

**UMVOTI LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION**  
**as at 30 June 2011**

	<u>Note</u>	<u>2011</u> R	<u>2010</u> R
<b>ASSETS</b>			
Current assets		71 459 188	58 956 771
Cash and cash equivalents	1	48 359 978	40 232 313
Trade receivables from exchange transactions	2	16 343 082	15 018 211
Other receivables from non-exchange transactions	3	5 471 716	2 372 808
Inventories	4	1 254 066	1 312 017
Investments	5		
VAT receivable	6	5 886	
Current portion of non current receivables	7	24 460	21 422
<b>Non-current assets</b>		173 962 001	152 318 534
Property, plant and equipment	8	109 738 397	105 432 372
Long Term Receivables	7	34 297	61 681
Investment Property	9	64 189 307	46 824 481
<b>Total assets</b>		<u>245 421 189</u>	<u>211 275 305</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		25 124 238	18 251 790
Trade and other payables	10	17 387 776	10 054 377
Consumer deposits	11	1 848 997	1 769 005
Current provisions	12	361 902	456 097
VAT Payable			208 967
Unspent conditional grants and receipts	13	5 400 543	5 656 584
Current portion of borrowings	14	125 020	106 760
<b>Non-current liabilities</b>		8 081 640	8 113 363
Long term liabilities	14	81 542	207 460
Post Retirement Benefits	12	6 791 000	6 791 000
Non - current provisions	12	1 209 098	1 114 903
<b>Total liabilities</b>		<u>33 205 878</u>	<u>26 365 153</u>
<b>Net assets</b>		<u>212 215 311</u>	<u>184 910 152</u>
<b>NET ASSETS</b>			
Housing Development Fund	15	9 474 901	8 630 505
Revaluation Reserve	16	64 189 307	46 824 481
Accumulated surplus	17	138 551 103	129 455 166
<b>Total net assets</b>		<u>212 215 311</u>	<u>184 910 152</u>

**UMVOTI LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**for the year ending 30 June 2011**

	<u>Note</u>	<u>2011</u> <u>R</u>	<u>2010</u> <u>R</u>	
<b>REVENUE</b>				
Property rates	17	13 564 791	11 800 172	
Property rates - penalties imposed and collection charges		1 180 312	1 084 832	9 227 575
Service charges	18	39 054 931	32 824 518	
Rental of facilities and equipment		2 997 592	2 826 926	
Interest earned - external investments		2 938 685	3 279 469	
Interest earned - outstanding debtors		156 523	191 989	
Fines		324 854	434 462	
Licences and permits		2 071 286	1 655 984	
Income for agency services		925 390	817 162	
Government grants and subsidies	19	45 724 999	42 746 290	
Other income	20	2 801 389	398 359	
Gain on disposal of property, plant and equipment		91 043	84 668	
Reversal of Bad Debt Provision	2		7 928 454	
<b>Total Revenue</b>		<u>111 831 795</u>	<u>106 073 287</u>	115 300 862
<b>EXPENDITURE</b>				
Employee related costs	21	26 264 045	22 890 865	
Remuneration of Councillors	22	4 315 947	4 348 039	
Retirement and long service benefits	12		8 112 000	
Bad debts	2	618 100	3 436 545	
Depreciation		16 784 879	14 667 228	
Repairs and maintenance		4 548 528	3 435 417	
Interest paid	23	40 543	24 269	
Bulk purchases	24	22 479 311	18 639 730	
Contracted services	26	10 861 707	11 280 581	
Grants and subsidies paid	25	1 390 232	1 533 578	
General expenses	26	19 686 113	14 741 511	
Loss on disposal of property, plant and equipment				
<b>Total Expenditure</b>		<u>106 989 405</u>	<u>103 109 763</u>	
Gain on sale of Assets				
Change in Accounting Estimate				
<b>Surplus (Deficit) for the year</b>		<u>4 842 390</u>	<u>2 963 524</u>	

Refer to Appendix E .1 for explanation of variances

**UMVOTI LOCAL MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
as at 30 June 2011

	<b>Housing Development Fund (note 1)</b> R	<b>Revaluation Reserve</b> R	<b>Accumulated Surplus</b> R	<b>Total</b> R
Balance at 30 June 2010	8 630 505	46 824 481	129 455 167	184 910 153
Adjustment - previous year VAT claim			5 097 942	5 097 942
Balance at 30 June 2010 restated	8 630 505	46 824 481	134 553 109	190 008 095
Surplus(deficit) for the year	(7 561)		4 849 951	4 842 390
Transfer to Housing Development Fund	851 957		(851 957)	-
Farms:- Revaluation of Plantations		17 364 826		17 364 826
Balance at 30 June 2011	<u>9 474 901</u>	<u>64 189 307</u>	<u>138 551 103</u>	<u>212 215 311</u>
Balance at 30 June 2009	7 952 445	43 036 121	121 837 376	172 825 942
Adjustment - previous year conditional grant allocation			5 332 327	5 332 327
Balance at 30 June 2009 restated	7 952 445	43 036 121	127 169 703	178 158 269
Surplus(deficit) for the year	(4 868)		2 968 392	2 963 524
Transfer to Housing Development Fund	682 928		(682 928)	-
Farms:- Revaluation of Plantations		3 788 360		3 788 360
Balance at 30 June 2010	<u>8 630 505</u>	<u>46 824 481</u>	<u>129 455 167</u>	<u>184 910 153</u>

**UMVOTI LOCAL MUNICIPALITY**  
**CASH FLOW STATEMENT**  
**for the year ending 30 June 2011**

	<u>Note</u>	<u>2011</u> R	<u>2010</u> R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		108 831 893	93 671 377
Cash paid to suppliers and employees		<u>(82 596 721)</u>	<u>(85 087 717)</u>
Cash generated from (utilised in ) operations	27	26 235 172	8 583 660
Interest received		2 938 685	3 279 469
Interest paid	23	<u>(40 543)</u>	<u>(24 269)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b><u>29 133 314</u></b>	<b><u>11 838 860</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(21 096 410)	(24 073 476)
Purchase of housing infrastructure			
Proceeds on disposal of property, plant and equipment		91 043	84 667
(Increase) decrease in investment properties			
(Increase) decrease in non - current receivables		27 384	19 055
(Increase) decrease in non - current investments			
(Increase) decrease in call investments			
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b><u>(20 977 983)</u></b>	<b><u>(23 969 754)</u></b>
<b>CASH FLOWS FROM FROM FINANCING ACTIVITIES</b>			
New loans raised (repaid )		(107 658)	314 220
Increase (decrease ) in consumer deposits		79 992	155 278
Increase (decrease ) in short term loans			
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b><u>(27 666)</u></b>	<b><u>469 498</u></b>
Net increase / (decrease) in net cash and cash equivalents		8 127 665	(11 661 396)
Cash and cash equivalents at the beginning of the year		40 232 313	51 893 709
<b>Net cash and cash equivalents at end of period</b>	1	<b>48 359 978</b>	<b>40 232 313</b>

**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	<u>2011</u>	<u>2010</u>
	<u>R</u>	<u>R</u>
<b>1 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following amounts:		
Bank balances and cash	2 631 428	1 464 394
Short term deposits	45 728 550	38 767 919
	48 359 978	40 232 313
The Municipality has the following bank accounts:		
Current account (Primary bank account)		
Absa Bank - Greytown Branch		
Account number - 4064988800		
Cash book balance at beginning of year	1 462 164	1 758 861
Cash book balance at end of year	2 627 898	1 462 164
Bank statement balance at beginning of year	9 085 637	2 998 326
Bank statement balance at end of year	2 622 856	9 085 637
Summary of cash and cash equivalents		
Primary Bank Account	2 627 898	1 462 164
Call and short term deposits	45 728 550	38 767 919
Petty Cash	3 530	2 230
	48 359 978	40 232 313

