

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

GENERAL INFORMATION

Members of the Mayoral Committee

CN Mkhonto
SV Khumalo
M Chembeni Sahi
MJ Mnisi
LM Mochekoane
LN Shongwe
BS Mashego
FS Timba

Members of council

BD Dube
HB Magagula
TB Mdhuli
ZG Hlongwane
JS Siboza
MF Nkadimeng
LC Dlamini
JL Sithole
MB Thumbathi
EF Lubede
SS Makubela
C Maluleke
RG Herbst
MJ Mashego
P W A Phalakatshela
BC Ndlovu
PM Mpholane
PJ de Witt
GC de Bruin
ZL Mandlazi
C Maseko
JM Mhlongo
TJ Milazi
VB Mlimi
MJ Msibi
AA Ndowane
L Chiwayo
SR Schormann
TN Sifunda
HK Malomane
RV Lukhele
NM Mabuza
MJ Mavuso
C Maluleke
LG Mathonsi
PRB Nel
CN Hlongwane
SJ Mabuza
PP Magagula
MN Nhlebeya
CG Dippenaar
ST Luthuli
C Magopane
VX Baloyi

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CS Nxumalo
JH Ndlovu
VN Mzimba
SP Monareng
ML Mathebula
E Mokoena
VM Manzini
VL Mthabine

Other General Information

Executive Mayor	Clr: CN Mkhonto
Deputy Executive Mayor	Clr: SV Khumalo
Chief Whip	Clr: JH Ndlovu
Speaker	Clr: C Maluleke
Municipal Manager	Adv: HM Mbatha
Acting Chief Financial Officer	Mr: W J Khumalo
Council Grading in terms of the upper limits of salaries, allowances for different members of municipal council	4
Bankers	First National Bank - Nelspruit
Auditors	Auditor General Nelspruit
Registered Office	8 VAN NIEKERK STREET P O Box 3333 NELSPRUIT 1200
Telephone	(013) 759 8500
Fax	(013) 755 3167

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

I am responsible for the presentation of these annual financial statements, which are set out on pages 5 to 40 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 Councilors as disclosed in note 20 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 Office Bearers Act and the Minister of Corporative Governance and Traditional Affairs determination in accordance with this Act.

Adv. H Mbatha
Municipal Manager

Date

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

EHLANZENI DISTRICT MUNICIPALITY

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	Note	2010	2009
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and Cash equivalent	1	15,693,048	6,245,187
Trade and other receivables from exchange transactions	2	1,221,509	2,269,904
Inventories	3	264,713	274,860
Prepayments	4	-	-
Short – term fixed deposits	5	-	-
VAT Receivable	6	30,082,194	29,655,757
<u>NON CURRENT ASSETS</u>			
Non - Current receivables	7	167,544	58,808
Investments	8	375,380	42,277,458
Property, Plant and Equipment	9	22,903,989	19,455,434
Work – in - Progress	11	322,905,420	110,958,966
TOTAL ASSETS		393,613,797	211,196,374
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Trade and other payables from exchange transactions	10	33,239,340	13,098,255
Current Provisions	12	3,822,099	2,570,601
Short-term Portion of long term debt		7,828,912	-
<u>NON – CURRENT LIABILITIES</u>			
Unspent Conditional Grant	14	17,676,787	19,748,420
Non – Current Borrowings	13	216,147,010	40,000,000
TOTAL LIABILITIES		278,714,148	75,417,276
<u>RESERVES</u>			
Capital Replacement Reserve		7,000,628	7,000,628
Revaluation Reserve		15,597,271	15,597,271
Accumulated Surplus / Deficit		92,301,750	113,181,199
TOTAL LIABILITIES AND RESERVES		393,613,797	211,196,374

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R	2009 R
<u>REVENUE</u>			
Bad debts recovered - Regional Services Levies		6,818	671,122
Government Grants and Subsidies	15	166,279,214	145,191,505
Interest earned-External investments	16	9,808,026	18,346,113
Other Income		35,561,758	691,705
Dividends Received	18	59,602	56,163
Rent Facilities and equipment	17	657,418	615,750
Property Rates		43,318,892	-
<u>TOTAL REVENUE</u>		255,691,728	165,572,358
<u>EXPENDITURE</u>			
Employee related costs	19	54,182,183	46,860,442
Remuneration of Councilors'	20	8,360,035	6,742,824
Depreciation	21	2,718,407	2,258,726
Repairs and maintenance		541,333	535,871
General expenses – other	27	101,852,007	101,168,311
Finance costs	22	10,431,206	5,868,000
Contracted Services	23	2,055,766	367,869
Bad debts		43,318,892	701,714
Audit Fees	25	1,011,150	1,130,588
<u>TOTAL EXPENDITURE</u>		224,470,979	165,634,345
Gain / (Loss) on sale of Assets	24	132,905	430,849
Net surplus/(Deficit) for the year after adjustment		31,353,654	368,862

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Revaluation Reserve	Disestablished Bohlabela Reserve	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
2008					
Balance 1 July 2008	15,597,271	21,733,661	7,000,628	88,942,500	133,274,060
Utilized during the year		(57,883)			(57,883)
Adjustment to prior year accumulated surplus				2,194,059	2,194,059
Net surplus / deficit for the year				368,862	368,862
Transfer to Accumulated surplus		(21,675,778)		21,675,778	-
Restated Balance 30 June 2009	15,597,271	-	7,000,628	113,181,199	135,779,098
Revaluation surplus	-				-
Balance 1 July 2009	15,597,271	-	7,000,628	113,181,199	135,779,098
Adjustment to prior year accumulated surplus				(45,431,597)	(45,368,076)
Net Surplus for the year				31,353,654	31,353,654
Transferred to Accumulated surplus				(6,801,506)	
Balance as at 30 June 2010	15,597,271	-	7,000,628	92,301,750	114,963,170

