

ILEMBE DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2011

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 52, 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 22 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 2011**

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ILEMBE DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Note	2011 R	2010 R
ASSETS			
Current assets		121 482 937	129 916 042
Inventories	13	6 140 523	6 232 440
Consumer debtors	14	43 332 044	40 066 226
Other debtors	15	9 388 299	8 400 824
Current investments	16	53 691 293	52 567 412
Bank balances and cash	17	8 930 778	22 649 140
Non-current assets		725 604 593	625 236 738
Property, plant and equipment	8	707 482 671	608 553 446
Intangible assets	9	589 597	574 598
Investments in municipal entities	10	100	100
Investments	11	17 245 057	15 811 697
Long-term receivables	12	287 168	296 897
Total Assets		847 087 530	755 152 780
LIABILITIES			
Current liabilities		120 864 199	148 571 543
Consumer deposits	4	2 784 512	2 502 987
Creditors	5	74 253 648	82 945 735
Unspent conditional grants and receipts	6	28 947 925	51 137 428
Value Added Taxation	7	8 653 366	6 377 699
Current portion of non-current liabilities	1	2 106 820	2 337 974
Current portion of lease liability	3	4 117 928	3 269 720
Non-current liabilities		108 824 786	111 820 203
Long-term liabilities	1	95 108 777	97 280 652
Retirement benefits	2	3 200 623	2 549 551
Lease liability	3	10 515 386	11 990 000
Total Liabilities		229 688 985	260 391 747
Net Assets		617 398 545	494 761 033
NET ASSETS			
Accumulated surplus		617 398 545	494 761 033
Total Net Assets		617 398 545	494 761 033

**ILEMBE DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2011**

REVENUE	Note	2011 R	2010 R
Interest on debtors		18 485 605	17 351 099
Service charges	18	97 375 214	97 233 942
Interest on investment		5 598 682	5 747 945
Government grants and subsidies	19	350 678 045	358 288 124
Public Donations	8	-	2 280 000
Other income	20	7 840 531	14 930 891
Total Revenue		479 978 077	495 832 001
 EXPENDITURE			
Employee related costs	21	79 721 820	72 233 177
Remuneration of councillors	22	5 346 785	5 413 484
Amortisation	9	181 654	239 164
Depreciation	8	19 361 983	15 736 629
Impairment	8	-	4 045 061
Repairs and maintenance		14 356 568	20 589 424
Finance costs	23	12 363 098	9 839 748
Bulk purchases	24	44 870 810	42 993 608
Retirement and long services benefits	2	651 072	331 393
General expenses	25	96 002 339	93 703 611
Grant expenses	26	58 153 324	82 952 988
Adjustments to provisions	14	47 376 895	74 090 667
Loss on disposal of asset		-	528 047
Less: Recharges		(6 663 971)	(6 304 610)
Total Expenditure		371 722 377	416 392 391
 SURPLUS FOR THE YEAR		 108 255 700	 79 439 610

**ILEMBE DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2011**

	<u>Accumulated Surplus and Total</u>
	R
Balance at 30 June 2009	414 817 942
2009/2010	
Surplus for the year - restated (Note 34.5)	79 439 610
Prior year adjustments (Note 34.6)	473 799
Increase in Investment in municipal entity (Note 34.4)	99
Adjustment VAT (Note 34.4)	(306 153)
Adjustment unallocated deposits (Note 34.4)	610 153
Adjustment Umgeni Water debtor (Note 34.4)	(274 417)
Restated balance at 30 June 2010	494 761 033
2010/2011	
Surplus for the year	108 255 700
Prior year adjustments (Note 34.6)	14 381 812
Balance at 30 June 2011	617 398 545

**ILEMBE DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 R	2010 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		427 970 973	445 622 394
Cash paid to suppliers and employees		<u>(310 861 312)</u>	<u>(302 618 841)</u>
Cash generated from operations	28	117 109 661	143 003 553
Interest received		5 598 682	5 747 945
Finance costs		(12 363 098)	(9 839 748)
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u>110 345 245</u>	<u>138 911 750</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(120 240 655)	(145 435 180)
Purchase of intangible assets		(196 653)	(94 412)
Proceeds on disposal of property, plant and equipment		601 150	601 150
Increase in non-current investments		(1 433 360)	(1 464 776)
Decrease in non-current receivables		9 729	12 961
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(121 860 939)</u>	<u>(146 380 257)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans raised - leases		2 839 162	7 523 370
Loans repaid		(2 403 029)	(2 594 490)
Loans repaid - leases		(1 796 445)	(2 466 431)
Increase in consumer deposits		281 525	356 851
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>(1 078 787)</u>	<u>2 819 300</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(12 594 481)</u>	<u>(4 649 207)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>75 216 552</u>	<u>79 865 759</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	29	<u>62 622 071</u>	<u>75 216 552</u>

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011 R	2010 R
1. LONG-TERM LIABILITIES		
Development Bank of South Africa	67 215 597	69 618 626
ABSA	30 000 000	30 000 000
Sub-total	<u>97 215 597</u>	<u>99 618 626</u>
Less: Current portion transferred to current liabilities	2 106 820	2 337 974
Development Bank of South Africa	<u>2 106 820</u>	<u>2 337 974</u>
Total External Loans	<u><u>95 108 777</u></u>	<u><u>97 280 652</u></u>

Development Bank of South Africa

Bear interest at rates between 9.02% and 10.8% per annum and are repayable every six months with the last repayment due on 30 September 2025.

ABSA Loan

Bear's interest at 10.8% per annum, interest is paid quarterly and the loan 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	8%	9%
Inflation rate	6%	7%
Net effective discount rate	1%	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	40%	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>3 200 623</u></u>	<u><u>2 549 551</u></u>
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**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011 R	2010 R
2. RETIREMENT BENEFITS (continued)		
Movement in the defined benefit obligation is as follows:		
Balance at beginning of the year	2 549 551	2 218 158
Current service cost	491 689	366 893
Interest cost	216 924	190 612
Benefit payments	(403 689)	(310 414)
Actuarial gains/(losses)	346 148	84 302
Recognition of previously unrecognised defined benefit liability	-	-
Balance at end of year	<u><u>3 200 623</u></u>	<u><u>2 549 551</u></u>
The timing of the retirement benefits is as follows:		
Current portion of employee benefits	185 407	403 689
Non-current portion of employee benefits	3 015 216	2 145 862
	<u><u>3 200 623</u></u>	<u><u>2 549 551</u></u>
The amounts recognised in the Statement of Financial Performance were as follows:		
Current service cost	491 689	366 893
Interest cost	216 924	190 612
Benefit payments	(403 689)	(310 414)
Actuarial gains/(losses)	346 148	84 302
	<u><u>651 072</u></u>	<u><u>331 393</u></u>
Ilembe has fully adopted IAS 19 Employee benefits		
3. FINANCE LEASE LIABILITY		
Minimum lease payments due are :		
- Within 1 year	4 117 928	3 269 720
- In two to five years	10 515 386	11 990 000
	<u><u>14 633 314</u></u>	<u><u>15 259 720</u></u>
Non-current liabilities	10 515 386	11 990 000
Current liabilities	4 117 928	3 269 720
Total Lease Commitments	<u><u>14 633 314</u></u>	<u><u>15 259 720</u></u>
The leases are for a variety of motor vehicles that are utilised in the course of performing the Municipality's powers and functions. The leases are for five years and 240 000 kilometres. The interest rates vary between 9.0% and 15.5%. The termination dates vary between November 2013 and November 2015. The leases are repaid monthly and include maintenance and make provision for the payment of excess distance travelled where applicable. At the termination of the leases the vehicles revert to the lessor.		
4. CONSUMER DEPOSITS		
Water	<u><u>2 784 512</u></u>	<u><u>2 502 987</u></u>
5. CREDITORS		
Trade creditors	44 459 454	46 413 633
Kwadukuza - water loans	375 763	5 464 856
Staff leave	6 308 361	5 533 618
Other creditors	2 588 390	1 061 963
Payments in advance	5 673 076	2 976 995
Unpresented cheques	14 848 604	21 494 670
Total Creditors	<u><u>74 253 648</u></u>	<u><u>82 945 735</u></u>

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

**2011
R**

**2010
R**

6. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government

Water Grants Mandeni	-	891
MIG Funding	-	-
Drought Relief	-	58 161
Provincial Township Establishment	724 048	-
Nonoti Beach Resort	-	-
Shared Services (Financial Systems)	971 395	416 687
Section 78	200 000	200 000
Provincial Management Assistance	822 066	1 376 774
Beach Restoration Grant	4 796 072	7 748 007
Ngcebo/Lower Thukela Bulk Water	1 460 669	4 468 220
Rehabilitation of Infrastructure	-	2 792 535
Maphumulo Town Establishment	-	-
Maphumulo Waterworks	1 060 753	1 156 800
Refurbishment of Waste Water Works	-	221 336
Disaster Management Grant	2 500 000	-
Shared Services (DPSS)	458 661	2 201 817
IGR Grant	417 000	-
Environmental Management	1 500 000	-
Corridor Development Grant	-	16 416 000
Desludging	-	1 350 877
Financial Management	445 315	10 519
Municipal Systems Improvement Grant	62 635	106 950
EPWP	-	44 938
LG SETA	255 602	281 141
Replacement of water mains in Kwadukuza	-	10 811 947
Sanitation - VIP toilets	-	1 473 828
VAT Refunds	4 750 196	-
2010 World Cup	459	-
Water Conservation Management	48 620	-
Massification Grant	5 064 434	-
Ndwedwe Town Development	3 410 000	-
Total Conditional Grants and Receipts	<u>28 947 925</u>	<u>51 137 428</u>

See Note 19 for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilized.