**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	<u>2011</u> <u>R</u>	<u>2010</u> <u>R</u>	
<b>2 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>			
Balances at 30 June 2011			
	Gross	Provision for	Net
	balance	doubtful debts	balance
Service debtors	1 903 886	(1 224 463)	679 423
Rates	11 181 017	-	11 181 017
Electricity	4 603 532	(1 150 236)	3 453 296
Housing	876 387	(781 618)	94 769
Other	1 108 432	(173 854)	934 578
<b>Total</b>	<b>19 673 254</b>	<b>(3 330 171)</b>	<b>16 343 083</b>
Balances at 30 June 2010			
Service debtors	1 675 256	(673 774)	1 001 482
Rates	11 333 216	-	11 333 216
Electricity	3 542 883	(1 424 918)	2 117 965
Housing	623 419	(480 874)	142 545
Other	997 697	(574 694)	423 003
<b>Total</b>	<b>18 172 471</b>	<b>(3 154 260)</b>	<b>15 018 211</b>
Rates: Ageing			
Current ( 0 - 30 days)	1 761 309	1 304 083	
31 - 60 days	745 576	802 429	
61 to 90 days	573 163	641 167	
91 - 120 days	522 522	420 433	
121 days and over	7 657 052	8 165 104	
<b>Total</b>	<b>11 259 622</b>	<b>11 333 216</b>	
Electricity and other : Ageing			
Current ( 0 - 30 days)	3 322 557	3 032 592	
31 - 60 days	792 486	472 933	
61 to 90 days	344 395	242 326	
91 - 120 days	190 502	173 804	
121 days and over	3 763 692	2 917 600	
<b>Total</b>	<b>8 413 632</b>	<b>6 839 255</b>	
<b>GRAND TOTAL</b>	<b>19 673 254</b>	<b>18 172 471</b>	

Consumer debtors which are less than 3 months past due are not considered to be impaired.

**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

	<u>2011</u>	<u>2010</u>
	<u>R</u>	<u>R</u>
<b>3 TRADE RECEIVABLES FROM NON - EXCHANGE TRANSACTIONS</b>		
Accrued interest on investments	361 951	381 617
UThukela Water	407 585	407 585
Government subsidies	4 242 702	1 866 666
Other	867 063	124 525
Total other debtors	5 879 302	2 780 393
Less : Provision for doubtful debts	(407 585)	(407 585)
	5 471 716	2 372 808

The fair value of other debtors approximates their carrying value

**4 INVENTORY**

Consumable stores at cost	357 534	384 118
Maintenance materials at cost	436 759	554 171
Spare Parts at authorised value	459 773	373 728
	1 254 066	1 312 017

Provision has been made for the write off of the short fall reflected in the year end physical stock count ( R 166 166 ) . This will be referred to Council for a decision.

**5 CALL INVESTMENT DEPOSITS**

Call and short term deposits with banks	45 728 550	38 767 919
Transferred to Cash and Cash Equivalents - refer note 1	-45 728 550	-38 767 919
	0	-

Call and short term deposits with banks were reflected as a separate line item in the Statement Of Financial Position in the previous financial year. This amount is now included under Cash and Cash Equivalents and the prior year comparative amounts have been adjusted accordingly.

Deposits of R 5 400 543 are ring fenced and relate to unutilised conditional government grants

**6 VAT**

VAT refund due	638 531	450 730
Vat provision	(632 646)	(659 697)

VAT is payable on the receipts basis

	5 886	(208 967)
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The vat provision represents vat raised (Consumer Debtors) not yet received

**7 LONG TERM RECEIVABLES**

Housing selling scheme loans	50 701	72 141
Land sales	8 056	10 962
	58 757	83 103
Less: Current portion transferred to current receivables	(24 460)	(21 422)
	34 297	61 681

**HOUSING AND LAND SALE LOANS**

These loans were granted in accordance with the National Housing regulations. The monthly instalments are subsidised in terms of previous regulations.

**Land sales**

These subsidised loans were granted by the council to individuals to assist them to purchase dwellings

**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

8 PROPERTY, PLANT AND EQUIPMENT

	2011			2010		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and Buildings	21 397 504	5 237 715	16 159 789	18 217 048	4 743 183	13 473 865
Infrastructure	143 279 519	77 716 140	65 563 379	127 894 645	64 509 972	63 384 673
Community	18 766 831	4 794 935	13 971 896	17 507 221	4 047 680	13 459 541
Heritage	314 588	49 142	265 446	314 588	38 559	276 029
Housing	16 121 640	7 743 868	8 377 772	16 121 640	7 078 760	9 042 880
Leased Assets	354 065	163 352	190 713	354 065	49 176	304 889
Other	18 495 767	13 286 364	5 209 404	17 578 822	12 088 327	5 490 495
<b>Total</b>	<b>218 729 913</b>	<b>108 991 515</b>	<b>109 738 398</b>	<b>197 988 028</b>	<b>92 555 657</b>	<b>105 432 372</b>

Property, plant and equipment (continued)

	2011						
	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Total
Land and Buildings	13 473 864	3 180 456	-	-	-	(494 531)	16 159 789
Infrastructure	63 384 673	15 271 256	-	-	113 618	(13 206 168)	65 563 379
Community	13 459 542	1 259 610	-	-	-	(747 256)	13 971 896
Heritage	276 029	-	-	-	-	(10 582)	265 447
Housing	9 042 880	-	-	-	-	(665 108)	8 377 772
Leased Assets	304 890	-	-	-	-	(114 176)	190 714
Other	5 484 988	1 271 470	-	-	-	(1 547 055)	5 209 403
<b>Total</b>	<b>105 426 865</b>	<b>20 982 792</b>	<b>-</b>	<b>-</b>	<b>113 618</b>	<b>(16 784 876)</b>	<b>109 738 399</b>

	2010						
	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Total
Land and Buildings	-	194 599	-	13 385 304	171 863	(277 901)	13 473 864
Infrastructure	72 122 370	13 239 330	-	(15 490 863)	4 993 454	(11 479 618)	63 384 673
Community	9 955 241	1 670 633	-	2 403 710	130 131	(700 173)	13 459 542
Heritage	1 764 703	-	-	(1 478 092)	-	(10 582)	276 029
Housing	-	1 834 444	-	7 849 706	-	(641 270)	9 042 880
Leased Assets	-	354 066	-	-	-	(49 176)	304 890
Other	12 183 814	1 484 953	-	(6 669 765)	543 578	(1 508 507)	6 034 073
<b>Total</b>	<b>96 026 128</b>	<b>18 778 024</b>	<b>-</b>	<b>-</b>	<b>5 839 025</b>	<b>(14 667 227)</b>	<b>105 975 950</b>

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

The Municipality is in the process of itemising all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been calculated for each category of infrastructure and community assets using global historical costs recorded in the accounting records.



**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

	<u>2011</u>	<u>2010</u>
	<u>R</u>	<u>R</u>
<b>9 INVESTMENT PROPERTY</b>		
Valuation	64 189 307	46 824 481
Carrying value at beginning of Financial Year	46 824 481	43 036 121
Revaluation of timber	17 364 826	3 788 360
Carrying value at end of Financial Year	64 189 307	46 824 481

The timber plantations reflect their present value as prepared by an independent valuator being Mr A Daugherty.