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	<u>NOTE</u>	<u>2010</u> R	<u>2009</u> R
<u>CASHFLOW FROM OPERATING ACTIVITIES</u>			
RECEIPTS			
Grants and Subsidies		166,279,214	145,191,505
Interest received		9,808,026	18,346,113
SARS VAT Receipt		46,158,656	1,973,645
Dividends Received		59,602	56,163
Other receipts		36,225,994	1,978,577
		<u>258,531,492</u>	<u>167,546,003</u>
PAYMENTS			
Employees costs		62,542,218	52,972,157
Suppliers		115,891,483	119,069,177
Interest paid		10,431,206	5,868,000
Other payments		73,876,699	22,411,366
		<u>262,741,606</u>	<u>200,320,700</u>
Net cash from Operating Activities	28	<u>(4,210,114)</u>	<u>(32,774,697)</u>
<u>CASHFLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds on sale of property, plant and Equipment		420,906	475,258
Purchase of property, plant and equipment		(3,448,555)	(2,278,643)
Increase in Non current Assets - WIP		(211,946,454)	(110,958,966)
Increase / decrease in pre-payments		-	348,876
Decrease in financial Instruments		41,902,078	(1,625,772)
Increase in short term deposits		-	138,342,174
		<u>(173,072,025)</u>	<u>24,302,927</u>
Net cash from investing Activities		<u>(173,072,025)</u>	<u>24,302,927</u>
<u>CASHFLOW FROM FINANCING ACTIVITIES</u>			
Loans repaid		(40,000,000)	-
Loan raised		227,000,000	-
Net cash from financing activities		<u>187,000,000</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		<u>9,717,861</u>	<u>(8,471,770)</u>
Cash and cash equivalents at the beginning of the year		6,245,187	14,716,957
Cash and cash equivalents at the end of the year	29	<u>15,963,048</u>	<u>6,245,187</u>

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The principal accounting policies adopted in the preparation of these financial statements are set out below.

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognized Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

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

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

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

2 PROPERTY, PLANT AND EQUIPMENT

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2.1 INITIAL RECOGNITION

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

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

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

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

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

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL

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

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

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

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2.3 SUBSEQUENT MEASUREMENT - COST MODE

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

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

2.4 DEPRECIATION AND IMPAIRMENT

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

Description	Years
Buildings	30
Vehicles	5
Office Equipment	3
Furniture and Fittings	10
Bins and Containers	5
Other items of plant and Equipments	5

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

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

2.5 DERECOGNITION

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

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

3.1 INITIAL RECOGNITION

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

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

Intangible assets are initially recognized at cost.

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

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

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

3.3 AMORTISATION AND IMPAIRMENT

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

Computer software	3
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The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognized as a change in accounting estimate in the Statement of Financial Performance.

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

3.4 DERECOGNITION

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

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

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

The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

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

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

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

5 NON-CURRENT ASSETS HELD FOR SALE

EHLANZENI DISTRICT MUNICIPALITY

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5.1 INITIAL RECOGNITION

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

5.2 SUBSEQUENT MEASUREMENT

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

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

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

6 INVENTORIES

6.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognized at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

6.2 SUBSEQUENT MEASUREMENT

EHLANZENI DISTRICT MUNICIPALITY

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Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realizable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognized in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realizable value or current replacement cost is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognized as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalization to the cost of another asset.

7

FINANCIAL INSTRUMENTS

7.1 INITIAL RECOGNITION

Financial instruments are initially recognized at fair value.

7.2 SUBSEQUENT MEASUREMENT

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

7.3 INVESTMENTS

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

7.4 TRADE AND OTHER RECEIVABLES

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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

7.5 TRADE PAYABLES AND BORROWINGS

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

7.6 CASH AND CASH EQUIVALENTS

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

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

8 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The municipality exercises judgment in the context of all available information to determine if it has significant influence over an investee.

The equity method involves recognizing the investment initially at cost, then adjusting for any change in the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit for the year.

The municipality commences accounting for an investment in an associate from the date that significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. Investments that are retained in whole or in part are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or financial instruments depending on the nature of the retained investment.

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The municipality uses the most recent available financial statements of the associate in applying the equity method. Where the reporting periods of the associate and the municipality are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the municipality.

9 UNAUTHORISED EXPENDITURE

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

10 IRREGULAR EXPENDITURE

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

11 FRUITLESS AND WASTEFUL EXPENDITURE

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

12 PROVISIONS

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

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

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

A provision for restructuring costs is recognized only when the following criteria over and above the recognition criteria of a provision have been met: (a) The municipality has a detailed formal plan for the restructuring identifying at least: - the business or part of a business concerned; - the principal locations affected; - the location, function, and approximate number of employees who will be compensated for terminating their services;

- the expenditures that will be undertaken; and when the plan will be implemented; and

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

13 LEASES

13.1 MUNICIPALITY AS LESSEE

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

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

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

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13.2 MUNICIPALITY AS LESSOR

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

14 REVENUE

14.1 REVENUE FROM EXCHANGE TRANSACTIONS

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

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read.