7. VALUE ADDED TAXATION

8 653 366

6 377 699

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS

8. PROPERTY, PLANT & EQUIPMENT

30 June 2011

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 2010	1 296 718	14 960 742	522 721 075	43 567 294	205 578	10 835 257	545 154	14 421 628	608 553 446
Cost	1 296 718	17 927 475	562 920 987	43 567 294	205 578	15 740 099	695 253	18 271 989	660 625 393
Accumulated depreciation	-	(2 966 733)	(40 199 912)	-	-	(4 904 842)	(150 099)	(3 850 361)	(52 071 947)
Acquisitions	-	259 977	71 122 114	44 477 605	-	1 541 797	-	2 839 162	120 240 655
Assets under construction released	-	-	26 248 986	(26 248 986)	-	-	-	-	-
Newly identified assets at fair value	-	-	-	-	-	-	-	-	-
Public Donations	-	-	-	-	-	-	-	-	-
Depreciation	-	(611 485)	(12 711 107)	-	-	(2 248 540)	(138 955)	(3 651 896)	(19 361 983)
Prior year adjustment	-	-	-	(1 949 447)	-	-	-	-	(1 949 447)
Carrying Value of disposals	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Carrying Values at 30 June 2011	1 296 718	14 609 234	607 381 068	59 846 466	205 578	10 128 514	406 199	13 608 894	707 482 671
Cost	1 296 718	18 187 452	660 292 087	59 846 466	205 578	17 281 896	695 253	21 111 151	778 916 601
Accumulated depreciation	-	(3 578 218)	(52 911 019)	-	-	(7 153 382)	(289 054)	(7 502 257)	(71 433 930)

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.

Included in the land value of R1 296 718 are 810 pieces of developed land which the Municipality is not the legal owner of by title deed but has an indefinite period right of use of this land. The nominal value of this developed land included in property, plant and equipment as at 30 June 2011 is R810.

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	1 296 718	9 899 875	450 305 153	-	205 578	7 249 572	684 205	10 006 009	479 647 110
Cost	1 296 718	12 438 562	475 998 569	-	205 578	12 733 418	695 253	10 748 619	514 116 717
Accumulated depreciation	-	(2 538 687)	(25 693 416)	-	-	(5 483 846)	(11 048)	(742 610)	(34 469 607)
Prior year adjustments	-	-	-	-	-	-	-	-	-
Backlog depreciation & impairment losses	-	-	-	-	-	-	-	-	-
Acquisitions	-	5 488 913	84 642 418	43 567 294	-	4 213 185	-	7 523 370	145 435 180
Cost	-	-	-	-	-	-	-	-	-
Accumulated amortisation	-	-	-	-	-	-	-	-	-
Newly Identified Assets at Fair Value	-	-	-	-	-	2 102 042	-	-	2 102 042
Cost	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Public Donations	-	-	2 280 000	-	-	-	-	-	2 280 000
Acquisitions	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-
Depreciation	-	(428 046)	(10 461 435)	-	-	(1 600 346)	(139 051)	(3 107 751)	(15 736 629)
Impairment	-	-	(4 045 061)	-	-	-	-	-	(4 045 061)
Carrying Value of disposals	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	(3 308 546)	-	-	(3 308 546)
Accumulated Depreciation	-	-	-	-	-	2 179 350	-	-	2 179 350
Adjusted cost	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Carrying Values at 30 June 2010	1 296 718	14 960 742	522 721 075	43 567 294	205 578	10 835 257	545 154	14 421 628	608 553 446
Cost	1 296 718	17 927 475	562 920 987	43 567 294	205 578	15 740 099	695 253	18 271 989	660 625 393
Accumulated depreciation	-	(2 966 733)	(40 199 912)	-	-	(4 904 842)	(150 099)	(3 850 361)	(52 071 947)

Correction of prior year errors are disclosed in note 33.

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011 R	2010 R
9. INTANGIBLE ASSETS		
Carrying value opening balance at 1 July	574 598	719 350
Cost	1 943 789	2 007 134
Accumulated Amortisation	(1 369 191)	(1 287 784)
Additions	196 653	94 412
Amortisation	(181 654)	(239 164)
Disposals		
Cost	-	(157 757)
Accumulated Amortisation	-	157 757
Carrying value closing balance	589 597	574 598
Cost	2 140 442	1 943 789
Accumulated Amortisation	(1 550 845)	(1 369 191)

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 IN MUNICIPAL ENTITIES

Name of company	% holding	% holding	Carrying amount 2011	Carrying amount 2010
	2011	2010		
Municipal Entity Ilembe Management Development Enterprise (Pty) Ltd	100%	100%	100	100

11. INVESTMENTS

	2011 R	2010 R
<u>Unlisted</u>		
ABSA Zero coupon investment	17 245 057	15 811 697
Council's valuation of unlisted investments	17 245 057	15 811 697

Average rate of return on the investment is not fixed.

This investment has been ceded as security against the long term loan from ABSA disclosed in Note 1

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011 R	2010 R
12. LONG-TERM RECEIVABLES		
Busaries	287 168	296 897
Total Receivables	<u>287 168</u>	<u>296 897</u>
Staff busaries		
Study assistance has been granted to individuals as part of a busary		
13. INVENTORIES		
Water	278 701	240 753
Consumable stores	5 861 822	5 991 687
Total Inventories	<u>6 140 523</u>	<u>6 232 440</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.		
14. CONSUMER DEBTORS		
Water and sewerage	247 536 608	215 621 147
Total service debtors	<u>247 536 608</u>	<u>215 621 147</u>
Less provision for bad debts	(204 204 564)	(175 554 921)
Total	<u>43 332 044</u>	<u>40 066 226</u>
<u>Water and sewerage : Aqeing</u>		
Current (0 – 30 days)	8 930 515	10 073 398
31 - 60 Days	8 072 298	8 587 363
61 - 90 Days	6 159 908	7 434 053
91 - 120 Days	5 663 505	6 090 520
Greater than 120 days	218 710 382	186 289 349
Prior year error	-	(2 853 536)
Total	<u>247 536 608</u>	<u>215 621 147</u>
<u>Reconciliation of the Bad Debt Provision</u>		
Balance at beginning of the year - Consumer debtors	175 554 921	103 776 675
Contribution to provision - Consumer debtors	47 376 895	74 090 667
Bad debts recovered written off against the provision - Consumer debtors	(18 727 252)	(2 312 421)
Balance at end of year	<u>204 204 564</u>	<u>175 554 921</u>

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011 R	2010 R
15. OTHER DEBTORS		
Other debtors	5 443 387	3 940 106
Umgeni water debtors	1 781 785	672 674
Accrued interest	72 166	241 600
Enterprise Ilembe	842 391	198 863
MIG debtor (Refer to Note 19.3)	-	1 530 422
Deposits not reflected on bank statement	1 248 570	1 817 159
	<u>9 388 299</u>	<u>8 400 824</u>
Less provision for bad debts	-	-
Total Other Debtors	<u>9 388 299</u>	<u>8 400 824</u>
16. 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	93 886	6 926 571
Bank statement balance at the end of the year	<u>97 684</u>	<u>93 886</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	7 526 798	11 077 633
Bank statement balance at the end of the year	<u>3 639 743</u>	<u>7 526 798</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	2 924 429	2 591 736
Bank statement balance at the end of the year	<u>3 042 741</u>	<u>2 924 429</u>
Investment Current Account		
<i>ABSA Bank Account - Durban Branch</i>		
<i>Account Number 2066739798 : Fixed Deposit</i>		
Bank statement balance at the beginning of the year	790 451	741 987
Bank statement balance at the end of the year	<u>838 308</u>	<u>790 451</u>
Investment Current Account		
<i>ABSA Bank Account - Durban Branch</i>		
<i>Account Number 2070224909 : Fixed Deposit</i>		
Bank statement balance at the beginning of the year	210 472	-
Bank statement balance at the end of the year	<u>232 516</u>	<u>210 472</u>
Investment Current Account		
<i>ABSA Bank Account - Durban Branch</i>		
<i>Account Number 2070362723 : Fixed Deposit</i>		
Bank statement balance at the beginning of the year	1 000 000	-
Bank statement balance at the end of the year	<u>-</u>	<u>1 000 000</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	860 754	1 186 309
Bank statement balance at the end of the year	<u>1 481 204</u>	<u>860 754</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	1 019 583	4 317 260

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	2011 R	2010 R
Bank statement balance at the end of the year	<u>1 080 268</u>	<u>1 019 583</u>

**ILEMBE DISTRICT MUNICIPALITY
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	2011 R	2010 R
16. 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	241 994	225 406
Bank statement balance at the end of the year	<u>255 331</u>	<u>241 994</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	369 892	349 346
Bank statement balance at the end of the year	<u>391 995</u>	<u>369 892</u>
Investment Current Account		
<i>Standard Bank Account Account Number 293302 : Call Account</i>		
Bank statement balance at the beginning of the year	19 907 105	7 925 212
Bank statement balance at the end of the year	<u>1 765 529</u>	<u>19 907 105</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	1 831 173	168 671
Bank statement balance at the end of the year	<u>336 824</u>	<u>1 831 173</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
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
Investment Current Account		
<i>Investec Bank Account - Durban Branch Account Number 1100-435877 : Call Account</i>		
Bank statement balance at the beginning of the year	10 028 493	1 507 296
Bank statement balance at the end of the year	<u>22 191 247</u>	<u>10 028 493</u>
Investment Current Account		
<i>Investec Bank Account - Durban Branch Account Number 50003100564 : Call Account</i>		
Bank statement balance at the beginning of the year	5 066 893	-
Bank statement balance at the end of the year	<u>2 104 724</u>	<u>5 066 893</u>
Investment Current Account		
<i>NRB Curatorship</i>		
Bank statement balance at the beginning of the year	679 482	679 482
Bank statement balance at the end of the year	<u>679 482</u>	<u>679 482</u>

