as being the present value of the obligation:

<u><u>2 549 551</u></u>	<u><u>2 218 158</u></u>
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**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
2. RETIREMENT BENEFITS (continued)		
Movement in the defined benefit obligation is as follows:		
Balance at beginning of the year	2 218 158	-
Current service cost	366 893	236 582
Interest cost	190 612	199 662
Benefit payments	(310 414)	(132 096)
Actuarial gains/(losses)	84 302	18 947
Recognition of previously unrecognised defined benefit liability	-	1 895 063
Balance at end of year	<u><u>2 549 551</u></u>	<u><u>2 218 158</u></u>
The amounts recognised in the Statement of Financial Performance were as follows:		
Current service cost	366 893	236 582
Interest cost	190 612	199 662
Benefit payments	(310 414)	(132 096)
Actuarial gains/(losses)	84 302	18 947
	<u><u>331 393</u></u>	<u><u>323 095</u></u>
Ilembe has fully adopted IAS 19 Employee benefits		
3. FINANCE LEASE LIABILITY		
Minimum lease payments due are :		
- Within 1 year	4 942 892	3 031 107
- In two to five years	14 779 421	8 206 391
	<u><u>19 722 313</u></u>	<u><u>11 237 498</u></u>
Non-current liabilities	14 779 421	8 206 391
Current liabilities	4 942 892	3 031 107
Total Lease Commitments	<u><u>19 722 313</u></u>	<u><u>11 237 498</u></u>
4. CONSUMER DEPOSITS		
Water	<u><u>2 502 987</u></u>	<u><u>2 146 136</u></u>
5. CREDITORS		
Trade creditors	39 753 652	31 734 282
Kwadukuza - water loans	5 464 856	5 528 514
Staff leave	5 859 511	4 477 700
Audit fee	1 500 000	1 521 519
Other creditors	1 641 461	1 617 785
Payments in advance	2 976 995	2 029 187
Unpresented cheques	22 480 607	18 449 465
Total Creditors	<u><u>79 677 082</u></u>	<u><u>65 358 452</u></u>

8. PROPERTY, PLANT & EQUIPMENT

30 June 2010

Reconciliation of Carrying Value	Land	Buildings	Infrastructure Water & Sewerage	Assets under construction	Heritage	Other assets	Improvement to Leasehold	Finance lease assets	Total
	R	R	R	R	R	R	R	R	R
Carrying Values at 1 July 2009	6 094 805	9 899 876	445 784 221	-	205 578	8 617 632	684 205	14 642 500	485 928 817
Cost	6 094 805	12 438 563	471 199 672	-	205 578	12 733 418	695 253	15 176 396	518 543 685
Accumulated depreciation	-	(2 538 687)	(25 415 451)	-	-	(4 115 786)	(11 048)	(533 896)	(32 614 868)
Acquisitions	-	5 488 913	83 065 129	43 211 173	-	3 528 689	-	9 663 245	144 957 149
Newly identified assets at fair value	-	-	-	-	-	2 102 042	-	-	2 102 042
Depreciation	-	(428 046)	(10 316 976)	-	-	(1 200 683)	(139 051)	(2 035 854)	(14 120 610)
Impairment	-	-	(3 957 607)	-	-	-	-	-	(3 957 607)
Carrying Value of disposals	-	-	-	-	-	(1 129 196)	-	-	(1 129 196)
Cost	-	-	-	-	-	(3 308 546)	-	-	(3 308 546)
Accumulated depreciation	-	-	-	-	-	2 179 350	-	-	2 179 350
Carrying Values at 30 June 2010	6 094 805	14 960 743	514 574 767	43 211 173	205 578	11 918 484	545 154	22 269 891	613 780 595
Cost	6 094 805	17 927 476	554 264 801	43 211 173	205 578	15 055 603	695 253	24 839 641	662 294 330
Accumulated depreciation	-	(2 966 733)	(39 690 034)	-	-	(3 137 119)	(150 099)	(2 569 750)	(48 513 735)

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

Ilembe District Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of leases as set out in paragraphs 55 to 60.

30 June 2009

Reconciliation of Carrying Value	Land	Buildings	Infrastructure Water & Sewerage	Heritage	Other Assets	Improvement to Leasehold	Finance lease assets	Intangible Assets	Total
	R	R	R	R	R	R	R	R	R
Carrying Values at 1 July 2008	5 999 175	15 638 154	358 588 750	205 578	15 007 511	695 253	-	1 977 220	398 111 641
Cost	5 999 175	15 638 154	358 588 750	205 578	15 007 511	695 253	-	1 977 220	398 111 641
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Prior year adjustments	-	(85 420)	-	-	(65 989)	-	125 180	-	(26 229)
Backlog depreciation & impairment losses	-	(2 110 888)	(17 728 801)	-	(5 326 647)	-	(43 154)	(1 045 444)	(26 254 934)
Transfer to intangible assets	-	-	-	-	-	-	-	(931 776)	(931 776)
Cost	-	-	-	-	-	-	-	(1 977 220)	(1 977 220)
Accumulated amortisation	-	-	-	-	-	-	-	1 045 444	1 045 444
Restated carrying values at 1 July 2008	5 999 175	13 441 846	340 859 949	205 578	9 614 875	675 674	82 026	-	370 879 123
Cost	5 999 175	15 552 734	358 588 750	205 578	14 941 522	695 253	125 180	-	396 108 192
Accumulated depreciation	-	(2 110 888)	(17 728 801)	-	(5 326 647)	-	(43 154)	-	(25 209 490)
Acquisitions	95 630	7 400	112 610 922	-	1 962 278	-	15 051 216	-	129 727 446
Acquisitions	95 630	716 760	112 610 922	-	1 962 278	-	-	-	115 385 590
Adjustments	-	(709 360)	-	-	-	-	15 051 216	-	14 341 856
Depreciation	-	(531 851)	(7 686 650)	-	(1 229 241)	(11 048)	(490 742)	-	(9 949 532)
Carrying Value of disposals	-	(3 017 519)	-	-	(1 730 280)	-	-	-	(4 747 799)
Cost	-	(3 121 571)	-	-	(3 721 909)	-	-	-	(6 843 480)
Adjustments	-	-	-	-	(448 473)	-	-	-	(448 473)
Adjusted cost	-	(3 121 571)	-	-	(4 170 382)	-	-	-	(7 291 953)
Accumulated depreciation	-	104 052	-	-	2 440 102	-	-	-	2 544 154
Carrying Values at 30 June 2009	6 094 805	9 899 876	445 784 221	205 578	8 617 632	684 205	14 642 500	-	485 928 817
Cost	6 094 805	12 438 563	471 199 672	205 578	12 733 418	695 253	15 176 396	-	518 543 685
Accumulated depreciation	-	(2 538 687)	(25 415 451)	-	(4 115 786)	(11 048)	(533 896)	-	(32 614 868)

Correction of prior year errors are disclosed in note 32.

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	R	R
9. INTANGIBLE ASSETS		
Carrying value opening balance 1 July 2008	-	-
Cost	-	-
Accumulated Amortisation	-	-
Transfer from Property Plant & Equipment (Note 8)	-	931 776
Cost	-	1 977 220
Accumulated Amortisation	-	(1 045 444)
Restated carrying value opening balance at 1 July	715 473	931 776
Cost	2 002 134	1 977 220
Accumulated Amortisation	(1 286 661)	(1 045 444)
Additions	94 412	24 914
Amortisation	(238 664)	(241 217)
Disposals		
Cost	(157 757)	-
Accumulated Amortisation	157 757	-
Carrying value closing balance	571 221	715 473
Cost	1 938 789	2 002 134
Accumulated Amortisation	(1 367 568)	(1 286 661)

The carrying value of intangible assets disclosed relate to computer software.

Ilembe District Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of intangible assets as set out in paragraphs 110 to 118.

10. INVESTMENTS

Unlisted

ABSA Zero coupon investment	15 811 697	14 346 921
Council's valuation of unlisted investments	15 811 697	14 346 921

Average rate of return on investments could not be calculated.