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

Interest revenue is recognised on a time proportion basis.

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

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

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

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

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

14.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

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

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

14.3 GRANTS, TRANSFERS AND DONATIONS

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

15 BORROWING COSTS

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

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16 CONSTRUCTION CONTRACTS AND RECEIVABLES

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

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

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

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

17 REVALUATION RESERVE

The surplus arising from the revaluation of land and building is created directly to a non-distributable reserve. The revaluation surplus is realized as revalued buildings are depreciated, through a transfer from the revaluation reserve to the Accumulated surplus / deficit. On disposal, the net revaluation surplus is transferred to the Accumulated surplus while gains and losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

18 IMPAIRMENT OF ASSETS

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

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

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

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

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

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

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

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

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

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

asset in the unit.

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

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

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

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

19 COMPARATIVE INFORMATION

19.1 Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior year period comparative amounts are also reclassified.

19.2 Current year Budgets

Budgeted amounts have been included in the Annual Financial Statement for the current financial year only.

20 CONTINGENT LIABILITY

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) a present obligation that arises from past events but is not recognized because:
 - (i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

21 CONTINGENT ASSETS

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
1. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash on hand	4,000	4,000
Cash at bank	15,689,048	6,241,187
	15,693,048	6,245,187
The Municipality has the following bank accounts:		
<u>Current Account (Primary Bank Account)</u>		
FNB Nelspruit Branch: Account Number 62 113 491 419	12,297,403	1,250,262
Cash book balance at beginning of year	1,250,262	7,276,240
Cash book balance at end of year	12,297,403	1,250,262
Bank statement balance at beginning of year	3,084,620	7,372,010
Bank statement balance at end of year	12,297,403	3,084,620
<u>Current Account (Other Account)</u>		
First National Bank - Nelspruit Branch: Acc 62 113 492 938	204,258	385,862
First National Bank - Nelspruit Branch: Acc 62 113 495 916	410,965	404,508
First National Bank - Nelspruit Branch: Acc 62 113 496 360	408,460	492,284
First National Bank - Nelspruit Branch: Acc 62 113 496 708	1,025,994	1,580,601
First National Bank - Nelspruit Branch: Acc 62 113 498 564	1,282,805	2,067,822
First National Bank - Nelspruit Branch: Acc 62 113 499 554	59,163	59,848

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (continued)

2. TRADE AND OTHER RECEIVABLES

	2010	2009
Other debtors	1,895,848	2,842,115
Levy debtors	43,318,892	-
Total Other Debtors	45,214,740	2,842,115
Less: Provision for Bad debts	(43,993,231)	(572,211)
Net Balance	1,221,509	2,269,904

Reconciliation	BAD DEBTS PROVISION
Opening 1 July 2009	-701,714
Contributions to provision (other debtors)	-43,318,892
Expenditure incurred / Utilized during the year	27,373
Closing 30 June 2010	-43,993,231

3. INVENTORIES

	2010	2009
Opening balance	274,860	216,732
Additions	859,276	573,347
Issued (Expensed)	(869,423)	(515,219)
Closing balance	264,713	274,860

4. PREPAYMENTS

	2010	2009
Pre-paid expenses	-	-

5. SHORT TERM FIXED DEPOSITS

	2010	2009
Fixed deposits	-	-

6. VAT RECEIVABLE

	2010	2009
SARS VAT REFUNDABLE	30,082,194	29,655,757

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (continued)

7. NON - CURRENT RECEIVABLES

	2010	2009
Car Loans	111 018	129,503
Study loans	56,526	58,808
Housing selling scheme loans	-	-
Other non-current receivables	-	-
	167,544	188,311
Less : Provision for bad debts	-	(129,503)
Car loans	-	(129,503)
Staff loans	-	-
Other non-current receivables	-	-
	167,544	58,808

8. INVESTMENTS

	2010	2009
Fixed Deposits	-	41,902,077
Listed Investments	375,381	375,381
Other Investments	-	-
	375,381	42,277,458

The market value of the listed investment at 30 June 2010 was R 1,206,376.

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (continued)

9. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying value	P,P & E R	Total R
Carrying values at 1 July 2009	19,455,434	19,455,434
Cost	27,796,322	27,796,322
Accumulated Depreciation	(8,340,888)	(8,340,888)
Acquisitions	7,140,674	7,140,674
Net Disposals	(973,712)	(973,712)
Depreciation	(2,718,405)	(2,718,405)
Revaluation	-	-
Correction of error	-	-
Carrying values at 30 June 2010	22,903,989	22,903,989
Cost	32,025,146	32,025,146
Accumulated Depreciation	(9,121,157)	(9,121,157)

Refer to Appendix B for more detail on property, plant and equipment

10. TRADE AND OTHER PAYABLES

	2010	2009
Trade creditors	22,066,207	4,274,087
Payments received in advance	-	-
Retentions	11,173,133	8,806,422
Guarantees	-	-
Sundry Creditors	-	17,746
Other creditors	-	-
Total creditors	33,239,340	13,098,255

The fair value of trade and other payables approximates their carrying amounts.