The value of immature timber plantations has been determined by applying the Faustmann Formula which is a widely accepted method of determining the value of a plantation at any age from establishment to maturity.

The present prices for the various categories of timber have been applied, and the present day costs of harvesting, transport and other silvicultural operations as determined by the Forest Economics Services who monitor the cost of forestry operations on over 70% of timber plantations in South Africa.

**10 TRADE AND OTHER PAYABLES**

Trade creditors	7 329 320	3 785 524
Payments received in advance	3 759 945	1 418 412
Retention	3 035 913	2 632 469
Staff leave	1 640 075	1 127 973
Deposits other	1 485 155	1 083 496
Other creditors	137 369	6 503
	17 387 777	10 054 377

The fair value of trade and other creditors approximates their carrying value.

**11 CONSUMER DEPOSITS**

Electricity	1 848 997	1 769 005
	1 848 997	1 769 005

Guarantees held in lieu of electricity deposits ( R 342 900 )

**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

	<u>2011</u>	<u>2010</u>
	<u>R</u>	<u>R</u>
<b>12 PROVISIONS AND DEFINED BENEFITS</b>		
<b>12.1 Provisions Current</b>		
Performance bonus	250 000	250 000
Provision for Long Service awards	111 902	206 097
	361 902	456 097
The movement in provisions is reconciled as follows:		
Balance at beginning of year	250 000	330 187
Contributions to provisions	420 052	206 097
Expenditure	(308 150)	(80 187)
Transfer from non - current provisions		
Balance at end of year	361 902	456 097
<b>12.2 Defined Benefit Obligations - Long Service Awards</b>		
Movement in the defined benefit obligation is as follows:		
Balance at beginning of year	1 321 000	
Current service cost		125 000
Interest cost		115 000
Amortisation - unrecognised net ( gain ) loss		(1 000)
Recognition of previously unrecognised defined benefit liability		1 082 000
	1 321 000	1 321 000
Less: transferred to current provisions	(111 902)	(206 097)
Balance at end of year	1 209 098	1 114 903
Employees receive additional leave in respect of long service awards, as follows:		
10 years service	10 days	
15 years service	20 days	
20 years service	30 days	
25 years service	30 days	
30 years service	30 days	
35 years service	30 days	
40 years service	30 days	
45 years service	30 days	
The actuarial valuation method used to value the liabilities is the Projected Unit Method prescribed by IAS 19.		
The economic assumptions used in assessing the accounting provisions were as follows:		
Discount rate	0	
Inflation rate	0	
Salary increase rate	0	
<b>12.3 Retirement Benefits</b>		
Post employment medical benefits		
The Municipality operates on 2 accredited medical aid schemes namely Key Health and Bonitas.		
Pensioners continue on the option they belonged to on the day of their retirement. The independent valutors , Alexander Forbes Health (Pty) Ltd carried out a statutory valuation on 30 June 2010		
The principal actuarial assumptions used were as follows:		
Discount rate per annum	0	
Health care cost inflation	0	
Salary inflation	0	
Number of continuation members	21	
Eligible in - service members	Nil	
A reconciliation of the accrued liability at 30 June is set out below:		
Balance at beginning of year	6 791 000	
Interest cost		603 000
Expected employer benefit payments		(358 000)
Actuarial( gain) loss		12 000
Recognition of previously unrecognised defined benefit liability		6 534 000
Balance at the end of the year	6 791 000	6 791 000

**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

	<u>2011</u>	<u>2010</u>
	<u>R</u>	<u>R</u>
<b>13 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
13.1 Conditional grants from other spheres of government( see note 21 )	5 400 543	5 656 584
13.2 Other conditional receipts		
Public contributions	0	0
Total conditional grants and receipts	<u>5 400 543</u>	<u>5 656 584</u>
These amounts are invested in a ring - fenced investment until utilised.		
Refer Appendix F		
<b>14 LONG TERM LIABILITIES</b>		
Finance leases	206 562	314 220
Current portion of long term liabilities	<u>(125 020)</u>	<u>(106 760)</u>
Long term portion	<u>81 542</u>	<u>207 460</u>
<b>15 HOUSING DEVELOPMENT FUND</b>		
Unappropriated Surplus	9 463 481	8 619 085
Loans extinguished by Government on 1 April 1998	375 980	375 980
Contribution to cost of services - 492 sites	<u>(364 560)</u>	<u>(364 560)</u>
	<u>9 474 901</u>	<u>8 630 505</u>
The Housing Development Fund is represented by the following assets and liabilities		
Property, plant and equipment ( see note 10 )		
Housing selling scheme loans ( see note 13 )	58 757	84 867
Housing rental and instalment debtors	92 499	127 889
Cash and cash equivalents	<u>9 323 645</u>	<u>8 417 749</u>
Sub - total	<u>9 474 901</u>	<u>8 630 505</u>
Creditors		
Total Housing Development Fund Assets and Liabilities	<u>9 474 901</u>	<u>8 630 505</u>

**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

	<u>2011</u> <u>R</u>	<u>2010</u> <u>R</u>
<b>16 ACCUMULATED SURPLUS</b>		
16.1 The following internal reserves are ringfenced within the Accumulated Surplus :		
Capital Replacement Reserve		
Balance at 30 June 2010	1 275 417	6 360 324
Transfer		
Property, Plant and Equipment purchased ex Capital Replacement Reserve	(867 113)	(5 084 907)
	408 304	1 275 417
Government Grant Reserve		
Balance at 30 June 2010	76 762 376	73 700 013
Capital grants used to finance Property, Plant and Equipment	11 326 126	12 915 478
Transfer	(5 507)	
Offsetting of Depreciation	(10 909 098)	(9 853 115)
Balance at 30 June 2011	77 173 896	76 762 376
Capitalisation Reserve		
Balance at 30 June 2010	10 432 366	12 163 102
Transfer		
Offsetting of Depreciation	(1 497 270)	(1 730 736)
Balance at 30 June 2011	8 935 096	10 432 366
Other reserves		
	52 033 807	40 985 008
<b>TOTAL ACCUMULATED SURPLUS</b>	<b>138 551 103</b>	<b>129 455 167</b>
16.2		
Accumulated Surplus		
Balance previously reported	129 455 167	121 837 376
Surplus(deficit) for the year		2 963 524
Transfer to Housing Development Fund		(678 060)
Transfer from Unspent Conditional Grants ( refer Appendix F )		5 332 327
Adjustment previous year VAT claim	5 097 942	
	134 553 109	129 455 167
 <b>With reference to GRAP 3 the opening balances have been restated. The transactions could not be restated as the system could not be changed to rectify transactions in history</b>		
16.3 Change in Accounting Estimate		
Reversal of Bad Debt Provision		(7 928 454)
Doubtful Debt Provision		
Balance at 1 July 2010	3 154 260	8 135 372
Write Off 2010/2011	(442 188)	(489 203)
Contribution 2010/2011	618 100	3 436 545
Reversal of Bad Debt Provision		(7 928 454)
Balance at 30 June 2011	3 330 172	3 154 260