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
11. LONG-TERM RECEIVABLES		
Busaries	298 605	309 858
Total Receivables	<u>298 605</u>	<u>309 858</u>
Staff busaries		
Loans have been granted to individuals as part of a busary scheme		
12. INVENTORIES		
Water	5 076 542	5 841 893
Consumable stores	240 753	-
Total Inventories	<u>5 317 295</u>	<u>5 841 893</u>
Periodically, physical stock counts are carried out and any obsolete and redundant items are identified and written off under Council authority.		
Ilembe District Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of inventories as set out in paragraphs 45 to 52.		
13. CONSUMER DEBTORS		
Water and sewerage	219 690 312	163 197 909
Total service debtors	<u>219 690 312</u>	<u>163 197 909</u>
Less provision for bad debts	(175 554 921)	(103 776 675)
Total	<u>44 135 391</u>	<u>59 421 234</u>
<u>Water and sewerage : Ageing</u>		
Current (0 – 30 days)	11 289 027	9 474 909
31 - 60 Days	8 587 363	8 265 899
61 - 90 Days	7 434 053	6 810 836
91 - 120 Days	6 090 520	5 519 075
Greater than 120 days	186 289 349	138 368 898
Prior year error		(5 241 708)
Total	<u>219 690 312</u>	<u>163 197 909</u>
<u>Reconciliation of the Bad Debt Provision</u>		
Balance at beginning of the year - Consumer debtors	103 776 675	64 133 110
Contribution to provision - Consumer debtors	74 090 667	40 838 770
Bad debts written off against the provision - Consumer debtors	(2 312 421)	(1 195 205)
Balance at end of year	<u>175 554 921</u>	<u>103 776 675</u>

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
14. OTHER DEBTORS		
Other debtors	3 934 930	2 271 966
Umgeni water debtors	2 945 509	2 351 932
Accrued interest	241 600	192 220
DBSA loan debtor	-	9 031 080
Enterprise Ilembe	198 863	385 879
MIG debtor (Refer to Note 18.3)	1 530 422	-
Deposits not reflected on bank statement	1 817 159	1 568 553
	<u>10 668 483</u>	<u>15 801 630</u>
Less provision for bad debts	-	-
Total Other Debtors	<u><u>10 668 483</u></u>	<u><u>15 801 630</u></u>
15. CURRENT INVESTMENTS		
<u>ACCOUNT DESCRIPTION - Investments (MFMA requirement)</u>		
Investment Current Account		
<i>ABSA Bank Account - Durban Branch</i>		
<i>Account Number 9114541258 : Call Account</i>		
Bank statement balance at the beginning of the year	6 926 571	3 742 115
Bank statement balance at the end of the year	<u>93 886</u>	<u>6 926 571</u>
Investment Current Account		
<i>ABSA Bank Account - Durban Branch</i>		
<i>Account Number 9183363524 : Call account</i>		
Bank statement balance at the beginning of the year	11 077 633	12 113 759
Bank statement balance at the end of the year	<u>7 526 798</u>	<u>11 077 633</u>
Investment Current Account		
<i>ABSA Bank Account - Durban Branch</i>		
<i>Account Number 9095950633 : Call Account</i>		
Bank statement balance at the beginning of the year	2 591 736	2 336 065
Bank statement balance at the end of the year	<u>2 924 429</u>	<u>2 591 736</u>
Investment Current Account		
<i>ABSA Bank Account - Durban Branch</i>		
<i>Account Number 9095950633 : Call account</i>		
Bank statement balance at the beginning of the year	741 987	667 774
Bank statement balance at the end of the year	<u>790 451</u>	<u>741 987</u>
Investment Current Account		
<i>ABSA Bank Account - Durban Branch</i>		
<i>Account Number 2069335008 : Call Account</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>1 210 472</u>	<u>-</u>
Investment Current Account		
<i>ABSA Bank Account - Durban Branch</i>		
<i>Account Number 9216957611 - Call Account</i>		
Bank statement balance at the beginning of the year	1 186 309	-
Bank statement balance at the end of the year	<u>860 754</u>	<u>1 186 309</u>
Investment Current Account		
<i>First National Bank Account - Durban Branch</i>		
<i>Account Number 62129309937 : Call Account</i>		
Bank statement balance at the beginning of the year	4 317 260	4 317 988
Bank statement balance at the end of the year	<u>1 019 583</u>	<u>4 317 260</u>

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
15. CURRENT INVESTMENTS (continued)		
Investment Current Account		
<i>First National Bank Account - Durban Branch Account Number 74091301628 : Call Account</i>		
Bank statement balance at the beginning of the year	225 406	203 326
Bank statement balance at the end of the year	<u>241 994</u>	<u>225 406</u>
Investment Current Account		
<i>First National Bank Account - Durban Branch Account Number 74104346206 : Call Account</i>		
Bank statement balance at the beginning of the year	349 346	316 983
Bank statement balance at the end of the year	<u>369 892</u>	<u>349 346</u>
Investment Current Account		
<i>First National Bank Account - Durban Branch Account Number 61085067093 : Call Account</i>		
Bank statement balance at the beginning of the year	7 925 212	7 129 003
Bank statement balance at the end of the year	<u>19 907 105</u>	<u>7 925 212</u>
Investment Current Account		
<i>First National Bank Account - Durban Branch Account Number 61085067093 : Call Account</i>		
Bank statement balance at the beginning of the year	168 671	4 485 843
Bank statement balance at the end of the year	<u>1 831 173</u>	<u>168 671</u>
Investment Current Account		
<i>Standard Bank Account - Durban Branch Account Number 282925 : Call Account</i>		
Bank statement balance at the beginning of the year	1 831 583	10 141 227
Bank statement balance at the end of the year	<u>-</u>	<u>1 831 583</u>
Investment Current Account		
<i>Investec Bank Account - Durban Branch Account Number 500031000564 : Call Account</i>		
Bank statement balance at the beginning of the year	1 507 296	-
Bank statement balance at the end of the year	<u>10 028 493</u>	<u>1 507 296</u>
Investment Current Account		
<i>Investec Bank Account - Durban Branch Account Number 500031000564 : Call Account</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>5 066 893</u>	<u>-</u>
Investment Current Account		
<i>NRB Curatorship</i>		
Bank statement balance at the beginning of the year	679 482	860 399
Bank statement balance at the end of the year	<u>679 482</u>	<u>679 482</u>
Investment Current Account		
<i>Rand Merchant Bank Account Account Number FDC02E00 : Call Account</i>		
Bank statement balance at the beginning of the year	12 349 790	22 668 825
Bank statement balance at the end of the year	<u>-</u>	<u>12 349 790</u>
Investment Current Account		
<i>Rand Merchant Bank Account Account Number DC02E000066 : Call Account</i>		
Bank statement balance at the beginning of the year	10 892 108	11 486 642
Bank statement balance at the end of the year	<u>16 007</u>	<u>10 892 108</u>
TOTAL CURRENT INVESTMENTS	<u><u>52 567 412</u></u>	<u><u>62 770 390</u></u>

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	2010 R	2009 R
16. BANK BALANCES AND CASH		
The Municipality has the following main bank accounts:		
<u>ACCOUNT DESCRIPTION</u>		
Water bank account		
<i>ABSA Bank Account - Durban Branch Account Number 4057878321 : Current Account</i>		
Cash book balance at the beginning of the year	2 104 526	3 333 699
Cash book balance at the end of the year	<u>2 490 799</u>	<u>2 104 526</u>
Bank statement balance at the beginning of the year	535 973	-
Bank statement balance at the end of the year	<u>673 640</u>	<u>535 973</u>
Salaries bank account		
<i>ABSA Bank Account - Durban Branch Account Number 62006302385 : Current Account</i>		
Cash book balance at the beginning of the year	(405 442)	(1 116 390)
Cash book balance at the end of the year	<u>(2 037 599)</u>	<u>(405 442)</u>
Bank statement balance at the beginning of the year	58 613	-
Bank statement balance at the end of the year	<u>177 691</u>	<u>58 613</u>
Main bank account		
<i>First National Bank Account - Durban Branch Account Number 62006302385 : Current Account</i>		
Cash book balance at the beginning of the year	(3 141 524)	5 042 740
Cash book balance at the end of the year	<u>10 285 321</u>	<u>(3 141 524)</u>
Bank statement balance at the beginning of the year	9 727 219	-
Bank statement balance at the end of the year	<u>17 874 943</u>	<u>9 727 219</u>
Projects bank account		
<i>First National Bank Account - Durban Branch Account Number 62046718641 : Current Account</i>		
Cash book balance at the beginning of the year	1 589 284	(96 609)
Cash book balance at the end of the year	<u>(8 840 751)</u>	<u>1 589 284</u>
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>3 834 944</u>	<u>5 482 225</u>
Levies bank account		
<i>First National Bank Account - Durban Branch Account Number 62046718641 : Current Account</i>		
Cash book balance at the beginning of the year	58 613	37 712
Cash book balance at the end of the year	<u>78 922</u>	<u>58 613</u>
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>78 922</u>	<u>1 282 339</u>
Petty cash and cash on hand	9 000	9 000
TOTAL BANK BALANCES AND CASH:		
Cash book balance at the end of the year	1 976 692	205 457
Bank statement balance at the end of the year	22 640 140	17 086 369
Petty cash and cash on hand	9 000	9 000
	<u>22 649 140</u>	<u>17 095 369</u>
17. SERVICE CHARGES		
Water	86 995 829	67 777 203
Sewerage	14 307 278	13 127 604
Total Service Charges	<u>101 303 107</u>	<u>80 904 807</u>