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (continued)

11. WORK IN PROGRESS

	2010	2009
Construction work in progress	<u>322,905,420</u>	<u>110,958,966</u>

12. CURRENT PROVISIONS

	2010	2009
Leave provisions	<u>3,822,099</u>	<u>2,570,601</u>

The movement in the current provision can be reconciled as follows

	Performance Bonus	Provision for leave
Opening 1 July 2009	-	(2,570,601)
Contributions to provision	-	(1,415,158)
Expenditure incurred	-	165,660
Closing 30 June 2010	<u>-</u>	<u>(3,820,099)</u>

13. NON - CURRENT BORROWINGS

	2010	2009
INCA	-	40,000,000
DBSA Loans	<u>223,975,922</u>	<u>-</u>
Total Borrowings	<u>223,975,922</u>	<u>40,000,000</u>
Less: Current portion transferred to current liabilities	7,828,912	-
Total Borrowings	<u>216,147,010</u>	<u>40,000,000</u>

Refer to Appendix A for more detail on borrowings.

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (continued)

14. UNSPENT CONDITIONAL GRANTS FROM SPHERES OF GOVERNMENT

	2010	2009
Dwaf Drought Relief	742,723	742,723
Dwaf	2,751,853	2,751,853
Ehlanzeni DM FMG	823,397	2,795,075
Ehlanzeni DM Pims	297,078	380,902
Dept of Sport and Recreation	2,766,595	2,766,595
Local Government	3,087,022	3,731,557
Nkomazi Lc Co-Funding	722,456	722,456
Umjindi Lc Co-Funding	10,602	10,602
Sanitation Pilot Projects	67,799	68,483
CBPWP: Rapid Delivery Projects	2,109,775	2,894,791
Department of Local Government and Housing	969,626	969,626
Municipal Systems Improvement Grant MSIG	1,158,986	668,175
Municipal Infrastructure Grant: MIG	1,575,145	787,099
National and Provincial Events	18,578	18,578
Seta	544,638	392,928
LED	-	22,920
Transitional Fund	30,514	24,057
Current portion of unspent conditional grants	17,676,787	19,748,420

15. GOVERNMENT GRANTS AND SUBSIDIES

	2010	2009
Equitable share	26,141,042	20,670,000
Levy Replacement Grant	127,366,625	113,530,323
MIG - Conditions met	9,476,952	10,656,182
MSIG - Conditions met	-	335,000
FMG – Conditions met	1,731,155	-
Volunteer 2010 Grant	1,563,440	-
Total Government Grants and Subsidies	166,279,214	145,191,505

see note 26 below for the reconciliation of these grants

16. INTEREST EARNED

	2010	2009
Financial assets	9,808,026	18,346,113
Other	-	-
Total interest	9,808,026	18,346,113

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (continued)

17. RENTAL OF FACILITIES AND EQUIPMENT

	2010	2009
Rental of property	655,050	608,275
Other rentals	2,368	7,476
Total rentals earned	657,418	615,751

18. DIVIDENDS RECEIVED

	2010	2009
Dividends received - SANLAM	59,602	56,163
Other dividends	-	-
Total Dividends	59,602	56,163

19. EMPLOYEE RELATED COSTS

	2010	2009
Employee related costs - Salaries and wages	32,393,660	27,827,949
Employee related costs - Contributions for UIF, Pensions and Medical aids	9,477,005	7,969,395
Travel, motor car, accommodation, subsistence and other allowances	8,836,811	7,582,219
Housing benefits and allowances	558,266	550,964
Overtime payments	515,087	379,109
Bonuses	2,197,378	1,774,431
Other allowances	7200	13,338
Bargaining Council	6,043	5,216
Redemption of leave	45,000	-
Leave accrual	-	631,109
Acting Allowances	145,733	126,712
Total Employee Related Costs	54,182,183	46,860,442

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (continued)

Remuneration of the Municipal Manager	2010	2009
Annual Remuneration	815,832	720,065
Performance- and other bonuses	-	-
Travel, motor car, allowances	156,000	120,000
Contributions to UIF, Medical and Pension Funds	215,187	195,972
Total	1,187,019	1,036,037

Remuneration of the Chief Finance Officer		
Annual Remuneration	679,584	590,070
Performance- and other bonuses	-	-
Travel, motor car, allowances	180,000	156,000
Contributions to UIF, Medical and Pension Funds	151,006	185,917
Total	1,010,590	931,987

Remuneration of the Manager: Office of the Municipal Manager (resigned: November 2008)		
Annual Remuneration	650,542	133,420
Salary Back pay / Annual bonuses	-	269,709
Travel, motor car, allowances	156,000	40,320
Contributions to UIF, Medical and Pension Funds	1,497	39,930
Total	808,039	483,379

Remuneration of the individual Managers - 2010	Community services	Technical services
Annual Remuneration	615,686	757,073
Performance- and other bonuses	-	-
Travel, motor car, allowances	180,000	180,000
Contributions to UIF, Medical and Pension Funds	144,393	73,561
Total	940,079	1,010,634

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (continued)

	Corporate Service	LED & TOURISMS
Remuneration of the individual Managers - 2010		
Annual Remuneration	589,398	585,356
Performance- and other bonuses	-	-
Travel, motor car, allowances	192,000	204,000
Contributions to UIF, Medical and Pension Funds	158,727	150,724
Total	940,125	940,080

20. REMUNERATION OF COUNCILLORS

	2010	2009
Executive Mayor	593,375	583,721
Deputy Executive Mayor	478,120	548,807
Speaker	478,120	532,752
Chief Whip	449,315	441,472
Councillors	5,706,391	4,098,146
Councillors Pension Fund Contribution	519,930	504,470
Councillors Other allowances	134,784	33,456
	<u>8,360,035</u>	<u>6,742,824</u>

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee are full-time. Each is Provided with an office and secretarial support at the cost of Council. The Executive Mayor has use of a Council owned vehicle for official duties. The Executive Mayor has a full-time bodyguard, a full-time driver and full time security guard at her residence, at the cost of Council.