ILEMBE DISTRICT MUNICIPALITY
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	2011 R	2010 R
16. CURRENT INVESTMENTS (continued)		
Investment Current Account		
<i>Rand Merchant Bank Account</i>		
<i>Account Number FDC02E00 : Call Account</i>		
Bank statement balance at the beginning of the year	-	12 349 790
Bank statement balance at the end of the year	-	-
Investment Current Account		
<i>Rand Merchant Bank Account</i>		
<i>Account Number DC02E000066 : Call Account</i>		
Bank statement balance at the beginning of the year	16 007	10 892 108
Bank statement balance at the end of the year	4 321 412	16 007
Investment Current Account		
<i>ABSA</i>		
<i>Account Number 2070508898: 32 Day Investment</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	5 279 985	-
Investment Current Account		
<i>First National Bank</i>		
<i>Account Number 74277625264: 32 Day Investment</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	1 170 200	-
Investment Current Account		
<i>First National Bank</i>		
<i>Account Number 623313562309: Call Account</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	4 782 100	-
TOTAL CURRENT INVESTMENTS	53 691 293	52 567 412

**ILEMBE DISTRICT MUNICIPALITY
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	2011 R	2010 R
17. 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</i>		
<i>Account Number 4057878321 : Current Account</i>		
Cash book balance at the beginning of the year	2 490 799	2 104 526
Cash book balance at the end of the year	<u>3 925 170</u>	<u>2 490 799</u>
Bank statement balance at the beginning of the year	673 640	535 973
Bank statement balance at the end of the year	<u>2 676 600</u>	<u>673 640</u>
Salaries bank account		
<i>First National Account - Durban Branch</i>		
<i>Account Number 62006302385 : Cheque Account</i>		
Cash book balance at the beginning of the year	(2 037 599)	(405 442)
Cash book balance at the end of the year	<u>(2 158 063)</u>	<u>(2 037 599)</u>
Bank statement balance at the beginning of the year	177 691	58 613
Bank statement balance at the end of the year	<u>130 193</u>	<u>177 691</u>
Main bank account		
<i>First National Bank Account - Durban Branch</i>		
<i>Account Number 62006302385 : Current Account</i>		
Cash book balance at the beginning of the year	11 032 627	(3 141 524)
Cash book balance at the end of the year	<u>511 426</u>	<u>11 032 627</u>
Bank statement balance at the beginning of the year	17 874 943	9 727 219
Bank statement balance at the end of the year	<u>3 692 514</u>	<u>17 874 943</u>
Projects bank account		
<i>First National Bank Account - Durban Branch</i>		
<i>Account Number 62046718641 : Current Account</i>		
Cash book balance at the beginning of the year	(8 602 121)	1 589 284
Cash book balance at the end of the year	<u>(6 956 788)</u>	<u>(8 602 121)</u>
Bank statement balance at the beginning of the year	3 834 944	5 482 225
Bank statement balance at the end of the year	<u>2 422 471</u>	<u>3 834 944</u>
Levies bank account		
<i>ABSA Bank Account - Durban Branch</i>		
<i>Account Number 4057641326 : Cheque Account</i>		
Cash book balance at the beginning of the year	78 922	58 613
Cash book balance at the end of the year	-	<u>78 922</u>
Bank statement balance at the beginning of the year	78 922	1 282 339
Bank statement balance at the end of the year	-	<u>78 922</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	(4 678 255)	2 962 628
Bank statement balance at the end of the year	8 921 778	22 640 140
Petty cash and cash on hand	9 000	9 000
	<u>8 930 778</u>	<u>22 649 140</u>
18. SERVICE CHARGES		
Water	81 346 577	83 632 595
Sewerage	16 028 637	13 601 347
Total Service Charges	<u>97 375 214</u>	<u>97 233 942</u>

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

**2011
R**

**2010
R**

**ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	2011 R	2010 R
19. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable Share	178 693 910	145 775 216
Water Grants Mandeni	-	-
MIG Funding	80 797 965	123 106 843
Premiers Fund	-	582 696
Drought Relief	51 194	-
Sports and Recreation	-	89 655
EU LED Projects	-	2 577 125
Shared Services (Financial Systems)	-	554 708
Section 78	-	-
Provincial Management Assistance	-	-
Beach Restoration Grant	2 951 935	8 884 626
Ngcebo/Lower Thukela Bulk Water	21 592 151	1 931 680
Rehabilitation of Infrastructure	2 792 535	6 069 307
Ndwedwe waterworks	-	994 400
Maphumulo Waterworks	96 047	-
Refurbishment of Waste Water Works	98 218	6 736 367
Disaster Management Grant	-	-
Shared Services (DPSS)	2 743 464	1 848 550
Maphumulo Town Establishment	700 000	-
Nonoti Beach Resort	400 000	-
Corridor Development Grant	33 916 000	24 675 000
Desludging	-	10 149 123
Financial Management	565 204	739 481
Municipal Systems Improvement Grant	794 315	628 050
EPWP	-	1 040 862
LG SETA	275 901	190 210
Replacement of water mains in Kwadukuza	11 685 272	11 188 053
Sanitation - VIP toilets	-	10 526 171
2010 World Cup	3 508 369	-
Water Conservation Management	1 444 055	-
Massification Grant	166 566	-
Provincial Township Establishment	75 952	-
VAT Refunds	7 328 992	-
Total Government Grant and Subsidies	<u><u>350 678 045</u></u>	<u><u>358 288 123</u></u>
19.1 Equitable Share		
Balance unspent at beginning of year	-	-
Current year receipts	178 693 910	145 775 216
Conditions met – transferred to revenue	(178 693 910)	(145 775 216)
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.		
19.2 Water Grants Mandeni		
Balance unspent at beginning of year	891	891
Current year receipts	-	-
Conditions met – transferred to revenue	-	-
Adjustments and Transfers	(891)	-
Conditions met	<u><u>-</u></u>	<u><u>891</u></u>
This grant was used to fund water projects. No funds were withheld.		
19.3 Municipal Infrastructure Grant		
Balance unspent at beginning of year	(1 530 422)	381 421
Current year receipts	91 790 000	121 195 000
Conditions met - transferred to revenue	(80 797 965)	(123 106 843)
Adjustments and Transfers	(9 461 613)	-
Conditions met.	<u><u>-</u></u>	<u><u>(1 530 422)</u></u>
This grant was used to fund infrastructure spending on projects. No funds were withheld.		

**ILEMBE DISTRICT MUNICIPALITY
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	2011 R	2010 R
19. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
19.4 Premiers Fund Grant		
Balance unspent at beginning of year	-	582 696
Current year receipts	-	-
Transferred to revenue - no further conditions to be met	-	(582 696)
Conditions met	<u>-</u>	<u>-</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.		
19.5 Drought Relief Grant		
Balance unspent at beginning of year	58 161	58 161
Current year receipts	-	-
Conditions met - transferred to revenue	(51 194)	-
Adjustments and Transfers	(6 967)	-
Conditions met.	<u>-</u>	<u>58 161</u>
This grant is used to provide relief to the community during droughts. No funds were withheld.		
19.6 Sports and Recreation		
Balance unspent at beginning of year	-	89 655
Current year receipts	-	-
Conditions met - transferred to revenue	-	(89 655)
Conditions met.	<u>-</u>	<u>-</u>
This grant was used to build sports fields. No funds were withheld.		
19.7 EU LED projects		
Balance unspent at beginning of year	-	2 577 125
Current year receipts	-	-
Transferred to revenue - no further conditions to be met	-	(2 577 125)
Conditions met	<u>-</u>	<u>-</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.		
19.8 Shared Services (Financial Systems)		
Balance unspent at beginning of year	416 687	971 395
Current year receipts	-	-
Conditions met - transferred to revenue	-	(554 708)
Adjustments and Transfers	554 708	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>971 395</u>	<u>416 687</u>
This grant is for the carrying out of financial functions. No funds were withheld.		
19.9 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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	2011 R	2010 R
19. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
19.10 Provincial Management Assistance		
Balance unspent at beginning of year	1 376 774	1 376 774
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Adjustments and Transfers	(554 708)	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u><u>822 066</u></u>	<u><u>1 376 774</u></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.		
19.11 Beach Restoration Grant		
Balance unspent at beginning of year	7 748 007	16 632 633
Current year receipts	-	-
Conditions met - transferred to revenue	(2 951 935)	(8 884 626)
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u><u>4 796 072</u></u>	<u><u>7 748 007</u></u>
Balance committed to construction of ablution blocks on the beach and sewer retreat project. No funds were withheld.		
19.12 Ngcebo/Lower Thukela Bulk Water Scheme		
Balance unspent at beginning of year	4 468 220	6 399 900
Current year receipts	18 584 600	-
Conditions met - transferred to revenue	(21 592 151)	(1 931 680)
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u><u>1 460 669</u></u>	<u><u>4 468 220</u></u>
Grant funds are obtained as the project progresses. No funds were withheld.		
19.13 Rehabilitation of Infrastructure		
Balance unspent at beginning of year	2 792 535	8 861 842
Current year receipts	-	-
Conditions met - transferred to revenue	(2 792 535)	(6 069 307)
Conditions met.	<u><u>-</u></u>	<u><u>2 792 535</u></u>
19.14 Ndwedwe Waterworks		
Balance unspent at beginning of year	-	994 400
Current year receipts	-	-
Transferred to revenue - no further conditions to be met	-	(994 400)
Conditions met	<u><u>-</u></u>	<u><u>-</u></u>
This grant was used to reburish waterworks. No funds were withheld.		
19.15 Maphamulo Waterworks		
Balance unspent at beginning of year	1 156 800	1 156 800
Current year receipts	-	-
Conditions met - transferred to revenue	(96 047)	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u><u>1 060 753</u></u>	<u><u>1 156 800</u></u>
Grant for upgrading of Maphumulo Waterworks.		