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	2010 R	2009 R
18. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable Share	145 775 216	120 425 652
Water Grants Mandeni	-	-
MIG Funding	123 106 843	96 119 672
Premiers Fund	582 696	-
Drought Relief	-	1 661 723
Sports and Recreation	89 655	709 360
EU LED projects	2 577 125	230 900
Shared Services	554 708	409 502
Section 78	-	-
Provincial Management Assistance	-	-
Beach Restoration Grant	8 884 626	14 547 187
Ngcebo Bulk Water Scheme	1 931 680	574 805
Rehabilitation of Infrastructure	6 069 307	1 807 158
Ndwedwe waterworks	994 400	-
Maphumulo Waterworks	-	-
Refurbishment of Waste Water Works	6 736 367	905 297
GIS	-	-
Shared Services	1 589 495	-
Spatial Planning	-	41 008
Strategic Support	259 055	-
Corridor Development Grant	24 675 000	-
Desludging	10 149 123	-
Financial Management	739 481	5 188
Municipal Systems Improvement Grant	628 050	204 501
EPWP	1 040 862	-
LG SETA	190 210	-
Replacement of water mains in Kwadukuza	11 188 053	-
Sanitation - VIP toilets	10 526 171	-
Transport Grant	-	212 273
Township Development Grant	-	157 762
IDP Grant	-	25 459
Data Cleansing Grant	-	247 646
Customer Satisfaction Survey Grant	-	400 000
Total Government Grant and Subsidies	<u><u>358 288 124</u></u>	<u><u>238 685 093</u></u>
18.1 Equitable Share		
Balance unspent at beginning of year	-	-
Current year receipts	145 775 216	120 425 652
Conditions met – transferred to revenue	(145 775 216)	(120 425 652)
Conditions met	<u><u>-</u></u>	<u><u>-</u></u>
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
18.2 Water Grants Mandeni		
Balance unspent at beginning of year	891	891
Current year receipts	-	-
Conditions met – transferred to revenue	-	-
Conditions still to be met	<u><u>891</u></u>	<u><u>891</u></u>
This grant was used to fund water projects. No funds were withheld.		
18.3 Municipal Infrastructure Grant		
Balance unspent at beginning of year	381 421	23 147 093
Current year receipts	121 195 000	73 354 000
Conditions met - transferred to revenue	(123 106 843)	(96 119 672)
Balance owing transferred to debtors (Refer to Note 14)	<u><u>(1 530 422)</u></u>	<u><u>381 421</u></u>
This grant was used to fund infrastructure spending on projects. No funds were withheld.		

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	2010 R	2009 R
18. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
18.4 Premiers Fund Grant		
Balance unspent at beginning of year	582 696	582 695
Current year receipts	-	-
Transferred to revenue - no further conditions to be met	(582 696)	-
Conditions met	<u>-</u>	<u>582 695</u>
This grant was received more than 3 years ago, there are no further conditions to be met with regards to the grant, and as such the Municipality has no further obligation.		
18.5 Drought Relief Grant		
Balance unspent at beginning of year	58 161	1 719 884
Current year receipts	-	-
Conditions met - transferred to revenue	-	(1 661 723)
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>58 161</u>	<u>58 161</u>
This grant is used to provide relief to the community during droughts. No funds were withheld.		
18.6 Sports and Recreation		
Balance unspent at beginning of year	89 655	549 015
Current year receipts	-	250 000
Conditions met - transferred to revenue	(89 655)	(709 360)
Balance transferred to expenditure	<u>-</u>	<u>89 655</u>
This grant was used to build sports fields. No funds were withheld.		
18.7 EU LED projects		
Balance unspent at beginning of year	2 577 125	1 104 463
Current year receipts	-	1 703 562
Transferred to revenue - no further conditions to be met	(2 577 125)	(230 900)
Conditions met	<u>-</u>	<u>2 577 125</u>
This grant was received more than 3 years ago, there are no further conditions to be met with regards to the grant, and as such the Municipality has no further obligation.		
18.8 Shared Services		
Balance unspent at beginning of year	971 395	1 380 897
Current year receipts	-	-
Conditions met - transferred to revenue	(554 708)	(409 562)
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>416 687</u>	<u>971 395</u>
The District Municipality and local municipalities have entered into a shared services grant for professional planning, GIS and PMS. The monies are to run this unit until 2010/2011 Financial year. No funds were withheld.		
18.9 Section 78		
Balance unspent at beginning of year	200 000	200 000
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>200 000</u>	<u>200 000</u>
This grant will be used for a feasibility study of appointing an external water service provider. No funds were withheld.		

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	2010 R	2009 R
18. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
18.10 Provincial Management Assistance		
Balance unspent at beginning of year	1 376 774	1 376 774
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>1 376 774</u>	<u>1 376 774</u>
This grant was received to fund the payment of the service provider relating to the GRAP compliant fixed assets register. No funds were withheld.		
18.11 Beach Restoration Grant		
Balance unspent at beginning of year	16 632 633	31 179 820
Current year receipts	-	-
Conditions met - transferred to revenue	(8 884 626)	(14 547 187)
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>7 748 007</u>	<u>16 632 633</u>
Balance committed to construction of ablation blocks on the beach and sewer retreat project. No funds were withheld.		
18.12 Ngcebo Bulk Water Scheme		
Balance unspent at beginning of year	6 399 900	1 539 805
Current year receipts	-	5 434 900
Conditions met - transferred to revenue	(1 931 680)	(574 805)
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>4 468 220</u>	<u>6 399 900</u>
Consultant appointed and busy with planning and design of water scheme. No funds were received.		
18.13 Rehabilitation of Infrastructure		
Balance unspent at beginning of year	8 861 842	10 669 000
Current year receipts	-	-
Conditions met - transferred to revenue	(6 069 307)	(1 807 158)
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>2 792 535</u>	<u>8 861 842</u>
Final payment still pending to contractor. No funds were withheld.		
18.14 Ndwedwe Waterworks		
Balance unspent at beginning of year	994 400	994 400
Current year receipts	-	-
Transferred to revenue - no further conditions to be met	(994 400)	-
Conditions met	<u>-</u>	<u>994 400</u>
This grant was used to reburish waterworks. No funds were withheld.		
18.15 Maphamulo Waterworks		
Balance unspent at beginning of year	1 156 800	1 156 800
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>1 156 800</u>	<u>1 156 800</u>
Service provider appointed is under investigation.		

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	2010 R	2009 R
18. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
18.16 Refurbishment of Waste Water Networks		
Balance unspent at beginning of year	6 957 703	7 863 000
Current year receipts	-	-
Conditions met - transferred to revenue	(6 736 367)	(905 297)
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>221 336</u>	<u>6 957 703</u>
VAT portion of grant - project to be extended. No funds were withheld.		
18.17 GIS		
Balance unspent at beginning of year	56 240	-
Current year receipts	-	56 240
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>56 240</u>	<u>56 240</u>
This grant will be used to implement a GIS system. No funds were withheld.		
18.18 Shared Services Grant		
Balance unspent at beginning of year	-	-
Current year receipts	2 820 000	-
Conditions met - transferred to revenue	(1 589 495)	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>1 230 505</u>	<u>-</u>
The District Municipality and local municipalities have entered into a shared services grant for professional planning, GIS and PMS. The monies are to run this unit in the 2010/2011 Financial year. No funds were withheld.		
18.19 Spatial Planning Grant		
Balance unspent at beginning of year	324 127	-
Current year receipts	-	365 135
Conditions met - transferred to revenue	-	(41 008)
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>324 127</u>	<u>324 127</u>
The District Municipality and local municipalities have entered into a shared services grant for professional planning, GIS and PMS. The monies are to run this unit in the 2010/2011 Financial year. No funds were withheld.		
18.20 Strategic Support		
Balance unspent at beginning of year	850 000	850 000
Current year receipts	-	-
Conditions met - transferred to revenue	(259 055)	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>590 945</u>	<u>850 000</u>
The District Municipality and local municipalities have entered into a shared services grant for professional planning, GIS and PMS. The monies are to run this unit until 2010/2011 Financial year. No funds were withheld.		
18.21 Corridor Development		
Balance unspent at beginning of year	4 300 000	-
Current year receipts	36 791 000	4 300 000
Conditions met - transferred to revenue	(24 675 000)	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>16 416 000</u>	<u>4 300 000</u>

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R14 916 000 was received on the 14 June 2010. Funds will be transferred to the Municipal entity in 2011 financial year. The grant will be used to enhance local economic development. No funds were withheld.