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (continued)

21. DEPRECIATION

	2010	2009
Property, plant and equipment	2,718,407	2,258,726
Intangible assets	-	-
Investment property carried at cost	-	-
Total Depreciation	2,718,407	2,258,726

22. FINANCE COSTS

	2010	2009
Borrowings	10,431,206	5,868,000
Consumer deposits	-	-
Bank overdrafts	-	-
Total Finance Costs	10,431,206	5,868,000

23. CONTRACTED SERVICES

	2010	2009
Contracted services for:		
Cleaning services	190,346	206,400
Security Services	228,270	161,469
Other contracted services	1,637,150	-
	2,055,766	367,869

24. GAIN OR (LOSS) ON SALE OF ASSETS

	2010	2009
Property, Plant and Equipment	132,905	430,849
Other Financial Assets	-	-
	132,905	430,849

25. AUDIT FEES

	2010	2009
Auditors remuneration	1,011,150	1,130,588

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1,011,150

1,130,588

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (continued)

26. RECONCILIATION OF GRANTS

26.1 EQUITABLE SHARE

	2010	2009
Balance unspent at beginning of year		-
Current year receipts	(153,507,668)	(134,200,323)
Conditions met - transferred to revenue	<u>(153,507,668)</u>	<u>134,200,323</u>
Conditions still to be met	<u>-</u>	<u>-</u>

In terms of the Constitution, this grant is used to subsidize the provision of basic and administrative services.

26.2 MUNICIPAL INFRASTRUCTURE GRANT

	2010	2009
Balance unspent at beginning of year	(787,099)	(14,658,576)
Current year receipts	(10,265,000)	(2,305,000)
Expenditure	-	5,520,295
Conditions met - transferred to revenue	<u>9,476,952</u>	<u>10,656,182</u>
Conditions still to be met	<u>(1,575,147)</u>	<u>(787,099)</u>

The grant is used to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilized in providing basic services for the benefit of poor households. The grant was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas.

26.3 MUNICIPAL SYSTEMS IMPROVEMENT GRANT

	2010	2009
Balance unspent at beginning of year	(668,175)	(864,341)
Current year receipts	(735,000)	(735,000)
Expenditure	-	596,166
Conditions met - transferred to revenue	<u>244,189</u>	<u>335,000</u>
Conditions still to be met	<u>(1,158,986)</u>	<u>(668,175)</u>

The purpose of the grant is to assist municipalities in building in-house capacity to perform their functions and stabilize Institutional and governance systems as required in the Local Government Municipal Systems Act of 2000.

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

27. GENERAL EXPENSES

Included in general expenses are the following costs above R 100 000:-	2010	2009
Advertising	255,354	237,673
Annual Budget and Functions	-	833,820
Bursaries	181,347	129,895
Branding and Marketing	-	3,879,940
Computer Maintenance and Support	1,229,704	1,026,787
Computer systems - programmes and Training	-	10,204,938
Community outreach	446,586	371,493
Disaster Management costs – Centre	4,154,269	6,718,620
Disater Management Operational Cost	1,552,812	-
Entertainment	347,884	313,293
Assistance to Local - Capital Projects	60,079,339	42,973,619
Fuel and oil	578,094	618,254
Grading Informal Accomodation	779,904	-
GIS Operational Costs	227,719	-
HIV / AIDS Awareness	439,199	2,473,084
IDP Review	337,355	-
Insurance	523,181	433,827
International / Municipal relations	-	2,041,026
Legal expenses	2,798,347	841,629
Membership fees – SALGA	371,934	219,298
Municipal Health Operational Costs	321,387	142,615
Moral regeneration / Public Participation	-	1,315,830
MAM Safety and Security	-	398,693
Media and Publicity	-	2,460,977
Printing and stationery	869,425	515,219
Professional fees	263,484	148,539
Programs and Campaign	-	3,060,823
Presidential imbizo	-	600,000
2010 Programs	2,858,423	5,436,393
Rental of buildings	7,315,396	6,493,310
Rental of office equipment	640,252	591,650
Skills development levies	419,490	602,679
Telephone cost	1,421,687	1,274,882
Training	1,901,452	1,871,478
Travel and subsistence	2,509,800	2,458,320
Tourism and Tour guides 2010	6,255,606	-
Trade Zones	381,455	-
Valuation Roll - Compilation	882,105	-
Volunteer Program 2010	671,826	-

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

101,014,816 100,688,604

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (continued)