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	2011 R	2010 R
19. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
19.16 Refurbishment of Waste Water Networks		
Balance unspent at beginning of year	221 336	6 957 703
Current year receipts	-	-
Conditions met - transferred to revenue	(98 218)	(6 736 367)
Adjustments and Transfers	(123 118)	-
Conditions met.	<u>-</u>	<u>221 336</u>
19.17 Disaster Management Grant		
Balance unspent at beginning of year	-	-
Current year receipts	2 500 000	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>2 500 000</u>	<u>-</u>
This grant will be used to implement a GIS system. No funds were withheld.		
19.18 Shared Services Grant (DPSS)		
Balance unspent at beginning of year	2 201 817	1 230 367
Current year receipts	1 000 308	2 820 000
Conditions met - transferred to revenue	(2 743 464)	(1 848 550)
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>458 661</u>	<u>2 201 817</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.		
19.19 Maphumulo Town Establishment		
Balance unspent at beginning of year	-	-
Current year receipts	700 000	-
Conditions met - transferred to revenue	(700 000)	-
Conditions met.	<u>-</u>	<u>-</u>
19.20 Nonoti Beach Resort		
Balance unspent at beginning of year	-	-
Current year receipts	400 000	-
Conditions met - transferred to revenue	(400 000)	-
Conditions met.	<u>-</u>	<u>-</u>
19.21 Corridor Development		
Balance unspent at beginning of year	16 416 000	4 300 000
Current year receipts	17 500 000	36 791 000
Conditions met - transferred to revenue	(33 916 000)	(24 675 000)
Conditions met.	<u>-</u>	<u>16 416 000</u>
19.22 Desludging		
Balance unspent at beginning of year	1 350 877	-
Current year receipts	-	11 500 000
Conditions met - transferred to revenue	-	(10 149 123)
Adjustments and Transfers	(1 350 877)	-
Conditions met.	<u>-</u>	<u>1 350 877</u>

**ILEMBE DISTRICT MUNICIPALITY
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	2011 R	2010 R
19. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
19.23 Financial Management		
Balance unspent at beginning of year	10 519	-
Current year receipts	1 000 000	750 000
Conditions met - transferred to revenue	(565 204)	(739 481)
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u><u>445 315</u></u>	<u><u>10 519</u></u>
This grant is used to implement financial management systems and pay finance interns. No funds were withheld.		
19.24 Municipal Systems Improvement Grant		
Balance unspent at beginning of year	106 950	-
Current year receipts	750 000	735 000
Conditions met - transferred to revenue	(794 315)	(628 050)
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u><u>62 635</u></u>	<u><u>106 950</u></u>
This grant is used to implement or improve municipal systems. No funds were withheld.		
19.25 EPWP		
Balance unspent at beginning of year	44 938	-
Current year receipts	-	1 085 800
Conditions met - transferred to revenue	-	(1 040 862)
Adjustments and Transfers	(44 938)	
Conditions met.	<u><u>-</u></u>	<u><u>44 938</u></u>
This grant was used for the design of the Sundumbili Office Building. No funds were withheld.		
19.26 LG SETA		
Balance unspent at beginning of year	281 141	-
Current year receipts	250 362	471 351
Conditions met - transferred to revenue	(275 901)	(190 210)
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u><u>255 602</u></u>	<u><u>281 141</u></u>
This grant was used for training activities approved by SETA. No funds were withheld.		
19.27 Replacement of water mains in Kwadukuza		
Balance unspent at beginning of year	10 811 947	-
Current year receipts	-	22 000 000
Conditions met - transferred to revenue	(11 685 272)	(11 188 053)
Adjustments and Transfers	873 325	
Conditions met.	<u><u>-</u></u>	<u><u>10 811 947</u></u>

**ILEMBE DISTRICT MUNICIPALITY
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	2011 R	2010 R
19. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
19.28 Sanitation - VIP toilets		
Balance unspent at beginning of year	1 473 828	-
Current year receipts	-	12 000 000
Conditions met - transferred to revenue	-	(10 526 171)
Adjustments and Transfers	(1 473 828)	
Conditions met.	<u>-</u>	<u>1 473 829</u>
19.29 2010 World Cup		
Balance unspent at beginning of year	-	-
Current year receipts	4 000 000	-
Conditions met - transferred to revenue	(3 508 369)	-
Adjustments and Transfers	(491 172)	
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>459</u>	<u>-</u>
19.30 Water Conservation Management		
Balance unspent at beginning of year	-	-
Current year receipts	1 492 675	-
Conditions met - transferred to revenue	(1 444 055)	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>48 620</u>	<u>-</u>
19.31 Massification Grant		
Balance unspent at beginning of year	-	-
Current year receipts	5 231 000	-
Conditions met - transferred to revenue	(166 566)	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>5 064 434</u>	<u>-</u>
19.32 Environmental Management		
Balance unspent at beginning of year	-	-
Current year receipts	1 500 000	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>1 500 000</u>	<u>-</u>
19.33 IGR Grant		
Balance unspent at beginning of year	-	-
Current year receipts	417 000	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>417 000</u>	<u>-</u>
19.34 Provincial Township Establishment		
Balance unspent at beginning of year	-	-
Current year receipts	800 000	-
Conditions met - transferred to revenue	(75 952)	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u>724 048</u>	<u>-</u>
19.35 VAT Refunds		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	(7 328 992)	-
Adjustments and Transfers	12 079 188	
Transferred to liabilities (refer to Note 6)	<u>4 750 196</u>	<u>-</u>

Fund established where all VAT refunds from grant funded projects are credited and utilised for further projects.

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	2011 R	2010 R
19. GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
<i>19.36 Ndwedwe Town Development</i>		
Balance unspent at beginning of year	-	-
Current year receipts	3 410 000	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (refer to Note 6)	<u><u>3 410 000</u></u>	<u><u>-</u></u>
20. OTHER INCOME		
Included in other income is the following: -		
Rental income	77 702	122 799
Tender documents	257 239	123 302
Clearance certificates	365 101	263 076
Private developers	1 544 294	73 234
Siza water concessions	1 179 733	1 128 345
Department of water affairs	-	3 000 000
Insurance proceeds	350 980	7 223 347
Interest on bank accounts	316 503	569 006
Gain on fair valuing of assets	294 369	2 102 042
Adhoc Grants	2 422 422	-
Other income	1 032 188	325 740
	<u><u>7 840 531</u></u>	<u><u>14 930 891</u></u>

**ILEMBE DISTRICT MUNICIPALITY
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	2011 R	2010 R
21. EMPLOYEE RELATED COSTS		
Employee related costs - salaries and wages	55 027 096	46 992 360
Bonus	3 564 246	2 813 543
Medical aid	3 391 566	2 867 064
UIF	446 473	415 107
WCA	633 702	-
SDL	636 525	544 765
Leave pay	1 685 821	1 957 206
Pension contributions	6 231 628	5 682 857
Overtime payments	2 953 615	6 051 072
Car allowance	3 250 163	3 493 652
Housing benefits	418 921	419 656
Group life	1 482 064	995 895
	<u>79 721 820</u>	<u>72 233 177</u>
Included in the employee related costs are the following:		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	994 794	793 428
Car Allowance	34 991	24 134
Other	17 721	27 678
Total	<u>1 047 506</u>	<u>845 240</u>
<i>During 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	562 849	1 019 038
Car Allowance	163 467	98 074
Other	-	7 761
Contributions to UIF, Medical and Pension Funds	8 221	39 558
Total	<u>734 537</u>	<u>1 164 431</u>
<i>During the 2010/2011 Financial year the CFO was in office for only 9 months</i>		
<i>For the 2009/2010 financial year the remuneration of the CFO reflects a 9 month lump sum payment made to the former CFO</i>		
22. REMUNERATION OF COUNCILLORS		
Mayor	615 580	599 711
Speaker	552 739	483 470
Councillors	2 132 228	2 262 908
Executive members	2 046 238	2 065 384
Other	-	2 011
Total Councillors' Remuneration	<u>5 346 785</u>	<u>5 413 484</u>
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 vehicle for official duties and has two permanent bodyguards.		
23. FINANCE COSTS		
Non-current liabilities	12 363 098	9 839 748
Short-term borrowings	-	-
	<u>12 363 098</u>	<u>9 839 748</u>
24. BULK PURCHASES		
Water	<u>44 870 810</u>	<u>42 993 608</u>