**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

	<u>2011</u> <u>R</u>	<u>2010</u> <u>R</u>
<b>17 PROPERTY RATES</b>		
Actual		
Residential	8 390 406	7 707 650
Commercial	5 417 135	4 690 015
State	3 669 955	3 722 296
Agricultural	4 055 135	3 335 175
Municipal		425 570
Other	429 738	1 162 016
Sundry Adjustment		(14 975)
Total assessment rates	<u>21 962 369</u>	<u>21 027 747</u>
Rates rebates	(8 397 579)	(9 227 575)
	<u>13 564 790</u>	<u>11 800 172</u>
Valuations		
Residential	779 001 004	771 215 004
Commercial	346 072 017	332 764 017
Agricultural	1 330 041 725	1 334 175 725
State	247 623 029	254 501 029
Municipal	45 807 005	36 209 005
Other	131 675 330	132 120 331
Total property valuations	<u>2 880 220 110</u>	<u>2 860 985 111</u>
<p>Rates rebates are offset from the property rates income amount reflected in the Statement of Financial Performance. These amounts were included under General Expenses in the 2009/2010 financial statements.</p> <p>The prior year comparative amounts have been adjusted accordingly.</p> <p>The following are the rate randages that were applied to the valuations in respect of various categories: Commercial and State - 1.62 cents in the rand, Agricultural and public service infrastructure 0.27cents in the rand, Residential and other 1.08 cent in the rand. All Residential property owners are exempt from paying rates on the first R60 000 of their property value. A 30 % rebate is applicable to residential, agricultural and public service infrastructure</p>		
<b>18 SERVICE CHARGES</b>		
Electricity	34 012 574	28 276 393
Refuse removal	4 725 647	4 370 474
Other	316 710	177 651
	<u>39 054 931</u>	<u>32 824 518</u>
<b>19 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable share	30 039 841	24 564 624
Clinic subsidy	2 039 549	2 480 945
Museum subsidy	73 000	68 000
Conditional grants utilised to finance property, plant and equipment	11 326 126	12 915 478
Conditional grants utilised to finance operating expenses	1 792 402	2 662 232
Grant - skills development	62 887	55 011
Grant - library	391 194	
	<u>45 724 999</u>	<u>42 746 290</u>
Refer Appendix F		
<b>20 OTHER INCOME</b>		
VAT recovery	2 464 502	
Other income	336 887	398 359
	<u>2 801 389</u>	<u>398 359</u>

**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

	<u>2011</u> <u>R</u>	<u>2010</u> <u>R</u>
<b>21 EMPLOYEE RELATED COSTS</b>		
Employee related costs - salaries and wages	21 797 633	18 436 798
Employee related costs - contributions to UIF, pension and medical costs	3 988 040	3 621 501
Travel, vehicle, accommodation, subsistence and other allowances	1 537 613	1 521 776
Housing benefits and other allowances	346 165	325 977
Overtime payments	371 124	469 487
Performance bonus		
Service allowance	1 032 274	889 610
Sub-total	<u>29 072 849</u>	<u>25 265 149</u>
Less: Employee costs allocated to Property, Plant and Equipment	(347 590)	(319 370)
Less: Employee costs included in other expenses	(2 461 214)	(2 054 914)
<b>Total employee related costs</b>	<u><u>26 264 045</u></u>	<u><u>22 890 865</u></u>

There were no advances or loans to employees.

<b>Remuneration of the Municipal Manager</b>		
Annual remuneration	0	98 906
Performance bonus	0	0
Car allowance	0	48 000
Housing allowance	0	20 981
Contributions to Medical and Pension Funds	0	0
	<u>0</u>	<u>167 887</u>

This post was vacant during the year under review

<b>Remuneration of the Chief Financial Officer</b>		
Annual remuneration	316 000	209 706
Performance bonus	87 441	0
Car allowance	176 000	157 000
Acting Allowance	56 748	40 376
Housing Allowance	16 892	29 337
Contributions to Medical and Pension Funds	14 371	10 866
	<u>667 453</u>	<u>447 285</u>

Remuneration of other managers

**30-Jun-2010**

	Corporate Services	Engineering Services	Protection Services
Annual remuneration	290 719	294 476	296 953
Performance bonus			
Leave pay			
Car allowance	162 000	139 500	162 000
Acting Allowance		52 991	62 769
Housing Allowance	35 255	29 338	33 615
Contributions to Medical and Pension Funds		26 759	
	<u>487 975</u>	<u>543 064</u>	<u>555 336</u>

**30-Jun-2011**

Annual remuneration	316 000	316 000	316 000
Performance bonus	64 742	77 207	78 760
Leave pay			
Car allowance	184 418	165 659	188 812
Acting Allowance	37 674	77 312	7 869
Housing Allowance	33 578	17 834	33 578
Contributions to Medical and Pension Funds		30 810	
	<u>636 413</u>	<u>684 822</u>	<u>625 019</u>

Remuneration for managers is included under employee related cost.

**22 REMUNERATION OF COUNCILLORS**

Mayor	293 694	326 097
Deputy Mayor	263 266	255 491
Speaker	387 464	454 466
Executive committee members	228 356	235 441
Councillors	<u>3 143 166</u>	<u>3 076 544</u>
	<u>4 315 947</u>	<u>4 348 039</u>

In - kind benefits

The Mayor and the Speaker are provided with an office and secretarial support at the cost of Council.

The Mayor has use of a Council owned vehicle for official duties

**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

	<u>2011</u> R	<u>2010</u> R
23 FINANCE COST		
Finance leases	40 543	24 269
	<u>40 543</u>	<u>24 269</u>
24 BULK PURCHASES		
Electricity	22 479 311	18 639 730
	<u>22 479 311</u>	<u>18 639 730</u>
25 GRANTS AND SUBSIDIES PAID		
Indigent support	947 124	1 305 664
Widows and Elderly	174 658	53 483
Disabled persons	152 950	87 217
Other	115 500	87 214
	<u>1 390 232</u>	<u>1 533 578</u>
26 GENERAL EXPENSES AND CONTRACTED SERVICES		
26.1 GENERAL EXPENSES		
Advertisements	601 008	683 202
Rural area expenses	165 192	114 300
Civic honour function	43 180	501 996
Anti rabies	221 691	432 000
Audit fees	761 488	629 090
Cashier shortages and surplus	11 792	308
Stores shortages & surpluses	117 425	49 070
Bank charges	325 344	362 889
Delivery cost	2 489	3 175
Youth and sports	1 648 988	1 269 683
Women upliftment	441 378	305 149
Civic functions	253 132	286 242
Disconnections & reconnections	28 496	26 129
Community participation	1 475 282	587 826
Departmental services	1 341 157	1 104 663
Delegation fees	727 621	724 688
Dist losses - control measures	3 557	26 593
Election expenses	5 752	
Entertainment	32 174	41 126
Dept services water and sewer	356 798	312 425
Professional drivers permits	836	295
Local economic development programme	1 375 175	497 193
Fire breaks	3 504	
Street signs	16 392	4 648
Health campaign	750	11 830
Insecticide & weed killer	59 649	2 855
Insurance	406 831	350 503
Fruitless expenses	831 206	
Hire of equipment	254 143	88 051
Legal fees	786 668	870 350
Licences	11 179	1 152
Commision paid - prepaid electricity	21 913	
Lost and damaged books	5 766	
Night soil/conservancy	39 263	42 694
Machinery costs	246 118	310 324
Material	152 204	191 189
Meter reading	140 851	180 393
Medical supplies	11 698	39 376
Membership fees	187 342	115 528
Pauper burials	167 283	152 515
Pruning	2 130	29 813
Postage and stamps	112 086	190 377
Printing and stationary	401 948	406 377
Printing: Drawing office	162	393
Private ordinances and acts	35 279	33 087
Publicity	309 926	179 557
Refreshments	68 663	76 214
Reference books & periodicals	27 194	32 477
Refuse bags	377 655	334 821
Photocopier rental	32 531	30 818
Security	1 004 517	852 820
Shrubs & Trees	14 254	11 447
Scholar patrols	87 346	85 002
Telephone	731 905	604 617
Training	181 977	279 821
Transport costs	1 910 831	1 683 630
Workmans Compensation	151 850	
Finance Management Grant expenditure	926 107	
Phasiwe farm grant expenditure		142 601
<b>GENERAL EXPENSES</b>	<b><u>19 659 076</u></b>	<b><u>15 293 323</u></b>
<b>LESS RECHARGES</b>		
Handling charge	(201 871)	(181 924)
Transport: Capital	(55 955)	(34 932)
Transport: Operating	(535 390)	(443 841)
<b>Recharges</b>	<b><u>(793 216)</u></b>	<b><u>(660 697)</u></b>
<b>ADD</b>		
Contrib.leave,bonus,long service	820 252	108 885
<b>TOTAL GENERAL EXPENSES</b>	<b><u>19 686 113</u></b>	<b><u>14 741 511</u></b>