28. NETCASH GENERATED FROM OPERATING ACTIVITIES

	2010	2009
Surplus/(deficit) for the year	31,353,654	368,862
Adjustment for:-		
Depreciation and amortization	2,718,407	2,258,726
(Gain) / loss on sale of assets	(132,905)	(430,849)
Contribution to provisions - current	43,318,892	1,322,823
Payments - Disestablished Bohlabela	-	(57,883)
Investment Income	(9,808,026)	-
Previous year's operating transactions	(49,645,365)	(3,946,160)
Finance Charges	10,431,206	-
Operating surplus before working capital changes:	28,235,863	(484,481)
(Increase)/decrease in inventories	10,417	(58,128)
(Increase)/decrease in trade receivables	(42,270,497)	1,308,995
(Increase)/decrease in other Creditors	20,141,085	4,479,060
(Increase)/decrease in VAT receivable	(426,437)	(20,320,534)
Increase/(decrease) in conditional grants and receipts	(2,071,633)	(17,614,290)
Increase/(decrease) in Current Portion of Long term debt	(7,828,912)	(414,475)
Increase/(decrease) in Provisions	-	329,156
Net Cash generated by/(utilized in) operations	(4,210,114)	(32,774,697)

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

	2010	2009
Bank balances and cash	15,693,048	6,245,187
Bank overdrafts	-	-
Net cash and cash equivalents (net of bank overdrafts)	15,693,048	6,245,187

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (continued)

30. OPERATING LEASES

At the reporting date the municipality had outstanding commitments under operating leases which fall due as follows:

	2010	2009
Operating leases - lessee		
Within one year	6,334,005	6,418,856
In the second to fifth year inclusive	299,082	7,275,048
After five years	-	-
Total	6,633,087	11,693,904

Operating Leases consists of the following:

Operating lease payments represent rentals payable by the municipality for its office space and office machines leases. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.

31. CONTINGENT LIABILITY

Claim for damages - former Bohlabela District Municipality

-	7,000,000
---	-----------

The Municipality is being sued by a Contractor. The Contractor alleges that he has done work for the former Bohlabela District Municipality and is currently claiming payment from Ehlazeni District Municipality. Council is contesting the claim based on legal advice. A court date has not yet been set. The contingent liability includes legal costs of R200 000.

32. CORRECTION OF ERROR

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality-

32.1 Dis – established Bohlabela Reserve

	2010 R	2009 R
Error Corrections:-		
Transferred from dis-established Bohlabela reserve	-	21,675,778
Transferred to Accumulated Surplus	-	(21,675,778)
	<u>-</u>	<u>-</u>

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010 (continued)

	2010	2009
32.2 Property Plant and Equipment		
Cost: Balance previously reported	-	147,729
Correction of error	-	78,711
	<u>-</u>	<u>226,439</u>

33. FRUITLESS AND WASTEFULL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure	R
Opening balance	-
Current year *	-
Closing balance	<u>-</u>

* None identified during the current year

34. IRREGULAR PAYMENTS

	2010	2009
Reconciliation of Irregular Payments		
Opening Balance	-	-
Irregular Payment - Current year	4,569,783	1,057,697
Approved by Council	(4,154,269)	(1,057,697)
Transfer to Recoveries / debtors	-	-
Closing Balance	<u>415,541</u>	<u>-</u>

In terms of section 36 of the Municipal Supply Chain Management Policy, any deviation from the Supply Chain Management Policy needs to be approved / condoned by Municipal Manager and Noted by Council. The expenses incurred as listed have been condoned by Council.

Details of irregular expenditure

Activity / Incident	Amount R's	Status
Payment of Legal Costs	415,514	Investigation in progress
<i>Total amount to be condoned by Council</i>	<u>415,514</u>	

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

35. UNAUTHORIZED EXPENDITURE

	2010	2009
Reconciliation of unauthorized expenditure		
Opening Balance	-	-
Unauthorized expenditure - Current year	241,118	11,761,691-
Approved by Council	(241,118)	(11,761,691)-
Transfer to Recoveries / debtors	-	-
Closing Balance	-	-

Details of unauthorized expenditure

Activity / Incident	Amount R's	Status
Procurement of 2500 blankets for the disaster which occurred in Nkomazi and Mbombela Local Municipalities in November 2009 (Langelooop and Mataffin)	241,118	Condoned by Council
<i>Total amount condoned by Council</i>	241,118	

36. FINANCIAL RISK MANAGEMENT

Exposure to Interest rate, Liquidity and Credit risks arises in the normal course of the Municipality's operations. The municipality has established a risk management committee, which is responsible for developing and monitoring the municipality's risk management policies. The risk management policies are established to identify and analyse the risks faced by the municipality, to set up risk limits and controls and to monitor risks and adherence to limits. Risk management policies are to be reviewed regularly to reflect changes in the Municipalities activities.

INTEREST RATE RISK

Ehlanzeni District Municipality is not exposed to any interest rate risks on its financial liabilities. As at the end of the financial year (30 June 2010), Ehlanzeni District Municipality only had only three fixed interest bearing loans with the Development Bank of Southern Africa (DBSA) amounting to R 223,975,922 as reflected on APPENDIX A. It should be noted that the interest in these three loans is fixed until maturity.. Similarly, with Financial Assets, Ehlanzeni District Municipality invests its surplus funds / cash not immediately required in a fixed interest rate deposit with the A+ rated banks for fixed terms not exceeding one year.

LIQUIDITY RISKS

Ehlanzeni District Municipality manages its liquidity risks by effectively managing its working capital, capital expenditure, external borrowings. Standby Credit facilities in the form of an of a R 20 000 000 bank overdraft facility is currently being negotiated with the main banker will ultimately be tabled to Council for final approval. The overdraft facility will cater for unexpected temporary shortfall in operating funds.