**ILEMBE DISTRICT MUNICIPALITY
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	2011 R	2010 R
25. GENERAL EXPENSES		
Included in general expenses is the following: -		
Advertising	422 024	487 610
Analysis of Water	1 145 935	896 019
Auditors remuneration	2 277 936	1 584 592
Bank charges	435 445	326 490
Cleaning	1 219 764	1 038 545
Consulting and professional fees	3 704 184	2 572 676
Insurance	1 646 380	1 356 067
Rental offices	199 418	220 263
Plant and vehicle hire	3 131 150	11 656 824
Fuel and oil	4 585 188	4 011 033
Postage and courier	1 068 077	832 623
Printing and stationary	2 054 444	2 447 984
Telephone and Fax	3 141 365	2 882 173
Training	682 428	363 332
Electricity and water	9 440 233	7 972 986
Uniforms	1 057 069	558 742
Membership Fees	570 709	427 462
2010 World cup	-	4 282 748
LED	1 500 000	1 300 000
Public participation	2 745 537	1 215 243
Marketing and communication	1 884 940	486 779
Establishment and transformation	848 453	1 632 602
DIMS	318 885	518 089
Security	3 743 882	5 431 025
Enterprise Ilembe	2 163 171	1 620 000
Reconnections and disconnections	4 576 013	1 885 368
Stores and materials	7 692 416	5 672 104
Sports Development	1 976 494	3 121 798
Free basic water	5 930 972	7 597 350
Siza Water Audit Fee	1 200 000	-
Management contract	8 147 211	7 311 747
Entertainment	349 412	666 657
Motor vehicle expenses	322 242	-
Flood damage	-	142 758
HIV/AIDS Programmes	431 506	-
Tourism	800 000	700 000
Data cleansing	-	860 103
Rand for rand	-	1 400
Review of transport plan	37 661	613 339
Disaster management	588 192	1 104 749
Five Year Review	236 248	-
Contribution to Shared Services	400 000	-
LM Support	519 893	-
Agri Processing Hub	1 834 703	-
Ndwedwe Community Projects	1 305 500	-
Heritage celebrations	918 643	-
Recharge	6 663 972	6 304 610
Other general expenses	2 084 644	1 599 722
	<u>96 002 339</u>	<u>93 703 611</u>

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26. GRANT EXPENSES

Included in grant expenditure is the following:-

Hub incubator - agric processing	11 000 000	5 000 000
Beach restoration/facilities	2 951 935	8 884 626
Beach Facilities Mandeni	2 000 000	-
Strategic support grant expenditure	-	259 055
MIG	-	1 438 596
Financial management	565 203	739 481
Municipal systems improvement	794 315	628 050
Corridor development	-	19 175 000
Shared services	2 743 463	1 589 495
Sanitation	11 655 615	20 631 709
Upgrade of sewer	-	10 526 171
VIP toilets	-	10 149 123
Town planning	-	500 000
King shaka route	-	500 000
Kwashushu hotspring tour development	2 000 000	1 000 000
Biodiesel Production Facility	3 916 000	-
Moringa Trees Plantations	3 500 000	-
North Coast Vineyards	9 000 000	-
LG Seta Grant	275 901	-
Town Regeneration Program	756 571	-
Land Management Programme	75 952	-
Municipal Turnaround Strategy	400 000	-
Broadband Disaster Management	2 500 000	-
2010 World Cup	3 508 369	-
Water Safety Plan	174 000	-
Reservoir Locking	336 000	-
Design Lower Tugela bulk water	-	1 931 681
	58 153 324	82 952 988

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	2011 R	2010 R					
27. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE							
27.1 Unauthorised expenditure							
Infrastructure projects - due to overpayments	-	15 685 775					
Over expenditure on operating budget:							
Amortisation	181 654	239 164					
Depreciation	3 361 983	15 736 629					
Impairment	-	4 045 061					
Finance costs	1 685 138	-					
Retirement and long services benefits	651 072	331 393					
General expenses	-	802 755					
Grant expenses	17 177 157	28 084 973					
Adjustments to provisions	24 876 895	44 806 215					
Loss on disposal of asset	-	528 047					
	<u>47 933 899</u>	<u>110 260 012</u>					
27.2 Fruitless and wasteful expenditure							
Interest paid to the South African Revenue Service for late payment of employees statutory deductions on three occasions.	<u>351 873</u>	<u>-</u>					
27.3 Irregular expenditure							
Reconciliation of irregular expenditure:							
Opening balance	-	-					
Irregular expenditure for the current year	8 697 996	220 940 560					
To be tabled for Council's consideration and condonement	<u>(8 697 996)</u>	<u>(220 940 560)</u>					
Transfer to receivables for recovery - not condoned	<u>-</u>	<u>-</u>					
Deviations were approved in terms of Section 34 of the Supply Chain Management Policy:							
Total Value	<u>25 508 028</u>	<u>-</u>					
Total Number	<u>234</u>	<u>-</u>					
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Incident</td> </tr> <tr> <td style="padding: 2px;"><i>Irregular expenditure is as a result of non compliance with one or more of the Supply Chain Management Regulations or Supply Chain Management Policy requirements</i></td> </tr> <tr> <td style="padding: 2px;"><i>Non compliance with supply chain management processes</i></td> </tr> <tr> <td style="padding: 2px;">Action</td> </tr> <tr> <td style="padding: 2px;">In the municipality's opinion the expenditure is valid apart from the non compliance set out above. The irregular expenditure is in the process of being tabled for council's consideration and condonement.</td> </tr> </table>			Incident	<i>Irregular expenditure is as a result of non compliance with one or more of the Supply Chain Management Regulations or Supply Chain Management Policy requirements</i>	<i>Non compliance with supply chain management processes</i>	Action	In the municipality's opinion the expenditure is valid apart from the non compliance set out above. The irregular expenditure is in the process of being tabled for council's consideration and condonement.
Incident							
<i>Irregular expenditure is as a result of non compliance with one or more of the Supply Chain Management Regulations or Supply Chain Management Policy requirements</i>							
<i>Non compliance with supply chain management processes</i>							
Action							
In the municipality's opinion the expenditure is valid apart from the non compliance set out above. The irregular expenditure is in the process of being tabled for council's consideration and condonement.							
28. CASH GENERATED BY OPERATIONS							
Surplus for the year	108 255 700	79 439 610					
Adjustment for: -							
Amortisation: Intangible assets	181 654	239 164					
Previous years operating transactions	14 381 812	503 481					
Depreciation: Property, Plant and equipment	19 361 983	15 736 629					
Impairment	-	4 045 061					
Contribution to retirement benefit obligation	651 072	331 393					
Contribution to bad debt provision	47 376 895	74 090 667					
Bad debts written off	(18 727 252)	(2 312 421)					
Loss on disposal of property, plant and equipment	-	528 047					
Gain on fair valuing assets	280 324	(2 102 042)					
Public donation	-	(2 280 000)					
Investment income	(5 598 682)	(5 747 945)					
Finance costs	12 363 098	9 839 748					
Investment in municipal entity	-	(99)					
Operating surplus before working capital changes:	<u>178 526 604</u>	<u>172 311 293</u>					
(Increase)/Decrease in inventories	91 917	(390 547)					
(Increase)/Decrease in consumer debtors	(31 915 461)	(52 423 238)					
(Increase)/Decrease in other debtors	(987 475)	6 402 386					
(Decrease)/Increase in unspent conditional grants	(22 189 503)	(1 634 335)					
(Decrease)/Increase in creditors	(8 692 088)	18 824 509					
(Decrease)/Increase in VAT payable	2 275 667	(86 515)					
Cash generated by operations	<u>117 109 661</u>	<u>143 003 553</u>					

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29. 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	8 930 778	22 649 140
Current investments	53 691 293	52 567 412
Total cash and cash equivalents at the end of the year	<u><u>62 622 071</u></u>	<u><u>75 216 552</u></u>

The municipality does not have overdraft facilities.

30. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

30.1 Contributions to organised local government

Opening balance	-	-
Council subscriptions	553 056	420 540
Amount paid - current year	(553 056)	(420 540)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u><u>-</u></u>	<u><u>-</u></u>

30.2 Audit fees

Opening balance	-	-
Current year audit fee	-	-
Prior year audit fee	2 277 936	1 521 519
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u><u>-</u></u>	<u><u>-</u></u>

30.3 VAT

Vat received for the year	<u><u>35 192 619</u></u>	<u><u>28 398 685</u></u>
VAT paid for the year	<u><u>-</u></u>	<u><u>89 192</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.

30.4 PAYE and UIF

Opening balance	925 648	710 940
Current year payroll deductions	12 939 640	11 069 979
Amount paid - current year	(11 947 072)	(10 144 331)
Amount paid - previous years	(925 648)	(710 940)
Balance unpaid (included in creditors)	<u><u>992 568</u></u>	<u><u>925 648</u></u>

30.5 Pension and Medical Aid Deductions

Opening balance	716 254	634 573
Current year payroll deductions and Council	15 999 779	14 443 401
Amount paid - current year	(14 694 285)	(13 727 147)
Amount paid - previous years	(716 254)	(634 573)
Balance unpaid (included in creditors)	<u><u>1 305 494</u></u>	<u><u>716 254</u></u>

**ILEMBE DISTRICT MUNICIPALITY
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	2011 R	2010 R
30. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>30.6 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
JB Nzuza	-	2 041
	<u>-</u>	<u>3 309</u>
<u>30.7 Distribution losses</u>		
Units lost (kilolitres)	<u>9 283 597</u>	<u>10 470 860</u>
Units lost (sales price per kilolitres - rands)	<u>63 435 714</u>	<u>94 761 283</u>
Units lost (purchase price per kilolitres - rands)	<u>20 205 997</u>	<u>22 245 984</u>
Units lost (percentage)	45%	48%
<u>30.8 Municipal entities</u>		
The following municipal entity was under the sole control of the municipality during the financial year and as at the last day of the financial year:		
Ilembe Management Development Enterprise (Pty) Ltd trading as Enterprise Ilembe		
31. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for:	241 670 745	90 259 517
Infrastructure	240 943 566	83 090 306
Community	727 179	7 169 211
- Approved but not yet contracted for:	1 546 259 856	424 916 163
Infrastructure	1 546 259 856	424 916 163
Community	-	-
Total	<u>1 787 930 601</u>	<u>515 175 680</u>
This expenditure will be financed as follows:		
Grant funded	1 395 861 235	507 226 562
Council funded	392 069 366	7 949 118
External Loans	-	-
Funding still to be sourced	-	-
	<u>1 787 930 601</u>	<u>515 175 680</u>
32. CONTINGENT LIABILITIES		
No contingent liabilities have been identified		
33. CONTINGENT ASSETS		
Umgeni Water	<u>-</u>	<u>1 998 418</u>
The contingent asset for Umgeni Water is in respect of the right of use charge for Umvoti Waterworks which is an asset of Ilembe District Municipality that Umgeni Water uses to purify water which they then sell to Ilembe District Municipality for the KwaDukuza area. The claim was settled by Umgeni Water contraing the amount due against repairs and maintenance at Umvoti Waterworks.		