18. GOVERNMENT GRANTS AND SUBSIDIES (Continued)

18.22 Desludging

Balance unspent at beginning of year	-	-
Current year receipts	11 500 000	-
Conditions met - transferred to revenue	(10 149 123)	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	1 350 877	-

VAT portion of grant - project to be extended. No funds were withheld.

18.23 Financial Management

Balance unspent at beginning of year	-	5 188
Current year receipts	750 000	-
Conditions met - transferred to revenue	(739 481)	(5 188)
Conditions still to be met-transferred to liabilities (refer to Note 6)	10 519	-

This grant is used to implement financial management systems and pay finance interns. No funds were withheld.

18.24 Municipal Systems Improvement Grant

Balance unspent at beginning of year	-	204 501
Current year receipts	735 000	-
Conditions met - transferred to revenue	(628 050)	(204 501)
Conditions still to be met-transferred to liabilities (refer to Note 6)	106 950	-

This grant is used to implement or improve municipal systems. No funds were withheld.

18.25 EPWP

Balance unspent at beginning of year	-	-
Current year receipts	1 085 800	-
Conditions met - transferred to revenue	(1 040 862)	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	44 938	-

This grant was used for the design of the Sundumbili Office Building. No funds were withheld.

18.26 LG SETA

Balance unspent at beginning of year	-	-
Current year receipts	471 351	-
Conditions met - transferred to revenue	(190 210)	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	281 141	-

This grant was used for training activities approved by SETA. No funds were withheld.

18.27 Replacement of water mains in Kwadukuza

Balance unspent at beginning of year	-	-
Current year receipts	22 000 000	-
Conditions met - transferred to revenue	(11 188 053)	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	10 811 947	-

Ongoing project, contractor onsite, grant has been fully committed. No funds were withheld.

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	2010 R	2009 R
18. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
18.28 Sanitation - VIP toilets		
Balance unspent at beginning of year	-	-
Current year receipts	12 000 000	-
Conditions met - transferred to revenue	(10 526 171)	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>1 473 829</u>	<u>-</u>
VAT portion of grant - project to be extended. No funds were withheld.		
18.29 Transport Grant		
Balance unspent at beginning of year	-	212 273
Current year receipts	-	-
Conditions met - transferred to revenue	-	(212 273)
Conditions met	<u>-</u>	<u>-</u>
18.30 Township Grant		
Balance unspent at beginning of year	-	157 762
Current year receipts	-	-
Conditions met - transferred to revenue	-	(157 762)
Conditions met	<u>-</u>	<u>-</u>
18.31 IDP Grant		
Balance unspent at beginning of year	-	25 459
Current year receipts	-	-
Conditions met - transferred to revenue	-	(25 459)
Conditions met	<u>-</u>	<u>-</u>
18.32 Data Cleansing Grant		
Balance unspent at beginning of year	-	247 646
Current year receipts	-	-
Conditions met - transferred to revenue	-	(247 646)
Conditions met	<u>-</u>	<u>-</u>
18.33 Customer Satisfaction Survey Grant		
Balance unspent at beginning of year	-	400 000
Current year receipts	-	-
Conditions met - transferred to revenue	-	(400 000)
Conditions met	<u>-</u>	<u>-</u>
19. OTHER INCOME		
Included in other income is the following: -		
Rental income	122 799	137 749
Heritage corp gala dinner	339 659	-
Tender documents	123 302	99 729
Clearance certificates	263 076	-
Private developers	73 234	977 698
Siza water concessions	1 128 345	1 047 134
Department of water affairs	3 000 000	-
Insurance proceeds	7 223 347	503 350
Interest on bank accounts	569 006	783 415
Gain on fair valuing of assets	2 102 042	-
Workplace skills plan	-	399 387
Commission	-	42 650
Disbursement fees	-	331 820
Stores surplus	-	1 722 586
Other income	986 081	23 571

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	2010 R	2009 R
20. EMPLOYEE RELATED COSTS	15 930 891	6 069 089
Employee related costs - salaries and wages	46 948 160	34 871 975
Bonus	2 813 543	2 975 409
Medical aid	2 867 064	2 271 579
UIF	415 107	340 181
WCA	-	1 519 628
SDL	544 765	463 407
Leave pay	2 283 099	942 329
Pension contributions	5 682 857	5 010 761
Overtime payments	6 051 072	6 378 418
Car allowance	3 493 652	3 147 620
Housing benefits	419 656	532 544
Group life	995 895	795 153
	72 514 870	59 249 004
Included in the employee related costs are the following:		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	793 428	861 920
Car Allowance	24 134	176 579
Other	27 678	-
Total	845 240	1 038 499
<i>Durring the 2009/2010 Financial year the Municipal Manager was in office for only 10 months</i>		
<i>Remuneration of the Chief Finance Officer</i>		
Annual Remuneration	1 019 038	598 989
Car Allowance	98 074	127 156
Other	7 761	-
Contributions to UIF, Medical and Pension Funds	39 558	73 293
Total	1 164 431	799 438
<i>The remuneration of the CFO reflects a 9 month lump sum payment made to the former CFO</i>		
21. REMUNERATION OF COUNCILLORS		
Mayor	599 711	559 259
Speaker	483 470	582 098
Councillors	2 262 908	1 963 586
Executive members	2 065 384	1 919 430
	2 011	-
Total Councillors' Remuneration	5 413 484	5 024 373
The Mayor and Speaker are full-time and have an office and secretarial support for the Mayor at the cost of the Council. The Mayor has the use of a Council leased vehicle for official duties and has two permanent bodyguards.		
22. FINANCE COSTS		
Non-current liabilities	9 839 748	8 018 245
Short-term borrowings	-	-
	9 839 748	8 018 245
23. BULK PURCHASES		
Water	42 570 492	30 008 902

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	2010 R	2009 R
24. GENERAL EXPENSES		
Included in general expenses is the following: -		
Advertising	349 025	677 770
Analysis of Water	800 817	797 744
Auditors remuneration	1 550 224	1 873 309
Bank charges	326 490	449 463
Cleaning	977 434	1 022 427
Consulting and professional fees	2 529 339	1 304 871
Insurance	1 356 067	895 322
Rental offices	195 000	4 016 521
Plant and vehicle hire	9 410 576	-
Fuel and oil	3 971 219	3 111 830
Postage and courier	831 610	751 737
Printing and stationary	2 368 414	1 941 145
Telephone and Fax	2 739 868	2 561 888
Training	342 179	375 003
Electricity and water	8 369 062	6 094 050
Uniforms	558 742	434 625
Membership Fees	427 462	629 152
2010 World cup	4 163 998	-
LED	1 300 000	-
Public participation	1 208 993	1 562 303
Marketing and communication	486 779	271 084
Establishment and transformation	1 590 310	1 971 152
DIMS	441 689	693 760
Security	5 101 525	3 491 723
Enterprise Ilembe	1 620 000	1 500 000
Reconnections and disconnections	1 663 224	157 638
Stores and materials	5 510 719	4 110 683
Sports Development	3 118 702	5 439
Free basic water	7 075 650	783 418
Management contract	6 932 919	7 005 942
Entertainment	666 657	377 616
Motor vehicle expenses	-	-
Flood damage	142 758	2 704 730
Kwanalonga games	-	2 072 064
Tourism	700 000	5 000
Data cleansing	860 103	890 393
Rand for rand	1 400	550 232
Review of transport plan	418 770	380 460
Disaster management	1 113 389	304 852
Grant Operating Expenditure and write back of non grap expenditure	-	7 450 594
Recharge	6 304 610	-
Other general expenses	3 026 910	9 240 854
	90 552 631	72 466 792
Included in grant expenditure is the following:-		
Hub incubator - agric processing	5 000 000	7 475
Beach restoration/facilities	8 884 626	1 000 000
Strategic support grant expenditure	259 055	-
MIG	1 438 596	-
Financial management	739 481	-
Municipal systems improvement	628 050	118 703
Corridor development	19 175 000	-
Shared services	1 589 495	-
Sanitation	20 631 709	-
Upgrade of sewer	10 526 171	-
VIP toilets	10 149 123	-
Town planning	500 000	800 000
King shaka route	500 000	1 550 279
Kwashushu hotspring tour development	1 000 000	1 500 000
Design Lower Tugela bulk water	1 931 681	-
	82 952 988	4 976 457