**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

	<u>2011</u> <u>R</u>	<u>2010</u> <u>R</u>
<b>26.2 CONTRACTED SERVICES</b>		
Consultants/Contractors	9 584 260	6 151 831
Grant Exp. MSIG	30 750	326 722
Refuse disposal		478 800
Rural electrification	247 766	1 430 030
Valuation expenses	141 215	492 093
Interdepartmental monitoring	25 018	33 880
Finance Management grant expenditure		922 771
IEC Eshane development grant expenditure	39 365	127 102
DTLGA: Corridor development expenses	793 334	1 317 351
<b>TOTAL CONTRACTED SERVICES</b>	<b>10 861 708</b>	<b>11 280 581</b>
Extraordinary and/or unforeseen expenses	0	-
<b>27 CASH GENERATED FROM OPERATIONS</b>		
Surplus for the year	<b>4 842 390</b>	<b>2 963 524</b>
Adjustment for :		
Prior year	5 103 448	
Depreciation	16 784 879	14 667 228
Gain on disposal of property, plant and equipment	(91 043)	(84 667)
Contributions to provisions- non-current		7 905 903
Contributions to provisions - current		125 910
Contributions to bad debt provision	175 911	2 947 343
Change in Accounting Estimate		(7 928 454)
Expenditure ex provisions		
Investment income	(2 938 685)	(3 279 469)
Interest paid	40 543	24 269
Operating surplus before working capital changes	23 917 443	17 341 587
(Increase) decrease in consumer debtors	(1 500 783)	(5 189 168)
(increase) decrease in other debtors	(3 098 908)	174 416
Increase (decrease ) in conditional grants and receipts	(256 041)	(5 855 048)
Increase (decrease ) in creditors	7 333 399	1 694 671
(Increase ) decrease ) in Vat	(214 853)	530 673
(Increase) decrease in inventories	57 951	(115 703)
(Increase) decrease in current portion of long term debtors	(3 038)	2 233
Increase (decrease ) in provisions		
	<b>26 235 170</b>	<b>8 583 661</b>
<b>28.1 Contributions to organised local government</b>		
Opening balance		
Council contributions	166 845	95 292
Amount paid - current year	166 845	95 292
Amount paid - previous years		
Balance unpaid ( included in creditors )		-
<b>28.2 Audit fees</b>		
Opening balance		
Current year audit fee	761 488	629 090
Amount paid current year		
Amount paid - previous years		
Balance unpaid ( included in creditors )		



**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

	<u>2011</u>	<u>2010</u>
	<u>R</u>	<u>R</u>
28.3 VAT		
Opening balance	450 730	820 806
Output VAT	(4 797 509)	(4 920 072)
Input VAT	14 755 926	6 810 860
Amount paid - current year	523 783	88 725
Amount refunded by SARS - current	(10 228 746)	(2 349 589)
SARS adjustments to VAT claims	(65 654)	
Amount due by SARS - included in debtors	<u>638 531</u>	<u>450 730</u>

All VAT returns have been submitted by the due date.

28.4 PAYE and UIF

Opening balance		
Current year payroll deductions and Council UIF contributions	3 152 200	2 829 687
Amount paid - current year	3 152 200	2 829 687
Amount paid - previous years		
Balance unpaid ( included in creditors )		-

28.5 Pension and medical aid deductions

Opening balance		
Current year payroll deductions and Council contributions	5 848 813	4 722 828
Amount paid - current year	5 848 813	4 722 828
Amount paid - previous years		
Balance unpaid ( included in creditors )	-	-

28.6 Councillors arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at :

30 June 2011	Total	Outstanding more than 90 days	Outstanding less than 90 days
PT Zuma		323	90
M R Dlamini		183	769
A H Shaik		162	177
<b>30 June 2010</b>	<b>Total</b>	<b>Outstanding more than 90 days</b>	<b>Outstanding less than 90 days</b>
PT Zuma		1 633	306
PT Ngubane		16 169	1 218
PMS Ngubane		31 875	

29 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- approved and contracted for		
Infrastructure	236 382	7 200 000
Buildings		5 000 000
Heritage		
Other		
Housing Development Fund		
Investment properties		
- approved but not yet contracted for		
Infrastructure	40 075 458	14 670 000
Buildings	213 000	500 000
Heritage		
Other	4 841 155	7 080 000
Housing Development Fund		
Investment properties		
	<u>45 365 995</u>	<u>34 450 000</u>
This expenditure will be financed from		
- capital replacement reserve	83 000	
- government grants	31 534 645	14 249 000
- own resources	13 748 350	20 201 000
-		
	<u>45 365 995</u>	<u>34 450 000</u>

**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

	<u>2011</u>	<u>2010</u>
	<u>R</u>	<u>R</u>
<b>30 RETIREMENT BENEFIT INFORMATION</b>		
<p>Certain Councillors and Certain employees belong to defined benefit retirement funds administered by the Natal Joint Municipal Pension Fund. These funds are subject to a triennial actuarial valuation. The last valuation was performed in 2008</p>		
<b>30.1 SUPERANNUATION FUND</b>		
<p>The Actuary advised that the DCF method has been applied based on this method it has resulted in a short fall of 1.69% of pensionable salaries. This short fall will be addressed at the next Statutory valuation of the fund.</p>		
<b>30.2 RETIREMENT FUND</b>		
<p>The actuary has advised the following</p>		
<p>30.2.1. The result of the latest interim valuation was satisfactory</p>		
<p>30.2.2. On the DCF method the funding level has improved and the overall shortfall has decreased. This is partly due to the surcharge that is being paid into the fund to fund the shortfall</p>		
<p>30.2.3. An extension of the surcharge for another 2 years after 2010 will be required to bring the funding level of the fund to 100%</p>		
<b>30.3 Provident Fund</b>		
<p>The actuary is satisfied that the assets of the Fund are appropriate given the liabilities</p>		
<b>30.4 Sala Pension Fund</b>		
<p>30.4.1 The Fund is 96% funded at the current valuation date</p>		
<p>30.4.2 The actuary is satisfied that no additional action is required at this stage to rectify the situation</p>		
<b>31 CONTINGENT LIABILITIES</b>		
<p>Three matters are currently on the roll of the high court and one is at arbitration stage to date values of cost is not known the estimated cost for all matters amounts to 500 000</p>		
<p>31.1 Dispute of sale in execution Mr Mkize</p>		
<p>31.2 Appointment of Municipal Manager</p>		
<p>31.3 Umvoti Municipality versus SALA pension fund</p>		
<b>32 RELATED PARTY DISCLOSURE</b>		
<p>Zondac Project Consultants (Councillor SV Zondi)</p>		
<p>PG Mavundla Projects</p>		
<b>33 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>33.1 Unauthorised expenditure</b>		
<p>Reconciliation of unauthorised expenditure</p>		
<p>Opening balance</p>		
<p>Approved by Council or condoned</p>		
<p>Transfer to receivables for recovery</p>		
<p>Unauthorised expenditure awaiting authorisation</p>		
	-	-
<b>33.2 Irregular expenditure subject to investigation</b>		
<p>Opening Balance</p>		
	3 088 899	3 088 899
<p>Irregular expenditure - Current year</p>		
	831 206	
	<u>3 920 105</u>	<u>3 088 899</u>
<p>Forensic Investigations are currently being conducted and this matters will be reported to the SAPS</p>		
<b>33.3 Deviation from SCM policy approved by Accounting Officer awaiting ratification by Council</b>		
	420 000	420 000
	<u>420 000</u>	<u>420 000</u>