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34. CORRECTION OF PRIOR YEAR ERRORS AND CHANGE IN ACCOUNTING POLICY

The change in accounting policy refers to the implementation of Generally Recognised Accounting Practice:

34.1 Other Debtors

Balances previously reported	
Debtors	8 675 241
Correction of prior year error	
Adjustment Umgeni Water debtor	(274 417)
Restated balance at 30 June 2010	<u><u>8 400 824</u></u>

34.2 Consumer Debtors

Balances previously reported	
Consumer debtors	42 919 762
Correction of prior year error	
Billing adjustments	(2 853 536)
Restated balance at 30 June 2010	<u><u>40 066 226</u></u>

34.3 Creditors

Creditors	
Balances previously reported	
Creditors	84 920 566
Correction of prior year error	
Expenditure	(1 364 678)
Adjustment unallocated deposits	(610 153)
Restated balance at 30 June 2010	<u><u>82 945 735</u></u>

34.4 Accumulated surplus/(deficit)

Balances previously reported	
Surplus for the year - restated (Note 33.18)	79 439 610
Prior year adjustments (Note 33.19)	473 799
Increase in Investment in municipal entity	99
Adjustment VAT	(306 153)
Adjustment unallocated deposits	610 153
Adjustment Umgeni Water debtor	(274 417)
Restated balance at 30 June 2010	<u><u>79 943 091</u></u>

34.5 (Deficit) / surplus for the year

Balances previously reported	80 928 468
Prior year adjustments	
Billing adjustments	(2 853 536)
Expenditure	1 364 678
Restated balance at 30 June 2010	<u><u>79 439 610</u></u>

ILEMBE DISTRICT MUNICIPALITY
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	2011 R	2010 R
34. CORRECTION OF PRIOR YEAR ERRORS AND CHANGE IN ACCOUNTING POLICY (Continued)		
34.6 Prior year adjustments		
Write off cheques stolen	-	(69 941)
Other	311 386	(550)
Prior year accruals	-	544 290
Assets Under Construction expensed	(1 949 447)	-
VAT review claim	11 005 337	-
KwaDukuza Loans redeemed	5 014 536	-
	<u>14 381 812</u>	<u>473 799</u>
34.7 VAT		
Balances previously reported		6 071 546
Correction of prior year error		
Adjustment to balance		306 153
Restated balance at 30 June 2010		<u>6 377 699</u>
34.8 Investments in municipal entities		
Balances previously reported		1
Correction of prior year error		
Correcting investment in municipal entity		99
Restated balance at 30 June 2010		<u>100</u>

**ILEMBE DISTRICT MUNICIPALITY
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35. EVENTS AFTER THE REPORTING DATE

No events after balance sheet date that could affect the presentation of the annual financial statements have been identified

36. 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

842 391

198 863

Trade Creditor

-

(1 349 242)

842 391

(1 150 379)

Rental income paid to Enterprise Ilembe

180 000

180 000

Grant income paid to Enterprise Ilembe:

Administration Grant

2 163 171

1 620 000

LED Grant

1 500 000

1 300 000

Tourism Grant

800 000

700 000

Siza Water Concession

1 200 000

-

5 663 171

3 620 000

Grant income paid via Ilembe District Municipality to Enterprise Ilembe:

Grant Agri Processing Ex DCGTA

11 000 000

8 000 000

Grant Industrial Development Strategy Ex DCGTA

-

1 300 000

Grant Disaster Management

-

500 000

Grant Broadband Project Ex DCGTA

2 500 000

3 000 000

Grant Biodiesel Production Facility Ex DCGTA

3 916 000

2 000 000

Grant North Coast Wine Project Ex DCGTA

9 000 000

4 000 000

Grant Amacambini Dev Project Ex DCGTA

-

1 000 000

Grant Integrated Craft Hub

-

500 000

Moringa Tree Plantations

3 500 000

-

Nonoti Beach Resort

400 000

-

Maphumulo Small Town Regeneration

700 000

-

31 016 000

20 300 000

37. OPERATING LEASES

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

No later than 1 year

205 200

187 903

Later than 1 year and no later than 5 years

615 600

188 228

820 800

376 131

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.

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	2011 R	2010 R
38. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES		
38.1 Interest Rate Analysis		
Financial Assets:		
External Investments:		
Investments - Ceded as security against ABSA loan	17 245 057	15 811 697
Current Investments	53 691 293	52 567 412
Bank balances and cash	8 930 778	22 649 140
	<u>79 867 128</u>	<u>91 028 249</u>
Interest earned external investments	<u>5 598 682</u>	<u>5 747 945</u>
Interest rate	<u>7.0%</u>	<u>6.3%</u>
Outstanding Debtors:		
Long-term receivables	287 168	296 897
Consumer debtors	247 536 608	215 621 147
Other debtors	9 388 299	8 400 824
	<u>257 212 075</u>	<u>224 318 868</u>
Interest earned on outstanding debtors	<u>18 485 605</u>	<u>17 351 099</u>
Interest rate	<u>7.2%</u>	<u>7.7%</u>
Financial Liabilities:		
Long-term Liabilities:		
Development bank of South Africa	67 215 597	69 618 626
ABSA - Investment held as security	30 000 000	30 000 000
Lease liability	14 633 314	15 259 720
	<u>111 848 911</u>	<u>114 878 346</u>
Interest paid on long-term liabilities	<u>12 363 098</u>	<u>9 839 748</u>
Interest rate	<u>11.1%</u>	<u>8.6%</u>
38.2 Credit Risk		
Receivables:		
Consumer debtors	247 536 608	215 621 147
Other debtors	9 388 299	8 400 824
	<u>256 924 907</u>	<u>224 021 971</u>
Ageing of consumer debtors:		
Current	8 930 515	10 073 398
31-60 days	8 072 298	8 587 363
>60 days	230 533 795	196 960 386
Less: Provision for bad debts	(204 204 564)	(175 554 921)
Net Consumer Debtors	<u>43 332 044</u>	<u>40 066 226</u>
Movement Provision for bad debt:		
Balance at beginning of year	175 554 921	103 776 675
Contributions	47 376 895	74 090 667
Bad debts written off	(18 727 252)	(2 312 421)
Balance at end of year	<u>204 204 564</u>	<u>175 554 921</u>
38.3 Liquidity Risk		
Debt (Long term liabilities)	<u>111 848 911</u>	<u>114 878 346</u>
Equity (Net Assets)	<u>617 398 545</u>	<u>494 761 033</u>
Net Debt to Equity Ratio	<u>18.1%</u>	<u>23.2%</u>

ILEMBE DISTRICT MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

39. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION

Description	2010/11 Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	%	%
Financial Performance								
Interest on debtors	16 200 000	3 750 000	19 950 000	18 485 605	-	(1 464 395)	93%	114%
Service charges	103 515 992	(6 918 999)	96 596 993	97 375 214	-	778 221	101%	94%
Interest on investment	4 500 000	1 300 000	5 800 000	5 598 682	-	(201 318)	97%	124%
Government grants and subsidies	184 329 956	33 204 044	217 534 000	350 678 045	-	133 144 045	161%	190%
Public donations	-	-	-	-	-	-	100%	100%
Other income	12 690 169	7 879 290	20 569 459	7 840 531	-	(12 728 928)	38%	62%
Total Revenue (excluding capital transfers & contributions)	321 236 117	39 214 335	360 450 452	479 978 077		119 527 625	133%	149%
Employee related costs	90 363 405	(3 779 975)	86 583 430	79 721 820	-	(6 861 610)	92%	88%
Remuneration to Councillors	5 997 862	(543 853)	5 454 009	5 346 785	-	(107 224)	98%	89%
Amortisation	-	-	-	181 654	181 654	181 654	100%	100%
Depreciation	-	16 000 000	16 000 000	19 361 983	3 361 983	3 361 983	100%	100%
Impairment	-	-	-	-	-	-	100%	100%
Repairs and Maintenance	26 880 000	(7 071 528)	19 808 472	14 356 568	-	(5 451 904)	72%	53%
Finance charges	12 973 963	(2 296 003)	10 677 960	12 363 098	1 685 138	1 685 138	116%	95%
Bulk Purchases	48 844 262	(9)	48 844 253	44 870 810	-	(3 973 443)	92%	92%
Retirement & long services benefits	-	-	-	651 072	651 072	651 072	-	100%
General Expenses	107 297 986	(22 829)	107 275 157	96 002 339	-	(11 272 818)	89%	89%
Grant Expenses	5 685 956	35 290 211	40 976 167	58 153 324	17 177 157	17 177 157	142%	1023%
Provision for bad debts	22 500 000	-	22 500 000	47 376 895	24 876 895	24 876 895	211%	211%
Loss on disposal of assets	-	-	-	-	-	-	100%	100%
Charge Outs	6 663 971	-	6 663 971	-	-	(6 663 971)	0%	0%
Less Charge outs	(6 663 972)	-	(6 663 972)	(6 663 971)	-	1	100%	100%
Total Expenditure	320 543 433	37 576 014	358 119 447	371 722 377	47 933 899	13 602 930	104%	116%
Surplus/(Deficit)	692 684	1 638 321	2 331 005	108 255 700		105 924 695	4644%	15628%
Capital : Transfers recognised	258 946 200	3 987 103	262 933 303	120 437 308	-	(142 495 995)	46%	47%
Capital : Transfers recognised from Operating	-	-	-	-	-	-	-	-
	258 946 200	3 987 103	262 933 303	120 437 308	-	(142 495 995)	46%	47%
Surplus/ (Deficit) after capital transfers & contributions	259 638 884	5 625 424	265 264 308	228 693 008	-	(36 571 300)	86%	88%