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	2010 R	2009 R
25. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
25.1 Unauthorised expenditure		
Infrastructure projects - due to overpayments	-	9 672 070
Infrastructure projects - not budgeted for	-	893 218
Over expenditure on operating budget	117 712 465	4 039 852
25.2 Fruitless and wasteful expenditure		
No fruitless or wasteful expenditure incurred for the year ended 30 June 2009 or for the year ended 30 June 2010		
25.3 Irregular expenditure		
No irregular expenditure incurred for the year ended 30 June 2009 or for the year ended 30 June 2010		
26. CASH GENERATED BY OPERATIONS		
Surplus for the year	83 244 355	
Adjustment for: -		
Amortisation: Intangible assets	238 664	
Previous years operating transactions	473 799	
Depreciation: Property, Plant and equipment	14 120 610	
Impairment	3 957 607	
Contribution to retirement benefit obligation	331 393	
Contribution to bad debt provision	74 090 667	
Bad debts written off	(2 312 421)	
Contribution to staff leave		
Loss on disposal of property, plant and equipment	528 047	
Unspent grants taken to revenue		
Gain on fair valuing assets	(2 102 042)	
Investment income	(5 747 945)	
Finance costs	9 839 748	
Operating surplus before working capital changes:	176 662 482	
(Increase)/Decrease in inventories	524 598	
(Increase)/Decrease in consumer debtors	(56 492 403)	
(Increase)/Decrease in other debtors	5 133 147	
(Decrease)/Increase in unspent conditional grants	(1 634 335)	
(Decrease)/Increase in creditors	14 318 630	
(Decrease)/Increase in VAT payable	587 236	
Cash generated by operations	<u><u>139 099 355</u></u>	

Comparative information was impracticable to determine - refer to the cash flow statement for full details.

27. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Bank balances and cash	22 649 140	17 095 369
Current investments	52 567 412	62 770 390
Total cash and cash equivalents at the end of the year	<u><u>75 216 552</u></u>	<u><u>79 865 759</u></u>

The municipality does not have overdraft facilities.

**ILEMBE DISTRICT MUNICIPALITY
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FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
28. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>28.1 Contributions to organised local government</u>		
Opening balance	-	-
Council subscriptions	420 540	306 750
Amount paid - current year	(420 540)	(306 750)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<u>28.2 Audit fees</u>		
Opening balance	-	-
Current year audit fee	-	-
Prior year audit fee	1 521 519	1 317 734
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<u>28.3 VAT</u>		
Vat received for the year	<u>28 398 685</u>	<u>22 231 256</u>
VAT paid for the year	<u>89 192</u>	<u>-</u>
VAT inputs receivable and VAT outputs payable are shown in Note 7. All VAT returns have been submitted by the due date throughout the year.		
<u>28.4 PAYE and UIF</u>		
Opening balance	710 940	-
Current year payroll deductions	11 069 979	-
Amount paid - current year	(10 144 331)	-
Amount paid - previous years	(710 940)	-
Balance unpaid (included in creditors)	<u>925 648</u>	<u>-</u>
<u>28.5 Pension and Medical Aid Deductions</u>		
Opening balance	634 573	-
Current year payroll deductions and Council	14 443 401	-
Amount paid - current year	(13 727 147)	-
Amount paid - previous years	(634 573)	-
Balance unpaid (included in creditors)	<u>716 254</u>	<u>-</u>
<u>28.6 Councillor's arrear consumer accounts</u>		
The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June:		
<u>Outstanding more than 90 days</u>		
K Anamalay	1 268	6 707
JLT Sibiya	-	1 040
JB Nzuzi	2 041	699
	<u>3 309</u>	<u>8 446</u>
<u>28.7 Distribution losses</u>		
Units lost (kiloletres)	<u>10 470 860</u>	<u>8 698 059</u>
Units lost (sales price per kilolitre - rands)	<u>94 761 283</u>	<u>-</u>
Units lost (purchase price per kilolitre - rands)	<u>22 245 984</u>	<u>14 923 393</u>
Units lost (percentage)	48%	46%

**ILEMBE DISTRICT MUNICIPALITY
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FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
29. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for:	202 354 292	49 733 736
Infrastructure	179 719 292	-
Community	22 635 000	-
- Approved but not yet contracted for:	3 385 800	-
Infrastructure	3 385 800	-
Community	-	-
Total	205 740 092	49 733 736
This expenditure will be financed as follows:		
Grant funded	202 140 092	49 733 736
Council funded	3 600 000	-
External Loans	-	-
Funding still to be sourced	-	-
	205 740 092	49 733 736
30. CONTINGENT LIABILITIES		
No contingent liabilities have been identified		
31. CONTINGENT ASSETS		
No contingent assets were identified for the year ended 30 June 2009 or for the year ended 30 June 2010.		
32. CORRECTION OF PRIOR YEAR ERRORS AND CHANGE IN ACCOUNTING POLICY		
The change in accounting policy refers to the implementation of Generally Recognised Accounting Practice:		
32.1 Statutory funds		
Balances previously reported		
Capital Development Fund ex Mandeni		1 334 705
Capital Development Fund ex KwaDukuza		10 851 163
Loan Redemption Fund		5 855 176
Implementation of GRAP		
Transfer to the accumulated surplus		(18 041 044)
Restated balance at 30 June 2009		-
32.2 Reserves		
Balances previously reported		
Reserves		55 299 306
Implementation of GRAP		
Transfer to the accumulated surplus		(2 527 543)
Transfer to unspent conditional grants		(52 771 763)
Restated balance at 30 June 2009		-

**ILEMBE DISTRICT MUNICIPALITY
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	2010 R	2009 R
32. CORRECTION OF PRIOR YEAR ERRORS AND CHANGE IN ACCOUNTING POLICY (Continued)		
32.3 Unspent Conditional Grants		
Balances previously reported		
Unspent conditional grants		-
Implementation of GRAP		
Transfer from reserves to current liabilities		52 771 763
Restated balance at 30 June 2009		<u><u>52 771 763</u></u>
32.4 Retirement benefits		
Balances previously reported		-
Implementation of GRAP		
Transfer from the accumulated surplus		1 895 063
Total charged to to Accumulated Surplus		<u>1 895 063</u>
Contribution for the year		323 095
Restated balance at 30 June 2009		<u><u>2 218 158</u></u>
32.5 Lease liability		
Balances previously reported		-
Implementation of GRAP		
Recognition of leased assets		15 176 396
Repayments for the year		(3 938 898)
Restated balance at 30 June 2009		<u><u>11 237 498</u></u>
35.6 Provisions		
Balances previously reported		
Audit fees		1 200 000
Leave Pay		4 477 700
Implementation of GRAP		
Transfer to creditors		(5 677 700)
Restated balance at 30 June 2009		<u><u>-</u></u>
32.7 Debtors (now other debtors)		
Balances previously reported		
Debtors		79 253 964
Implementation of GRAP		
Transfer to consumer debtors note		(168 439 617)
Transfer to consumer debtors note - provision		103 776 675
Transfer to long-term receivables note		(309 858)
Transfer of outstanding deposits from bank to debtors		1 568 553
Correction of prior year error		
Write off of staff loans		(48 088)
Restated balance at 30 June 2009		<u><u>15 801 629</u></u>