**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

**34 Operating revenue and expenditure variances compared to annual budget**  
**APP E(1)**

REVENUE	2011 Actual R	2011 Budget R	2011 Variance R	Variance %	Explanation of significant variances
Property rates	13 564 791	15 348 606	(1 783 815)	-11.62	Over Budgeted
Property rates - penalties imposed and collection charges	1 180 312	1 100 000	80 312	7.30	
Service charges	39 054 931	38 954 040	100 891	0.26	
Rental of facilities and equipment	2 997 592	2 813 000	184 592	6.56	
Interest earned - external investments	2 938 685	1 600 000	1 338 685	83.67	Interest allocated to housing fund not included in operating budget
Interest earned - outstanding debtors	156 523	345 400	(188 877)	-54.68	Over provision
Fines	324 854	854 400	(529 546)	-61.98	Over provision
Licences and permits	2 071 286	1 787 830	283 456	15.85	Underprovision
Income for agency services	925 390	836 000	89 390	10.69	
Government grants and subsidies	45 724 999	55 752 000	(10 027 001)	-17.99	Project delays eg housing
Other income	2 801 389	70 840	2 730 549	3854.53	Vat recovery due to vat audit
Gain on disposal of property, plant and equipment	91 043	100 000	(8 957)	-8.96	
Reversal of Bad Debt Provision					
<b>Total Revenue</b>	<b>111 831 795</b>	<b>119 562 116</b>	<b>-7 730 321</b>	<b>-6.47</b>	

EXPENDITURE	2011 Actual R	2011 Budget R	2011 Variance R	2011 Variance %	Explanation of significant variances
Employee related costs	26 264 045	29 942 703	(3 678 658)	(12.29)	Over provision
Remuneration of Councillors	4 315 947	5 435 804	(1 119 857)	(20.60)	Over provision
Bad debts	618 100	2 900 000	(2 281 900)	(78.69)	
Retirement and long service benefits			-		
Depreciation	16 784 879	15 981 347	803 532	5.03	
Repairs and maintenance	4 548 528	4 751 269	(202 741)	(4.27)	
Interest paid	40 543		40 543		
Bulk purchases	22 479 311	25 000 000	(2 520 689)	(10.08)	Eskom prices lower than provided for
Contracted services	10 861 707	8 678 500	2 183 207	25.16	Payment to service provider for vat audit
Grants and subsidies paid	1 390 232	3 000 000	(1 609 768)	(53.66)	Over provision
General expenses	19 686 113	19 274 656	411 457	2.13	
Loss on disposal of property, plant and equipment			-		
<b>Total Expenditure</b>	<b>106 989 405</b>	<b>114 964 279</b>	<b>(7 974 874)</b>	<b>(6.94)</b>	
<b>Surplus (Deficit) for the year</b>	<b>4 842 390</b>	<b>4 597 837</b>			

**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**35 Acquisition of Property Plant and Equipment variances compared to annual budget**  
see appE(2)

	2011 Actual	2011 Under Construction	2011 Total Additions	2011 Budget	2011 Variance	2011 Variance	Explanation of significant variances
<b>LAND AND BUILDINGS</b>							
Land			-		-	-	
Buildings	3 180 456		3 180 456	600 000	2 580 456	430.08	Peace Centres were not included in the original budget
Survey fees			-	-	-	-	
	3 180 456	-	3 180 456	600 000	2 580 456	430.08	
<b>INFRASTRUCTURE</b>							
Construction works - Roads	10 516 828	92 618	10 609 446	16 720 000	(6 110 554)	(36.55)	Delays in procurement of services
Construction works - Storm Water	780 498	21 000	801 498	1 095 000	(293 502)	(26.80)	Project commenced late and is carried over
Construction works - Pavements			-	22 000	(22 000)	(100.00)	Savings effected
Construction works - Bus and Taxi Rank			-	-	-	-	
Electricity reticulation	3 888 550		3 888 550	3 000 000	888 550	29.62	Curbing of losses resulted in over expenditure
Water reticulation			-	-	-	-	
Streetlights	29 359		29 359	30 000	(641)	(2.14)	
Robots			-	162 000	(162 000)	-	
Road Name signs	56 021		56 021	90 000	(33 979)	(37.75)	Over budgeted
	15 271 256	113 618	15 384 874	21 119 000	(5 734 126)	(27.15)	
<b>COMMUNITY ASSETS</b>							
Cemetery	366 971		366 971	500 000	(133 029)	(26.61)	PROJECT STILL ONGOING
Public Convenience			-	100 000	(100 000)	(100.00)	PROJECT DELAYED
Community Halls	254 719		254 719	900 000	(645 281)	(71.70)	PRIORITIES SHIFTED
Crèches	270 000		270 000	935 000	(665 000)	(71.12)	PRIORITIES SHIFTED
Sports Fields	367 920		367 920	2 000 000	(1 632 080)	(81.60)	LATE RECEIPT OF FUNDING
Parks and Gardens			-	50 000	(50 000)	(100.00)	PROJECT PUT ON HOLD
	1 259 610	-	1 259 610	4 485 000	(3 225 390)	(71.92)	
<b>HERITAGE ASSETS</b>							
Museum exhibits			-	-	-	-	
Works of Art			-	-	-	-	
	-	-	-	-	-	-	
<b>HOUSING</b>							
Housing			-	200 000	-	-	DELAY IN FUNDING
	-	-	-	200 000	(200 000)	(100.00)	
<b>OTHER ASSETS</b>							
Air conditioners	29 013		29 013	75 000	(45 987)	(61.32)	DELAY IN PROCUREMENT
Furniture	23 648		23 648	285 500	(261 852)	(91.72)	PROTECTION SERVICES OFFICE STILL UNDER CONSTRUCTION
Office machines	91 816		91 816	993 000	(901 184)	(90.75)	FINANCIAL SYSTEM STILL IN PLANNING PHASE
Tools	95 912		95 912	135 000	(39 088)	(28.95)	DELAY IN PROCUREMENT
Machinery			-	570 000	(570 000)	(100.00)	DELAY IN PROCUREMENT
Vehicles and equipment	1 001 952		1 001 952	1 530 000	(528 048)	(34.51)	OVER BUDGET
Radios	29 128		29 128	30 000	(872)	(2.91)	
Security measures			-	1 050 000	(1 050 000)	(100.00)	PRIORITIES SHIFTED
Bins and Containers			-	20 000	(20 000)	(100.00)	REPLACEMENT OF BINS DELAYED
Leased assets			-	-	-	-	
	1 271 469		1 271 469	4 688 500	(3 417 031)	(72.88)	
<b>Total</b>	<b>20 982 791</b>	<b>113 618</b>	<b>21 096 409</b>	<b>31 092 500</b>	<b>(9 996 091)</b>	<b>(32.15)</b>	

**UMVOTI LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

**36 Correction of prior period error in presentation in the Financial Statements**

During the current financial year, the Municipality corrected errors in presentation in the financial statements.