ILEMBE DISTRICT MUNICIPALITY
UNAUDITED SUPPLEMENTARY APPENDIX A: SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2011

DESCRIPTION	Loan Number	Interest Rate	Date Repayable	Balance at 30/06/2010	Received during the year	Redeemed / Write off / (Interest Capitalised) during this period	Balance at 30/06/2011
		%		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	69 404 395	-	2 188 798	67 215 597
Development Bank of SA	-	9.02%	2010	214 231	-	214 231	-
Total Long Term Loans				99 618 626	-	2 403 029	97 215 597
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%	-	443 438	-	73 254	370 184
Development Bank of SA	11578	13.45%	12/2014	6 882	-	1 303	5 579
Total Capital Creditors				5 464 856	-	5 089 093	375 763
TOTAL EXTERNAL LOANS				105 083 482	-	7 492 122	97 591 360

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
UNAUDITED SUPPLEMENTARY APPENDIX B : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2011

	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	
Land	1 296 718	-	-		-	1 296 718	-	-	-	-	-	1 296 718
Buildings	17 927 475	259 977	-		-	18 187 452	2 966 733	611 485	-	-	3 578 218	14 609 234
Infrastructure - Sewerage	79 838 195	12 692 388	-		-	92 530 583	9 603 227	1 631 412	-	-	11 234 639	81 295 944
Infrastructure - Water	483 082 792	84 678 712	-		-	567 761 504	30 596 686	11 079 696	-	-	41 676 382	526 085 122
Infrastructure - Under construction	43 567 294	18 228 619	-	(1 949 447)		59 846 466	-	-	-	-	-	59 846 466
Heritage Assets	205 578	-	-		-	205 578	-	-	-	-	-	205 578
Machinery & Equipment	1 752 527	196 139	-		-	1 948 666	273 699	257 830	-	-	531 529	1 417 137
Furniture & Equipment	2 633 186	299 353	-		-	2 932 539	713 819	344 512	-	-	1 058 331	1 874 208
Computer Equipment	5 565 423	268 361	-		-	5 833 784	952 520	1 019 006	-	-	1 971 526	3 862 258
Motor Vehicles	5 788 963	777 944	-		-	6 566 907	2 964 803	627 191	-	-	3 591 994	2 974 913
Improvement to leasehold Property	695 253	-	-		-	695 253	150 099	138 955	-	-	289 054	406 199
Finance lease Assets	18 271 989	2 839 162	-		-	21 111 151	3 850 361	3 651 896	-	-	7 502 257	13 608 894
	660 625 393	120 240 655	-	(1 949 447)		778 916 601	52 071 947	19 361 983	-	-	71 433 930	707 482 671

ILEMBE DISTRICT MUNICIPALITY
UNAUDITED SUPPLEMENTARY APPENDIX C : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2011

	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	418 896	19 950		-	438 846	177 192	64 940		-	242 132	196 714
Technical Services	633 403 410	119 457 077		(1 949 447)	750 911 040	46 055 598	16 974 489			63 030 087	687 880 953
Corporate Services	18 890 786	216 421		-	19 107 207	3 803 325	996 459		-	4 799 784	14 307 423
Economic Development & Communication Services	2 559 271	40 825		-	2 600 096	746 441	408 489		-	1 154 930	1 445 166
Financial Services	4 384 937	501 395		-	4 886 332	1 097 285	782 005		-	1 879 290	3 007 042
Corporate Governance	968 093	4 987		-	973 080	192 106	135 601		-	327 707	645 373
	660 625 393	120 240 655	-	(1 949 447)	778 916 601	52 071 947	19 361 983	-	-	71 433 930	707 482 671

ILEMBE DISTRICT MUNICIPALITY

UNAUDITED SUPPLEMENTARY APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

2010 Actual Revenue R	2010 Actual Expenditure R	2010 (Surplus)/ Deficit R		2011 Actual Revenue R	2011 Actual Expenditure R	2011 (Surplus)/ Deficit R
	3 816	3 816	Organisational Development	373 381	1 087 456	(714 075)
	218 257	218 257	Legal services		815 426	(815 426)
	4 582 305	4 582 305	Municipal Manager		4 994 937	(4 994 937)
	1 557 801	1 557 801	Administration	175 117	14 173 316	(13 998 199)
	7 268 607	7 268 607	Council		5 956 905	(5 956 905)
(339 659)	11 481 122	11 141 463	Corporate governance	7 030 304	23 238 492	(16 208 188)
	1 417 858	1 417 858	Support services		1 239 621	(1 239 621)
	812 731	812 731	Marketing and communication		4 876 396	(4 876 396)
(180 556 606)	23 463 390	(157 093 216)	Finance	208 388 408	27 780 612	180 607 796
	3 779 391	3 779 391	Information technology		3 443 757	(3 443 757)
(192 315)	41 532 056	41 339 741	Human resources	20 000	8 923 026	(8 903 026)
	18 179 114	18 179 114	Local economic development	34316000	46 305 487	(11 989 487)
(1 589 495)	2 781 609	1 192 114	Planning	3 519 416	4 350 508	(831 092)
(313 153 926)	305 618 944	(7 534 982)	Technical services	226 155 451	231 200 410	(5 044 959)
(495 832 001)	422 697 001	(73 135 000)	(Surplus) for the year	479 978 077	378 386 349	101 591 728
			Less: Inter-Departmental			
0	(6 304 610)	(6 304 610)	Charges		(6 663 972)	6 663 972
(495 832 001)	416 392 391	(79 439 610)	Total	479 978 077	371 722 377	108 255 700

ILEMBE DISTRICT MUNICIPALITY
UNAUDITED SUPPLEMENTARY APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

Description	2010/11 Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Variance %	Explanation of significant Variance greater than 10% versus Final Budget
	R	R	R	R	R	R	%	%		
Financial Performance										
Interest on debtors	16 200 000	3 750 000	19 950 000	18 485 605	-	(1 464 395)	93%	114%	-8%	
Service charges	103 515 992	(6 918 999)	96 596 993	97 375 214	-	778 221	101%	94%	1%	
Interest on investment	4 500 000	1 300 000	5 800 000	5 598 682	-	(201 318)	97%	124%	-4%	
Government grants and subsidies	184 329 956	33 204 044	217 534 000	350 678 045	-	133 144 045	161%	190%	38%	Capital grants spent included in actual income figure.
Public donations	-	-	-	-	-	-	0%	0%	0%	
Other income	12 690 169	7 879 290	20 569 459	7 840 531	-	(12 728 928)	38%	62%	-162%	VAT recovery from previous year erroneously included in the current year budget.
Total Revenue (excluding capital transfers & contributions)	321 236 117	39 214 335	360 450 452	479 978 077		119 527 625	133%	149%	25%	
Employee related costs	90 363 405	(3 779 975)	86 583 430	79 721 820	(6 861 610)	(6 861 610)	92%	88%	-9%	
Remuneration to Councillors	5 997 862	(543 853)	5 454 009	5 346 785	(107 224)	(107 224)	98%	89%	-2%	
Amortisation	-	-	-	181 654	181 654	181 654	100%	100%	100%	
Depreciation	-	16 000 000	16 000 000	19 361 983	3 361 983	3 361 983	121%	100%	17%	
Impairment	-	-	-	-	-	-	0%	0%	0%	
Repairs and Maintenance	26 880 000	(7 071 528)	19 808 472	14 356 568	(5 451 904)	(5 451 904)	72%	53%	-38%	Condition of infrastructure such that repairs and maintenance was not required as budgeted for.
Finance charges	12 973 963	(2 296 003)	10 677 960	12 363 098	1 685 138	1 685 138	116%	95%	14%	
Bulk Purchases	48 844 262	(9)	48 844 253	44 870 810	(3 973 443)	(3 973 443)	92%	92%	-9%	
Retirement & long services benefits	-	-	-	651 072	651 072	651 072	100%	100%	100%	
General Expenses	107 297 986	(22 829)	107 275 157	96 002 339	(11 272 818)	(11 272 818)	89%	89%	-12%	
Grant Expenses	5 685 956	35 290 211	40 976 167	58 153 324	17 177 157	17 177 157	142%	1023%	30%	Sanitation projects in terms of GRAP 17 are operating expenditure. These projects were budgeted for under capital.
Provision for bad debts	22 500 000	-	22 500 000	47 376 895	24 876 895	24 876 895	211%	211%	53%	
Loss on disposal of assets	-	-	-	-	-	-	0%	0%	0%	
Charge Outs	6 663 971	-	6 663 971	-	-	(6 663 971)	0%	0%	0%	
Less Charge outs	(6 663 972)	-	(6 663 972)	(6 663 971)	-	1	100%	100%	0%	
Total Expenditure	320 543 433	37 576 014	358 119 447	371 722 377	20 266 900	13 602 930	104%	116%	4%	
Surplus/(Deficit)	692 684	1 638 321	2 331 005	108 255 700		105 924 695	4644%	15628%	98%	
Capital : Transfers recognised	258 946 200	3 987 103	262 933 303	120 437 308	(142 495 995)	(142 495 995)	46%	47%	-118%	
Capital : Transfers recognised from Operating	-	-	-	-	-	-	-	-	-	
	258 946 200	3 987 103	262 933 303	120 437 308	(142 495 995)	(142 495 995)	46%	47%	-118%	
Surplus/ (Deficit) after capital transfers & contributions	259 638 884	5 625 424	265 264 308	228 693 008		(36 571 300)	86%	88%	-16%	
Capital expenditure & funds sources										
Transfers recognised - capital	248 576 600	(6 304 000)	242 272 600	120 437 308	-	(121 835 292)	50%	48%	-101%	
Transfers recognised - Operating	-	-	-	-	-	-	0%	0%	0%	
Transfers recognised - capital (from Equitable Share)	-	-	-	-	-	-	0%	0%	0%	
Public contributions & donations	-	-	-	-	-	-	0%	0%	0%	
Borrowing	-	-	-	-	-	-	0%	0%	0%	
Internally generated funds	10 369 600	10 291 103	20 660 703	-	-	(20 660 703)	0%	0%	0%	
Total sources of capital funds	258 946 200	3 987 103	262 933 303	120 437 308	-	(142 495 995)	46%	47%	0%	