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
32. CORRECTION OF PRIOR YEAR ERRORS AND CHANGE IN ACCOUNTING POLICY (Continued)		
32.8 Consumer Debtors		
Balances previously reported		
Consumer debtors		-
Implementation of GRAP		
Transfer from debtors (now other debtors)		168 439 617
Transfer from debtors (now other debtors)		(103 776 675)
Correction of prior year error		
Billing adjustments		(5 241 708)
Restated balance at 30 June 2009		<u><u>59 421 234</u></u>
32.9 Inventories		
Balances previously reported		
Inventories		4 254 785
Correction of prior year error		
Stores adjustments		1 587 108
Restated balance at 30 June 2009		<u><u>5 841 893</u></u>
32.10 Bank and cash		
Balances previously reported		
Cash and bank		214 457
Implementation of GRAP		
Transfer of unpaid cheques from bank to creditors		18 449 465
Transfer of outstanding deposits from bank to debtors		(1 568 553)
Restated balance at 30 June 2009		<u><u>17 095 369</u></u>
32.11 Creditors and Value Added Taxation Disclosure		
Creditors		
Balances previously reported		
Creditors		46 012 583
Implementation of GRAP		
Transfer of reserves to creditors		5 677 700
Reallocation of VAT		(6 464 214)
Transfer of unpaid cheques from bank to creditors		18 449 465
Correction of prior year error		
Expenditure		836 748
Salaries - bonuses		500 053
Refund of Development Fund		24 598
Audit fee provision		321 519
Restated balance at 30 June 2009		<u><u>65 358 452</u></u>
Value Added Taxation		
Balances previously reported		
Value Added Taxation		-
Implementation of GRAP		
Reallocation from creditors		6 464 214
Restated balance at 30 June 2009		<u><u>6 464 214</u></u>

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
32. CORRECTION OF PRIOR YEAR ERRORS AND CHANGE IN ACCOUNTING POLICY (Continued)		
32.12 Loans redeemed and other capital receipts		
Balances previously reported		
Loans redeemed and other capital receipts		412 859 413
Implementation of GRAP		
Transfer to the accumulated surplus		(412 859 413)
Restated balance at 30 June 2009		<u><u>-</u></u>
32.13 Fixed Assets		
Balances previously reported		
Fixed Assets		506 678 666
Implementation of GRAP		
Adjustments - incorrect descriptions		(58 603)
Adjustments - non assets on register		(7 386)
Adjustments - assets not belonging to Ilembe		(794 781)
Adjustments - additional disposals		(564 776)
Adjustments - assets incorrectly disposed		116 303
Transfer of intangible assets		(1 977 220)
Transfer of additions for intangible assets		(24 914)
Recognition of leased assets		15 176 396
Restated balance at 30 June 2009		<u><u>518 543 685</u></u>
32.14 Accumulated Depreciation		
Balances previously reported		-
Implementation of GRAP		
Backlog depreciation: Buildings		2 110 888
Backlog depreciation: Infrastructure		17 728 801
Backlog depreciation: Other Assets		5 326 647
Backlog depreciation: Leased Assets		43 154
Backlog amortisation: Intangible Assets		1 045 444
Total charged to Accumulated Surplus		<u>26 254 934</u>
Transfer to intangible assets		(1 045 444)
Write off of accumulated depreciation for disposals		(2 544 154)
Depreciation for the year		9 949 532
Restated balance at 30 June 2009		<u><u>32 614 868</u></u>
32.15 Intangible Assets - Cost		
Balances previously reported		-
Implementation of GRAP		
Transfer from property, plant and equipment		1 977 220
Additions for the year		24 914
Restated balance at 30 June 2009		<u><u>2 002 134</u></u>
32.16 Intangible Assets - Accumulated Ammortisation		
Balances previously reported		-
Implementation of GRAP		
Transfer from property, plant and equipment		1 045 444
Current year amortisation		241 217
Restated balance at 30 June 2009		<u><u>1 286 661</u></u>

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
32. CORRECTION OF PRIOR YEAR ERRORS AND CHANGE IN ACCOUNTING POLICY (Continued)		
32.17 Accumulated surplus/(deficit)		
Balances previously reported		19 722 356
Implementation of GRAP		
Change in accounting policy - reversal of funds		18 041 044
Change in accounting policy - reversal of reserves		2 527 543
Change in accounting policy - unbundling of loans redeemed		412 859 413
Change in accounting policy - charge for backlog depreciation		(26 254 934)
Change in accounting policy - post retirement benefits		(1 895 063)
Change in accounting policy - assets incorrectly recorded		(1 309 243)
Restated balance as at 1 July 2008		<u>423 691 116</u>
Surplus for the year - restated (Note 32.18)		107 912 486
Prior year adjustments (Note 32.19)		(8 471 941)
Reversal of accumulated depreciation on assets sold		2 544 154
Transfer of grant - offset against loans redeemed		(99 921 094)
Write back of non-GRAP expenditure - offset against loans redeemed		(5 932 473)
Restated balance at 30 June 2009		<u>419 822 248</u>
32.18 (Deficit) / surplus for the year		
Balances previously reported		14 019 471
Implementation of GRAP		
Transfer of grant capital expenditure to revenue		99 921 094
Transfer of grant operating expenditure to revenue		11 023 813
Transfer of grant operating expenditure to expenditure		(11 023 813)
Write back of non-GRAP expenditure - redemption of loans		2 359 254
Write back of non-GRAP expenditure - contribution to fixed assets		3 573 219
Depreciation		(9 949 532)
Amortisation		(241 217)
Recognition of post retirement benefit obligation		(323 095)
Transfer of lease liability repayments to lease liability		3 938 898
Prior year adjustments		
Billing adjustments		(5 241 708)
Write off of staff loans		(48 088)
Expenditure		(836 748)
Salaries		(500 053)
Refund of Development Fund		(24 598)
Stores adjustment (gain)		1 587 108
Audit fee provision		(321 519)
Restated balance at 30 June 2009		<u>107 912 486</u>
32.19 Prior year adjustments		
Prior year income		(7 467 850)
Staff loans		1 789
Prior year expenditure		(734 343)
Write off cheques stolen	(69 941)	
Stores		(546 860)
Other	(550)	(53 211)
Prior year accruals	544 290	
Audit fee provision for 2008/09		(261 802)
Cheques written back		601 467
VAT adjustments		(11 131)
	<u>473 799</u>	<u>(8 471 941)</u>

**ILEMBE DISTRICT MUNICIPALITY
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FOR THE YEAR ENDED 30 JUNE 2010**

**2010
R** **2009
R**

33. EVENTS AFTER THE REPORTING DATE

No events after balance sheet date have been identified

34. COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure's E(1) to E(3).

The operating expenditure budget was overspent largely due to the GRAP conversion process including the increase in bad debt provision and depreciation previously not budgeted for.

35. RELATED PARTIES

Municipal Entity Ilembe Management Development Enterprise (Pty) Ltd trading as Enterprise Ilembe.

Related party balances

Accounts owing (to)/by related party:

Enterprise Ilembe Debtor	198 863	385 879
Trade Creditor	(1 349 242)	-
	<u>(1 150 379)</u>	<u>385 879</u>

Rental income paid to Enterprise Ilembe	<u>180 000</u>	<u>15 000</u>
---	----------------	---------------

Grant income paid to enterprise Ilembe:

Administration Grant	1 620 000	1 500 000
LED Grant	1 300 000	-
Tourism Grant	700 000	-
	<u>3 620 000</u>	<u>1 500 000</u>

Grant income paid via Ilembe District Municipality to Enterprise Ilembe:

Grant Agri Processing Ex DCGTA	8 000 000	-
Grant Industrial Development Strategy Ex DCGTA	1 300 000	-
Grant Disaster Management	500 000	-
Grant Broadband Project Ex DCGTA	3 000 000	-
Grant Biodiesel Production Facility Ex DGCTA	2 000 000	-
Grant North Coast Wine Project Ex DCGTA	4 000 000	-
Grant Amacambini Dev Project Ex DCGTA	1 000 000	-
Grant Integrated Craft Hub	500 000	-
	<u>20 300 000</u>	<u>-</u>

36. OPERATING LEASES

The future minimum lease payments payable under operating leases for the actual liability are as follows:

No later than 1 year	187 903	187 903
Later than 1 year and no later than 5 years	188 228	371 625
	<u>376 131</u>	<u>559 528</u>

Ilembe District Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of leases as set out in paragraphs 55 to 60.