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

CREDIT RISK

Ehlanzeni District Municipality manages its Credit Risk in its borrowing and investing activities by dealing with the A+ rated financial institutions, and by spreading its exposure over a wide range of financial institutions in accordance with the Approved Cash and Investment Policy as was approved by Council.

CURRENCY RISKS

Ehlanzeni District Municipality is not exposed to any Currency Risks as all transactions are undertaken in Rands, i.e. the local Currency. The municipality was not a party to any foreign exchange contracts at the reporting dates.

37. RELATED PARTIES

KEY MANAGEMENT PERSONNEL - REMUNERATION

See *note 19 and 20* for the remuneration of key management personnel and Council.

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

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010

	Balance at 1-Jul-09	Received during period	Redeemed/ Written off during the Period	Balance At 30-Jun-10	Carrying Value of Property Plant and Equipment	Other costs in accordance With MFMA
<u>ANNUITY LOANS</u>						
**** INCA	40,000,000	-	(40,000,000)	-		
*DBSA - 103347/1		35,000,000	(1,716,004)	33,283,996		
** DBSA - 103347/2		170,000,000	(1,308,074)	168,691,926	345,809,409	-
***DBSA - 103347/3		22,000,000	-	22,000,000		
	40,000,000	227,000,000	(43,024,078)	223,975,922	345,809,409	-

****: loan was settled in full – 31 March 2010

*: date of maturity 31/12/2016

**: date of maturity 31/12/2029

***: date of maturity 30/06/2020

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

APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	COST				ACCUMULATED DEPRECIATION						
	Opening Balance	Additions/ Transfer in	Disposal / transfer out	Reevaluations	Closing Balance	Opening Balance	Current Depreciation	Transfer in	Disposal/transfer out	Closing Balance	Carrying amount
<u>Community Assets</u>											
LAND											
BUILDINGS	15,597,271	-	-	-	15,597,271	(1,038,778)	(519,389)	-		(1,558,167)	14,039,104
WATER											
Subtotal	15,597,271	-	-	-	15,597,271	(1,038,778)	(519,389)	-		(1,558,167)	14,039,104
<u>Other Assets</u>											
Furniture	1,840,887	2,599,112	(1,690,235)	-	2,749,763	(1,576,481)	(52,400)	(41,885)	1,514,535	(156,231)	2,593,532
Office equipment	6,646,656	1,325,115	(580,891)	-	7,390,880	(4,399,155)	(1,420,401)	(61,723)	510,754	(5,370,525)	2,020,355
Bins and Containers	20,648	191	(5,258)	-	15,581	(7,660)	(3,291)	(48)	3,778	(7,221)	8,359
Motor vehicles	2,742,797	2,250,117	(612,946)	-	4,379,968	(1,053,035)	(527,604)	(70,592)	70,592	(1,580,640)	2,799,328
Plant and equipment	938,862	966,140	(13,320)	-	1,891,682	(265,779)	(195,320)		12,727	(448,372)	1,443,309
Other	9,201	-	(9,201)	-	-	-	-	-	-	-	-
Subtotal	12,199,051	7,140,675	2,911,851	-	16,427,874	(7,302,110)	(2,199,016)	(174,248)	2,112,386	(7,562,990)	8,864,885
TOTAL	27,796,322	7,140,675	2,911,851	-	32,025,145	(8,340,888)	(2,718,405)	(174,248)	2,112,386	(9,121,157)	22,903,989

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

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2010

	COST			ACCUMULATED DEPRECIATION						
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Current	Disposal	Transfer in/out	Closing Balance	Carrying Value.
Executive mayor	735,521	800,211	(177,612)	1,358,120	(506,645)	(164,679)	166,297	74,431	(430,596)	927,524
Corporate Services	19,013,086	1,288,501	(954,677)	19,346,909	(2,583,088)	(925,877)	313,681	(16,362)	(3,211,646)	16,135,262
Speaker	236,693	61,724	(49,092)	249,325	(116,296)	(55,371)	33,448	186	(138,033)	111,291
Mayoral committee	129,648	22,300	(30,533)	121,414	(86,292)	(26,309)	25,547	(3,186)	(90,239)	31,175
Municipal manager	1,177,005	672,326	(337,103)	1,512,228	(545,061)	(353,483)	235,498	18,855	(644,195)	868,033
Finance	3,549,553	1,146,212	(770,918)	3,924,847	(3,046,468)	(391,534)	679,240	14,798	(2,743,965)	1,180,882
Municipal works	614,659	704,426	(238,374)	1,080,710	(468,836)	(156,155)	225,339	(52,317)	(451,970)	628,740
Community services	1,925,886	2,101,880	(237,427)	3,790,339	(768,052)	(541,500)	169,217	(34,462)	(1,174,797)	2,615,542
LED & Tourism	276,297	125,834	(79,103)	323,027	(159,556)	(63,387)	62,231	4,018	(156,695)	166,333
Transversal Issues	91,172	77,799	(28,669)	140,302	(39,246)	(27,314)	20,044	(5,960)	(52,475)	87,827
Chief Whip	46,804	139,461	(8,340)	177,925	(21,348)	(12,798)	7,596	0	(26,546)	151,378
TOTAL	27,796,322	7,140,674	2,911,851	32,025,146	(8,340,888)	(2,718,407)	1,938,138	0	(9,121,157)	22,903,989