ILEMBE DISTRICT MUNICIPALITY

UNAUDITED SUPPLEMENTARY APPENDIX E(2): ACTUAL VERSUS BUDGET BY DEPARTMENT (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

	Actual 2011	Budget 2011	Variance 2011	Variance 2011	
	R	R	R	%	
REVENUE					
Interest on debtors	18 485 605	19 950 000	(1464 395)	-7.92%	
Service charges	97 375 214	96 596 993	778 221	0.80%	
Interest on investment	5 598 682	5 800 000	(201 318)	-3.60%	
Government grants and subsidies	350 678 045	217 534 000	133 144 045	37.97%	Capital grants spent included in actual income figure.
Public donations	-	-	-	0.00%	
Other income	7 840 531	20 569 459	(12728 928)	-162.35%	VAT recovery from previous year erroneously included in the current year budget.
Total Revenue	479 978 077	360 450 452	119 527 625		
EXPENDITURE					
Organisational Development	1 087 456	1 288 936	(201 480)	-19%	
Legal services	815 426	1 026 500	(211 074)	-26%	
Municipal Manager	4 994 937	5 737 437	(742 500)	-15%	
Administration	14 173 316	22 754 884	(8 581 568)	-61%	
Council	5 956 905	6 107 065	(150 160)	-3%	
Corporate governance	23 238 492	16 321 983	6 916 509	30%	Due to 2010 World Cup expenditure and Beach Restoration which is a KwaDukuza project with IDM being financing agent.
Support services	1 239 621	1 610 384	(370 763)	-30%	
Marketing and communication	4 876 396	5 198 064	(321 668)	-7%	
Finance	27 780 612	31 317 198	(3 536 586)	-13%	
Information technology	3 443 757	4 630 573	(1 186 816)	-34%	
Human resources	8 923 026	8 790 950	132 076	1%	
Local economic development	46 305 487	47 758 929	(1 453 442)	-3%	
Planning	4 350 508	5 604 464	(1 253 956)	-29%	
Technical services	231 200 410	206 636 052	24 564 358	11%	
Less Charge outs	(6 663 972)	(6 663 972)	-	0%	
Total Expenditure	371 722 377	358 119 447	13 602 930		
NET SURPLUS FOR THE YEAR	108 255 700	2 331 005	105 924 695		

ILEMBE DISTRICT MUNICIPALITY

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

	2011 Actual R	2011 Budget R	2011 Variance R	2011 Variance %	Explanation of Significant Variances
Municipal Manager	19 950	45 000	(25 050)	-56%	
Technical Services	119 457 077	248 712 600	(129 255 523)	-52%	
Corporate Services	216 421	1 601 771	(1 385 350)	-86%	
Economic Development & Communication Services	40 825	99 600	(58 775)	-59%	
Financial Services	501 395	1 999 332	(1 497 937)	-75%	
Corporate Governance	4 987	10 475 000	(10 470 013)	-100%	
	<u>120 240 655</u>	<u>262 933 303</u>	<u>(142 692 648)</u>	<u>-54%</u>	

ILEMBE DISTRICT MUNICIPALITY
UNAUDITED SUPPLEMENTARY APPENDIX F - GRANTS AND SUBSIDIES RECEIVED - 2010/2011

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

Name of Grants	Unspent portion 2009/2010 financial statements	Adjustments and Transfers	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2010/2011 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	(1 530 422)	(9 461 613)	29 450 000	29 250 000	33 090 000		91 790 000	14 136 447	27 184 901	12 205 155	27 271 462	80 797 965	-	NO	N/A	YES	N/A
VAT Refunds	-	12 079 188					-				7 328 992	7 328 992	4 750 196	NO	N/A	YES	N/A
Equitable Share	-	-				178 693 910	178 693 910				178 693 910	178 693 910	-	NO	N/A	YES	N/A
Drought Relief	58 161	(6 967)					-				51 194	51 194	-	NO	N/A	YES	N/A
Provincial Township Establishment	-	-		800 000			800 000		39 905		36 047	75 952	724 048	NO	N/A	YES	N/A
Nonoti Beach Resort	-	-		400 000			400 000			400 000		400 000	-	NO	N/A	YES	N/A
Shared Services (Financial Systems)	416 687	554 708					-					-	971 395	NO	N/A	YES	N/A
Section 78	200 000	-					-					-	200 000	NO	N/A	YES	N/A
Provincial Management Assistance	1 376 774	(554 708)					-					-	822 066	NO	N/A	YES	N/A
Beach Restoration Grant	7 748 007	-					-				2 951 935	2 951 935	4 796 072	NO	N/A	YES	N/A
Ngebo/Lower Thukela Bulk Water	4 468 220	-			12 730 400	5 854 200	18 584 600		1 350 672	6 666 532	13 574 947	21 592 151	1 460 669	NO	N/A	YES	N/A
Rehabilitation of Infrastructure	2 792 535	-					-	1 767 152	1 025 383			2 792 535	-	NO	N/A	YES	N/A
Maphumulo Town Establishment	-	-		700 000			700 000			700 000		700 000	-	NO	N/A	YES	N/A
Maphumulo Waterworks	1 156 800	-					-				96 047	96 047	1 060 753	NO	N/A	YES	N/A
Refurbishment of Waste Water Works	221 336	(123 118)					-		225 336	15 066	(142 184)	98 218	-	NO	N/A	YES	N/A
Disaster Management Grant	-	-	2 500 000				2 500 000					-	2 500 000	NO	N/A	YES	N/A
Shared Services (DPSS)	2 201 817	-	230 328	705 980	64 000		1 000 308	440 018	469 614	448 573	1 385 259	2 743 464	458 661	NO	N/A	YES	N/A
IGR Grant	-	-		417 000			417 000					-	417 000	NO	N/A	YES	N/A
Environmental Management	-	-				1 500 000	1 500 000					-	1 500 000	NO	N/A	YES	N/A
Corridor Development Grant	16 416 000	-		17 500 000			17 500 000	14 916 000	15 000 000	4 000 000		33 916 000	-	NO	N/A	YES	N/A
Desludging	1 350 877	(1 350 877)					-					-	-	NO	N/A	YES	N/A
Financial Management	10 519	-	1 000 000				1 000 000	153 614	134 882	110 005	166 703	565 204	445 315	NO	N/A	YES	N/A
Municipal Systems Improvement Grant	106 950	-	750 000				750 000		97 480		696 835	794 315	62 635	NO	N/A	YES	N/A
EPWP	44 938	(44 938)					-					-	-	NO	N/A	YES	N/A
LG SETA	281 141	-	29 166	180 673	40 523		250 362	265 094	10 807			275 901	255 602	NO	N/A	YES	N/A
Replacement of water mains in Kwadukuza	10 811 947	873 325					-	3 018 277	6 027 649	3 248 494	(609 148)	11 685 272	-	NO	N/A	YES	N/A
Sanitation - VIP toilets	1 473 828	(1 473 828)					-					-	-	NO	N/A	YES	N/A
2010 World Cup	-	(491 172)			4 000 000		4 000 000			3 508 369		3 508 369	459	NO	N/A	YES	N/A
Water Conservation Management	-	-			1 492 675		1 492 675				1 444 055	1 444 055	48 620	NO	N/A	YES	N/A
Massification Grant	-	-			5 231 000		5 231 000				166 566	166 566	5 064 434	NO	N/A	YES	N/A
Ndwedwe Town Development	-	-				3 410 000	3 410 000					-	3 410 000	NO	N/A	YES	N/A
	49 607 006	(891)	33 959 494	49 953 653	56 648 598	189 458 110	330 019 855	34 696 602	51 566 629	31 302 194	233 112 620	350 678 045	28 947 925				

Reflected as other debtors - Note 15 1 530 422
Unspent grants at 30 June 2010 - Note 6 51 137 428

Reflected as other debtors - claims submitted awaiting settlement - Note 15
Unspent grants at 30 June 2011 - Note 6 28 947 925