ILEMBE DISTRICT MUNICIPALITY
APPENDIX A: SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2010

DESCRIPTION	Loan Number	Interest Rate	Date Repayable	Balance at 30/06/2009	Received during the year	Redeemed / Write off / (Interest Capitalised) during this period	Balance at 30/06/2010
		%		R	R	R	R
Long Term Loans							
ABSA Bank	-	10.65%	2025	30 000 000	-	-	30 000 000
Development Bank of SA	-	10.80%	2025	71 597 735	-	2 193 340	69 404 395
Development Bank of SA	-	9.02%	2010	615 381	-	401 150	214 231
Total Long Term Loans				102 213 116	-	2 594 490	99 618 626
Capital Creditors							
Registered Stock							
FNB (CMB) Nominees	618	16.90%	30/06/2011	1 015 036	-	-	1 015 036
Long Term Loans							
Infrastructure Finance Corporation	00-0001	16.00%	30/06/2011	3 999 500	-	-	3 999 500
Annuity Loans							
Development Bank of SA	13527	16.50%	-	505 952	-	62 514	443 438
Development Bank of SA	11578	13.45%	12/2014	8 026	-	1 144	6 882
Total Capital Creditors				5 528 514	-	63 658	5 464 856
TOTAL EXTERNAL LOANS				107 741 630	-	2 658 148	105 083 482

The loans shown above as Capital Creditors were taken over from KwaDukuza Municipality as part of the transfer of the Water and Sanitation Services assets and liabilities. All these loans are still in the name of the KwaDukuza Municipality. However Ilembe District Municipality is responsible for paying the interest and redemption payable on these loans with effect from 1 July 2003. These loans are disclosed under Note 5 as KwaDukuza - water loans.

ILEMBE DISTRICT MUNICIPALITY
APPENDIX B : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2010

	Opening Balance	Additions	Cost / Revaluation		Transfers	Closing Balance	Accumulated Depreciation				Closing Balance	Carrying Value
			Disposals				Disposals	Impairment loss/ Reversal of impairment loss				
	R	R	R	R	R	R	R	R	R	R	R	R
Land	6 094 805	-	-	-	-	6 094 805	-	-	-	-	-	6 094 805
Buildings	12 438 563	5 488 913	-	-	-	17 927 476	2 538 687	428 046	-	-	2 966 733	14 960 743
Infrastructure - Sewerage	79 180 783	437 438	-	-	-	79 618 221	5 010 997	1 619 619	-	2 946 159	9 576 775	70 041 446
Infrastructure - Water	392 018 889	82 627 691	-	-	-	474 646 580	20 404 454	8 697 357	-	1 011 448	30 113 259	444 533 321
Infrastructure - Under construction	-	43 211 173	-	-	-	43 211 173	-	-	-	-	-	43 211 173
Heritage Assets	205 578	-	-	-	-	205 578	-	-	-	-	-	205 578
Machinery & Equipment	682 712	659 097	(53 034)	-	-	1 288 775	152 744	124 294	(39 605)	-	237 433	1 051 342
Furniture & Equipment	1 558 234	1 335 957	(324 504)	-	-	2 569 687	785 247	202 162	(279 541)	-	707 868	1 861 819
Computer Equipment	2 901 583	3 439 481	(815 550)	-	-	5 525 514	957 453	532 258	(540 969)	-	948 742	4 576 772
Motor Vehicles	7 590 889	196 196	(2 115 458)	-	-	5 671 627	2 220 342	341 969	(1 319 235)	-	1 243 076	4 428 551
Improvement to leasehold Property	695 253	-	-	-	-	695 253	11 048	139 051	-	-	150 099	545 154
Finance lease Assets	15 176 396	9 663 245	-	-	-	24 839 641	533 896	2 035 854	-	-	2 569 750	22 269 891
	<u>518 543 685</u>	<u>147 059 191</u>	<u>(3 308 546)</u>	<u>-</u>	<u>-</u>	<u>662 294 330</u>	<u>32 614 868</u>	<u>14 120 610</u>	<u>(2 179 350)</u>	<u>3 957 607</u>	<u>48 513 735</u>	<u>613 780 595</u>

ILEMBE DISTRICT MUNICIPALITY
APPENDIX C : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2010

	Opening Balance	Cost / Revaluation			Closing Balance	Opening Balance	Accumulated Depreciation			Closing Balance	Carrying Value
		Additions	Disposals	Transfers			Additions	Disposals	Impairment loss/ Reversal of impairment loss		
	R	R	R	R	R	R	R	R	R	R	R
Municipal Manager	368 245	127 368	(76 717)	-	418 896	186 001	51 819	(60 628)	-	177 192	241 704
Technical Services	497 860 967	138 354 723	(2 118 486)	-	634 097 204	28 197 743	12 481 864	(1 359 617)	3 957 607	43 277 597	590 819 607
Corporate Services	15 322 095	3 993 294	(390 364)	-	18 925 025	3 131 578	764 333	(295 309)	-	3 600 602	15 324 423
Economic Development & Communication Services	1 314 247	1 631 431	(72 240)	-	2 873 438	229 960	200 634	(63 658)	-	366 936	2 506 502
Financial Services	3 349 750	2 074 592	(550 032)	-	4 874 310	708 080	533 911	(322 536)	-	919 455	3 954 855
Corporate Governance	328 381	877 783	(100 707)	-	1 105 457	161 506	88 049	(77 602)	-	171 953	933 504
	<u>518 543 685</u>	<u>147 059 191</u>	<u>(3 308 546)</u>	<u>-</u>	<u>662 294 330</u>	<u>32 614 868</u>	<u>14 120 610</u>	<u>(2 179 350)</u>	<u>3 957 607</u>	<u>48 513 735</u>	<u>613 780 595</u>

ILEMBE DISTRICT MUNICIPALITY

APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

2009 Actual Revenue R	2009 Actual Expenditure R	2009 (Surplus)/ Deficit R		2010 Actual Revenue R	2010 Actual Expenditure R	2010 (Surplus)/ Deficit R
-	-	-	Organisational Development	-	3 816.00	3 816
			Legal services	-	218 257	218 257
	3 823 065	-	Municipal Manager	-	4 517 636	4 517 636
			Administration	(121 000)	98 395	(22 605)
	7 844 929		Council		6 480 851	6 480 851
	4 059 635		Corporate governance		10 994 759	10 994 759
	14 187 916		Support services		1 417 858	1 417 858
	5 000		Marketing and communication		486 779	486 779
(154 632 138)	24 358 225		Finance	(176 026 651)	24 986 703	(152 669 042)
			Council and general	(5 732)		(5 732)
	304 852		Information technology	-	3 674 731	3 674 731
			Human resources	(473 456)	44 910 471	44 437 014
	6 596 332		Local economic development		18 504 708	18 504 708
			Planning	-	2 570 842	2 570 842
(198 138 555)	189 625 997		Technical services	(321 994 327)	302 815 615	(21 860 835)
(352 770 693)	250 805 951	(101 964 742)	(Surplus) for the year	(498 621 166)	421 681 421	(76 939 745)
-	(5 947 744)	(5 947 744)	Less: Inter-Departmental Charges		(6 304 610)	(6 304 610)
(352 770 693)	244 858 207	(107 912 486)	Total	(498 621 166)	415 376 811	(83 244 355)

ILEMBE DISTRICT MUNICIPALITY

APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

	Actual 2010 R	Budget 2010 R	Variance 2010 R	Variance 2010 %	Explanation of significant Variance greater than 10% versus Budget
REVENUE					
Interest on debtors	17 351 099	16 180 055	1 171 044	6.75%	Not significant
Service charges	101 303 107	107 113 825	(5 810 718)	-5.74%	Not significant
Interest on investment	5 747 945	4 400 000	1 347 945	23.45%	
Government grants and subsidies	358 288 124	151 560 000	206 728 124	57.70%	Implementation of GRAP resulting in grant conditions met transferred to revenue.
Other income	15 930 891	18 410 467	(2 479 576)	-15.56%	
Total Revenue	498 621 166	297 664 347	200 956 819		
EXPENDITURE					
Employee related costs	72 514 870	76 660 645	(4 145 775)	-5.72%	Not significant
Remuneration to Councillors	5 413 484	6 554 384	(1 140 900)	-21.08%	Expenditure less than budget
Amortisation	238 664		238 664	100.00%	Due to GRAP implementation -
Depreciation	14 120 611		14 120 611	100.00%	depreciation and impairment previously not
Impairment	3 957 607		3 957 607	100.00%	budgeted for.
Repairs and Maintenance	24 570 220	28 727 558	(4 157 338)	-16.92%	Expenditure less than budget
Finance charges	9 839 748	12 684 328	(2 844 580)	-28.91%	Due to GRAP implementation capital redemption no longer shown as an expense.
Bulk Purchases	42 570 492	44 466 478	(1 895 986)	-4.45%	Not significant
Retirement & long services benefits	331 393		331 393	100.00%	Due to GRAP implementation increase in retirement benefit obligation previously not budgeted for.
General Expenses	92 484 312	56 593 306	35 891 006	38.81%	
Grant Expenses	81 021 307	42 693 196	38 328 111	47.31%	
Provision for bad debts	74 090 667	29 284 452	44 806 215	60.47%	Due to GRAP implementation increase in bad debt provision previously not budgeted for.
Loss on disposal of assets	528 047		528 047	100.00%	Not known at time of preparing the budget.
Less Charge outs	(6 304 610)		(6 304 610)	100.00%	
Total Expenditure	415 376 812	297 664 347	117 712 465		
NET SURPLUS FOR THE YEAR	83 244 354	(0)	-		