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX D

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

2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ (Deficit)		2010 Actual Income	2010 Actual Expenditure	2010 Surplus/ Deficit (-)
166,003,207	165,634,345	(61,987)	GENERAL SERVICES	255,824,633	224,470,979	31,353,654
<u>166,003,207</u>	<u>165,634,345</u>	<u>(61,987)</u>	COMMUNITY SERVICES	<u>255,824,633</u>	<u>224,470,979</u>	<u>31,353,654</u>
	12,582,543	-12,582,543	Executive Mayor	-	4,766,954	-4,766,954
	4,055,610	-4,055,610	Speaker	-	3,089,965	-3,089,965
	3,860,536	-3,860,536	Mayoral Committee	-	4,272,226	-4,272,226
	6,999,054	-6,999,054	Municipal Manager	-	10,295,221	-10,295,221
166,003,207	55,834,857	109,737,501	Finance	255,824,633	118,118,568	137,706,065
	17,731,848	-17,731,848	Corporate Services	-	14,808,758	-14,808,758
	5,792,957	-5,792,957	Technical Services	-	6,201,826	-6,201,826
	23,776,304	-23,776,304	Community Services	-	15,038,776	-15,038,776
	22,057,557	-22,057,557	Council General Expenses	-	28,915,492	-28,915,492
	876,088	-876,088	Internal Audit	-	1,012,284	-1,012,284
	7,706,710	-7,706,710	Transversal Issues	-	2,510,875	-2,510,875
	3,873,208	-3,873,208	LED & Tourism	-	14,884,360	-14,884,360
	487,072	-487,072	Chief Whip	-	755,673	-755,673
<u>166,003,207</u>	<u>165,634,345</u>	<u>368,862</u>	<u>TOTAL</u>	<u>255,824,633</u>	<u>224,470,979</u>	<u>31,353,654</u>

EHLANZENI DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX E (1)

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

	<u>ACTUAL</u> 2009/2010 Surplus/ (Deficit) R	<u>BUDGET</u> 2009/2010 Surplus/ (Deficit) R	2010 Variance (R)	2010 Variance (%)
<u>REVENUE</u>				
Bad debts recovered – RSC Levies	6,818	-	6,818	100%
Government Grants and Subsidies	166,279,214	159,915,507	6,363,707	0,039%
Interest earned - External investments	9,808,026	10,000,000	191,974	0.019%
Other Income	35,561,758	35,000,000	561,758	0.16%
Dividend Received	59,602	-	59,602	100%
Property Rates	43,318,892	30,000,000	13,318,892	44%
Rent Facilities and Equipment	657,418	680,000	22,582	0.33%
	255,691,728	235,595,507	20,525,333	
<u>Expenditure</u>				
Employee related costs	54,182,183	58,015,408	3,833,225	0.066%
Remuneration of Councilors	8,360,035	8,361,040	1,005	
Depreciation	2,718,407	2,800,000	81,593	0.029%
Repairs and maintenance	541,333	790,588	249,255	0.315%
Finance Charges	10,431,206	17,161,248	6,730,042	0.392%
General expenses – other	101,852,007	107,000,000	5,147,993	0.048%
Contracted Services	2,055,766	2,107,000	51,234	0.024%
Contributions to Provisions	43,318,892	43,318,892	0	0
Audit fees	1,011,151	1,011,529	378	
	224,470,979	240,565,705		
Net Surplus/(Deficit) for the year	132,905			
Gain / (loss) on sale of Assets	31,353,654			
Net surplus/(Deficit) for the year	31,353,654			

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

APPENDIX E (2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010

	<u>2010 Actual</u>	<u>2010 under Construction</u>	<u>2010 Total Additions</u>	<u>Budget Additions</u>	<u>2010 Variance</u>	<u>2010 Variance</u>	<u>Explanation of Significant Variances greater than 5% versus budget</u>
	R	R	R	R	R	%	
<u>Community Assets</u>							
BUILDING							
LAND							
WATER							
<u>Other Assets</u>							
Office Furniture	2,599,112	-	2,599,112	2,599,112	-		Office furniture and equipment was part of the building budget
Office equipment	1,325,114	-	1,325,114	1,325,114	-		
Motor vehicles	2,250,117	-	2,250,117	2,250,117	-		No significant movement, saving was used to fund the adjustment budget
Other	966,331	-	966,331	966,331	-		
Total	7,140,674	-	7,140,674	7,140,674	-		

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

APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed/withheld				
		July	Sept	Dec	March	June	Jul	Sept	Dec	March	June	J ul y	S e pt	D ec	M ar ch	Ju n e
Dwaf Drought Relief Dwaf																
EDM Finance Management EDM Pims	Treas/FNT	500,000						636,669	1,117,768	1,101,326						
Nsikazi Sport Field	National															
Local Government Dept.Roads and Transp	MP Local															
Nkomazi Lc Co-Funding	-															
Umjindi Lc Co-Funding	-															
Sanitation Pilot Projects																
CBPWP Rapid Delivery Projects																
Municipal Systems Improvement Grant MSIG	National	735,000						385,335	158,200	335,000						
Dept of Local Government and Housing	MP Local															
Municipal Infrastructure Grant MIG	National			2,305,000			480,156	2,091,186	4,490,332	5,721,985	3,392,818					
National and Provincial Events	-															
Seta	LGSeta															
TOTAL		1,235,000	-	2,305,000			480,156	2,091,186	5,512,336	6,997,953	4,829,144					