The comparative amounts have been appropriately restated as follows:

Statement of Financial Performance

Property rates income 2009/2010 previously disclosed  
Rates rebates offset  
Revised Property Rates Income

General expenses 2009/2010 previously disclosed  
Rates rebates offset against income transferred  
Revised General Expenses

Statement of Financial Position

Cash and cash equivalents - June 2010 - previously disclosed  
Add: Short term deposits with banks incorrectly reflected separately as Call Investment Deposits  
Revised Cash and Cash Equivalents

Call Investment Deposits - June 2010 - previously disclosed  
Transferred to Cash and Cash Equivalents  
Revised Investments Balance

**37 ELECTRICITY DISTRIBUTION LOSSES**

The Municipality incurred Electricity distribution losses during the year. These losses are calculated as the difference between power supplies invoiced by ESCOM and amounts billed to consumers, as follows:

Units purchased (kwh )  
Units sold ( kwh )  
Units lost in distribution ( kwh )  
% distribution losses  
Average cost per unit purchased ( cents per kwh )  
Total cost of distribution losses ( Rand)

2011  
R

2010  
R

21 027 747

-9 227 575

11 800 172

23 969 086

-9 227 575

14 741 511

1 464 394

38 767 919

40 232 313

38 767 919

-38 767 919

0

48 890 008

39 628 820

9 261 188

18.94

52.42

4 854 715

48 743 588

39 256 788

9 486 800

19.46

38.24

3 627 752

**UMVOTI LOCAL MUNICIPALITY**  
**APPENDIX A**  
**SCHEDULE OF EXTERNAL LOANS**  
as at 30 June 2011

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/2010 R	Received during the year R	Redeemed or written off during the year R	Balance at 30/06/2011 R	Carrying value of property plant & equip. R
Lease - Technologies Acceptances	1	2013	314 220		(107 658)	206 562	
<b>TOTAL</b>			<u>314 220</u>		<u>(107 658)</u>	<u>206 562</u>	

UMVOTI LOCAL MUNICIPALITY  
APPENDIX B  
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT  
at 30 June 2011

Description	Cost/ Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	
<b>LAND AND BUILDINGS</b>										
Land	10 502 477				10 502 477	0			0	10 502 477
Buildings	7 226 786	3 180 456			10 407 242	4 631 949	474 995		5 106 943	5 300 298
Survey fees	487 785				487 785	111 235	19 536		130 771	357 014
	18 217 048	3 180 456	0	0	21 397 504	4 743 183	494 531	0	5 237 715	16 159 789
<b>INFRASTRUCTURE</b>										
Construction works - Roads	85 761 137	10 609 447			96 370 584	36 612 408	10 623 240		47 235 648	49 134 936
Construction works - Storm Water	5 234 979	801 498			6 036 477	2 657 433	884 431		3 541 864	2 494 613
Construction works - Pavements	6 254 237				6 254 237	5 933 961	44 715		5 978 676	275 562
Construction works - Bus and Taxi Rank	6 796 482				6 796 482	4 903 743	741 843		5 645 586	1 150 896
Electricity reticulation	22 702 855	3 888 550			26 591 405	13 384 708	865 660		14 250 368	12 341 037
Water reticulation	95 424				95 424	89 457	2 322		91 779	3 645
Streetslights	892 053	29 359			921 412	770 785	41 337		812 122	109 290
Robots	1 000				1 000	1 000			1 000	0
Road Name signs	156 477	56 021			212 497	156 477	2 621		159 097	53 400
	127 894 645	15 384 874	0	0	143 279 519	64 509 972	13 206 168	0	77 716 140	65 563 379
<b>COMMUNITY ASSETS</b>					0				0	0
Cemetery	2 118 768	366 971			2 485 738	477 738	92 290		570 028	1 915 710
Public Convenience	650 249				650 249	307 678	20 256		327 934	322 315
Community Halls	8 538 730	254 719			8 793 449	2 207 765	366 349		2 574 114	6 219 335
Creches	2 727 758	270 000			2 997 758	644 086	183 467		827 553	2 170 205
Sports Fields	3 209 742	367 920			3 577 662	410 412	84 895		495 307	3 082 355
Parks and Gardens	261 976				261 976	0			0	261 976
	17 507 221	1 259 610	0	0	18 766 831	4 047 679	747 256	0	4 794 935	13 971 896
<b>HERITAGE ASSETS</b>										
Museum exhibits	632				632	632			632	0
Works of Art	313 956				313 956	37 927	10 582		48 510	265 446
	314 588	0	0	0	314 588	38 559	10 582	0	49 142	265 446
<b>HOUSING</b>										
Housing	16 121 640				16 121 640	7 078 760	665 108		7 743 868	8 377 772
	16 121 640	0	0	0	16 121 640	7 078 760	665 108	0	7 743 868	8 377 772
<b>OTHER ASSETS</b>										
Air conditioners	399 124	29 013			428 137	206 458	40 686		247 143	180 994
Furniture	1 520 852	23 648			1 544 500	1 037 233	100 030		1 137 262	407 238
Office machines	3 666 050	91 816			3 757 867	3 217 269	193 474		3 410 743	347 123
Tools	1 681 004	95 912			1 776 916	1 585 779	77 883		1 663 662	113 254
Machinery	868 731		6 496		862 235	726 756	61 441	6 495	781 702	80 533
Vehicles and equipment	6 105 992	1 001 952		342 522	6 765 422	3 512 157	903 243	342 523	4 072 877	2 692 545
Radios	204 012	29 128			233 140	188 119	10 258		198 377	34 763
Security measures	1 431 233				1 431 233	974 481	64 724		1 039 205	392 028
Bins and Containers	1 696 318				1 696 318	640 076	95 316		735 392	960 927
Leased Assets	354 065				354 065	49 176	114 176		163 352	190 713
	17 927 380	1 271 470	0	349 018	18 849 832	12 137 503	1 661 231	349 018	13 449 716	5 400 116
<b>Total</b>	<b>197 982 521</b>	<b>21 096 410</b>	<b>0</b>	<b>349 018</b>	<b>218 729 913</b>	<b>92 555 656</b>	<b>16 784 877</b>	<b>349 018</b>	<b>108 991 515</b>	<b>109 738 398</b>



**UMVOTI LOCAL MUNICIPALITY**  
**APPENDIX C**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
at 30 June 2011

	Cost/ Revaluation				Accumulated Depreciation				Carrying Value	
	Opening Balance R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R		Closing Balance R
Executive and Council	33 123 437	1 328 036		218 198	34 233 275	11 105 904	1 249 122	218 198	12 136 828	22 096 447
Finance and Admin	15 275 680	74 864			15 350 544	6 481 249	726 782		7 208 031	8 142 513
Planning and Development	1 517 882				1 517 882	180 076	58 097		238 173	1 279 709
Health	950 386				950 386	695 057	40 708		735 765	214 621
Community & Social Services	5 365 234	402 770			5 768 004	2 282 377	221 714		2 504 091	3 263 913
Public Safety	1 315 502	83 835		255	1 399 082	1 202 054	35 105	255	1 236 904	162 178
Sport and Recreation	2 651 390				2 651 390	1 501 517	184 494		1 686 011	965 379
Environmental Protection	5				5	5			5	0
Waste Management	4 268 739	175 438			4 444 177	1 927 580	509 136		2 436 716	2 007 461
Road Transport	106 277 904	16 368 249			122 646 153	50 561 697	12 740 779		63 302 476	59 343 677
Electricity	26 909 943	2 663 218		130 565	29 442 596	16 315 543	1 015 558	130 565	17 200 536	12 242 060
Other	326 419				326 419	302 597	3 382		305 979	20 440
	<u>197 982 521</u>	<u>21 096 410</u>	<u>0</u>	<u>349 018</u>	<u>218 729 913</u>	<u>92 555 656</u>	<u>16 784 877</u>	<u>349 018</u>	<u>108 991 515</u>	<u>109 738 398</u>