ILEMBE DISTRICT MUNICIPALITY

APPENDIX E(2): ACTUAL VERSUS BUDGET BY DEPARTMENT (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

	Actual 2010	Budget 2010	Variance 2010	Variance 2010
	R	R	R	%
REVENUE				
Interest on debtors	17 351 099	16 180 055	1 171 044	6.75%
Service charges	101 303 107	107 113 825	(5810 718)	-5.74%
Interest on investment	5 747 945	4 400 000	1 347 945	23.45%
Government grants and subsidies	358 288 124	151 560 000	206 728 124	57.70%
Other income	15 930 891	18 410 467	(2479 576)	-15.56%
Total Revenue	498 621 166	297 664 347	200 956 819	
EXPENDITURE				
Organisational Development	3 816	-	3 816	100%
Legal services	218 257	-	218 257	100%
Municipal Manager	4 517 636	4 604 935	(87 299)	-2%
Administration	98 395	-	98 395	100%
Council	6 480 851	6 554 384	(73 533)	-1%
Corporate governance	10 994 759	13 447 768	(2 453 009)	-22%
Support services	1 417 858	1 441 654	(23 796)	-2%
Marketing and communication	486 779	486 779	(0)	0%
Finance	18 682 093	19 832 187	(1 150 094)	-6%
Information technology	3 674 731	4 143 021	(468 290)	-13%
Human resources	44 910 471	47 400 495	(2 490 024)	-6%
Local economic development	18 504 708	13 360 033	5 144 675	28%
Planning	2 570 842	1 757 794	813 048	32%
Technical services	302 815 616	184 635 296	118 180 320	39%
Recharges to Departments	6 304 610	6 304 610	-	0%
Less Charge outs	(6 304 610)	(6 304 610)	(0)	0%
Total Expenditure	415 376 812	297 664 347	-	
NET SURPLUS FOR THE YEAR	83 244 354	0	-	

ILEMBE DISTRICT MUNICIPALITY

APPENDIX E (3): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2011

	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %	Explanation of Significant Variances
Municipal Manager	127 368	40 457	86 911	215%	
Technical Services	138 354 723	199 960 314	(61 605 591)	-31%	
Corporate Services	3 993 294	218 517	3 774 777	1727%	
Economic Development & Communication Services	1 631 431	6 158 000	(4 526 569)	-74%	
Financial Services	2 074 592	3 090 245	(1 015 653)	-33%	
Corporate Governance	877 783	72 181	805 602	1116%	
	<u>147 059 191</u>	<u>209 539 714</u>	<u>(62 480 523)</u>	<u>-30%</u>	

ILEMBE DISTRICT MUNICIPALITY
APPENDIX F : GRANTS AND SUBSIDIES RECEIVED - 2009/2010

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003

Name of Grants	Unspent portion 2008/2009 financial statements	Adjustments and Transfers	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2009/2010 financial statements	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 non-compliance
			July to Sept	Oct to Dec	Jan to Mar	April to June		July to Sept	Oct to Dec	Jan to Mar	April to June						
			1	2	3	4		1	2	3	4						
Water Grants Mandeni	891	-	-	-	-	-	-	-	-	-	-	-	891	NO	N/A	YES	N/A
MIG Funding	381 421	-	38 500 000	30 500 000	21 095 000	31 100 000	121 195 000	23 673 349	24 189 675	31 227 282	44 016 537	123 106 843	(1 530 422)	NO	N/A	YES	N/A
Premiers Fund	582 696	(582 696)	-	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Equitable Share	-	-	145 775 216	-	-	-	145 775 216	-	-	-	-	145 775 216	-	NO	N/A	YES	N/A
Drought Relief	58 161	-	-	-	-	-	-	-	-	-	-	-	58 161	NO	N/A	YES	N/A
Sports and Recreation	89 655	923	-	-	-	-	-	-	-	-	-	90 578	-	NO	N/A	YES	N/A
EU LED projects	2 577 125	(2 577 125)	-	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Shared Services	971 395	-	-	-	-	-	-	-	-	-	554 708	554 708	416 687	NO	N/A	YES	N/A
Section 78	200 000	-	-	-	-	-	-	-	-	-	-	-	200 000	NO	N/A	YES	N/A
Provincial Management Assistance	1 376 774	-	-	-	-	-	-	-	-	-	-	-	1 376 774	NO	N/A	YES	N/A
Beach Restoration Grant	16 632 633	-	-	-	-	-	-	3 950 884	3 016 053	1 170 195	747 494	8 884 626	7 748 007	NO	N/A	YES	N/A
Ngcebo Bulk Water Scheme	6 399 900	-	-	-	-	-	-	1 931 680	-	-	-	1 931 680	4 468 220	NO	N/A	YES	N/A
Rehabilitation of Infrastructure	8 861 842	-	-	-	-	-	-	-	700 757	1 308 731	4 059 819	6 069 307	2 792 535	NO	N/A	YES	N/A
Ndwedwe Waterworks	994 400	(994 400)	-	-	-	-	-	-	-	-	-	-	-	NO	N/A	YES	N/A
Maphumulo Waterworks	1 156 800	-	-	-	-	-	-	-	-	-	-	-	1 156 800	NO	N/A	YES	N/A
Refurbishment of Waste Water Works	6 957 703	-	-	-	-	-	-	860 828	2 234 350	1 806 459	404 627	6 736 367	221 336	NO	N/A	YES	N/A
GIS	56 240	-	-	-	-	-	-	-	-	-	-	-	56 240	NO	N/A	YES	N/A
Shared Services	-	-	-	-	1 605 000	1 215 000	2 820 000	-	-	-	1 589 495	1 589 495	1 230 505	NO	N/A	YES	N/A
Spatial Planning	324 127	-	-	-	-	-	-	-	-	-	-	-	324 127	NO	N/A	YES	N/A
Strategic Support	850 000	-	-	-	-	-	-	71 996	119 445	32 542	35 072	259 055	590 945	NO	N/A	YES	N/A
Corridor Development Grant	4 300 000	-	-	7 000 000	14 875 000	14 916 000	36 791 000	-	-	24 675 000	-	24 675 000	16 416 000	NO	N/A	YES	N/A
Desludging	-	-	-	11 500 000	-	-	11 500 000	-	9 649 123	-	500 000	10 149 123	1 350 877	NO	N/A	YES	N/A
Financial Management	-	-	750 000	-	-	-	750 000	134 736	240 392	173 357	190 997	739 481	10 519	NO	N/A	YES	N/A
Municipal Systems Improvement Grant	-	-	735 000	-	-	-	735 000	344 053	(111 523)	395 520	-	628 050	106 950	NO	N/A	YES	N/A
EPWP	-	-	-	166 050	919 750	-	1 085 800	-	-	-	1 040 862	1 040 862	44 938	NO	N/A	YES	N/A
LG SETA	-	-	104 173	-	-	367 178	471 351	-	-	2 160	188 050	190 210	281 141	NO	N/A	YES	N/A
Replacement of water mains in Kwadukuzi	-	-	-	-	19 000 000	3 000 000	22 000 000	-	-	2 648 403	8 539 650	11 188 053	10 811 947	NO	N/A	YES	N/A
Sanitation - VIP toilets	-	-	-	-	-	12 000 000	12 000 000	-	-	-	10 526 171	10 526 171	1 473 829	NO	N/A	YES	N/A
	52 771 763	(4 153 298)	185 864 389	49 166 050	57 494 750	62 598 178	355 123 367	30 967 526	40 038 271	63 439 650	72 393 483	354 134 826	49 607 006				

Reflected as other debtors - Note 14
Unspent grants at 30 June 2009 - Note 6

52 771 763

Reflected as other debtors - claims submitted awaiting settlement - Note 14
Unspent grants at 30 June 2010 - Note 6

1 530 422
51 137 428