**UMVOTI LOCAL MUNICIPALITY**  
**APPENDIX D**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2011

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
66 585 648	33 555 610	33 030 038	Executive and Council	30 539 649	25 767 467	4 772 182
6 886 697	12 624 918	(5 738 221)	Finance and Admin	32 752 234	9 311 155	23 441 079
1 585 906	2 752 410	(1 166 504)	Planning and Development	828 930	3 269 398	(2 440 468)
2 480 945	2 773 992	(293 047)	Health	2 039 549	2 993 341	(953 792)
186 044	1 779 695	(1 593 651)	Community & Social Services	615 064	2 186 410	(1 571 346)
31 293	1 140 473	(1 109 180)	Housing	29 220	1 083 311	(1 054 091)
478 913	5 934 720	(5 455 807)	Public Safety	447 701	6 767 169	(6 319 468)
26 088	3 292 567	(3 266 479)	Sport and Recreation	29 519	3 646 701	(3 617 182)
		-	Environmental Protection			-
4 370 474	6 293 550	(1 923 076)	Waste Management	4 742 078	5 930 571	(1 188 493)
2 427 439	13 772 860	(11 345 421)	Road Transport	2 951 977	16 687 082	(13 735 105)
28 276 393	25 507 553	2 768 840	Electricity	34 025 118	28 513 422	5 511 696
1 965 024	2 908 990	(943 966)	Other	2 000 760	3 382	1 997 378
		-				-
<u>115 300 862</u>	<u>112 337 338</u>	<u>2 963 524</u>	Sub - total	<u>111 001 799</u>	<u>106 159 409</u>	<u>4 842 390</u>
<u><u>115 300 862</u></u>	<u><u>112 337 338</u></u>	<u><u>2 963 524</u></u>		<u><u>111 001 799</u></u>	<u><u>106 159 409</u></u>	<u><u>4 842 390</u></u>

UMVOTI LOCAL MUNICIPALITY

APPENDIX E (1)

**ACTUAL VERSUS BUDGET ( REVENUE AND EXPENDITURE ) FOR THE YEAR ENDED 30 JUNE 2011**

2011

	Actual R	Budget R	Variance R	Variance %	Explanation of significant variances greater than 10 % versus budget
<b>REVENUE</b>					
Property rates	13 564 791	15 348 606	(1 783 815)	-11.62%	
Property rates - penalties imposed and collection charges	1 180 312	1 100 000	80 312	7.30%	
Service charges	39 054 931	38 954 040	100 891	0.26%	
Rental of facilities and equipment	2 997 592	2 813 000	184 592	6.56%	
Interest earned - external investments	2 938 685	1 600 000	1 338 685	83.67%	
Interest earned - outstanding debtors	156 523	345 400	(188 877)	-54.68%	
Fines	324 854	854 400	(529 546)	-61.98%	
Licences and permits	2 071 286	1 787 830	283 456	15.85%	
Income for agency services	925 390	836 000	89 390	10.69%	
Government grants and subsidies	45 724 999	55 752 000	(10 027 001)	-17.99%	
Other income	2 801 389	70 840	2 730 549	3854.53%	
Gain on disposal of property,plant and equipment	91 043	100 000	(8 957)	-8.96%	
<b>Total Revenue</b>	<b>111 831 795</b>	<b>119 562 116</b>	<b>(7 730 321)</b>		
<b>EXPENDITURE</b>					
Employee related costs	26 264 045	29 942 703	(3 678 658)	-12.29%	
Remuneration of Councillors	4 315 947	5 435 804	(1 119 857)	-20.60%	
Retirement and long service benefits					
Bad debts		2 900 000	(2 900 000)	-100.00%	
Collection costs					
Depreciation	16 784 879	15 981 347	803 532	5.03%	
Repairs and maintenance	4 548 528	4 751 269	(202 741)	-4.27%	
Interest paid	40 543		40 543		
Bulk purchases	22 479 311	25 000 000	(2 520 689)	-10.08%	
Contracted services	10 861 707	8 678 500	2 183 207	25.16%	
Grants and subsidies paid	1 390 232	3 000 000	(1 609 768)	-53.66%	
General expenses	19 675 752	19 274 656	401 096	2.08%	
Loss on disposal of property,plant and equipment					
<b>Total Expenditure</b>	<b>106 360 944</b>	<b>114 964 279</b>	<b>(8 603 335)</b>		
Gain on sale of Assets					
Change in Accounting Estimate					
Profit / (loss) on fair value adjustment					
<b>Surplus (Deficit) for the year</b>	<b>5 470 851</b>	<b>4 597 837</b>	<b>(873 014)</b>		

**UMVOTI LOCAL MUNICIPALITY**  
**APPENDIX E ( 2 )**  
**ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2011**

	2011				Variance
	Additions R	Under Construction R	Total Additions R	Budgeted Additions R	
<b>Buildings</b>	3 180 456		3 180 456		3 180 456
<b>Infrastructure</b>					
Construction works - Roads	10 609 447		10 609 447		10 609 447
Construction works - Storm Water	801 498		801 498		801 498
Construction works - Pavements	-		-		-
Construction works - Bus and Taxi Rank	-		-		-
Electricity reticulation	3 888 550		3 888 550		3 888 550
Water reticulation	-		-		-
Streetlights	29 359		29 359		29 359
Robots	-		-		-
Road Name signs	56 021		56 021		56 021
Cemeteries	366 971		366 971		366 971
	15 751 845	-	15 751 845	-	15 751 845
<b>Community Assets</b>					
Public Convenience	-	-	-		-
Community Halls	254 719	-	-		-
Creches	270 000	-	-		-
Sports Fields	367 920	-	-		-
Parks and Gardens	-	-	-		-
	892 640	-	16 174 837	-	16 174 837
<b>Other Assets</b>					
Air conditioners	29 013				
Furniture	23 648				
Office machines	91 816				
Tools	95 912				
Machinery					
Vehicles and equipment	1 001 952	-	1 001 952		1 001 952
Radios	29 128	-	29 128		29 128
Security measures		-	-		-
Bins and Containers		-	-		-
Leased Assets		-	-		-
	1 271 470	-	1 031 081	-	1 031 081
<b>Total</b>	<b>21 096 411</b>	<b>-</b>	<b>36 138 218</b>	<b>-</b>	<b>36 138 218</b>

UMVOTI LOCAL MUNICIPALITY

**APPENDIX E ( 2 )**

**ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)**

	<b>Additions R</b>	<b>Under Construction R</b>
<b>Buildings</b>	3 180 456	
<b>Infrastructure</b>		
Construction works - Roads	10 516 828	92 618
Construction works - Storm Water	780 498	21 000
Construction works - Pavements	-	
Construction works - Bus and Taxi Rank	-	
Electricity reticulation	3 888 550	
Water reticulation	-	
Streetlights	29 359	
Robots	-	
Road Name signs	56 021	
	<b>15 271 255</b>	<b>113 618</b>
<b>Community Assets</b>		
Cemeteries	366 971	
Public Convenience	-	-
Community Halls	254 719	-
Creches	270 000	-
Sports Fields	367 920	-
Parks and Gardens	-	-
	<b>1 259 611</b>	<b>-</b>
<b>Housing</b>		
<b>Other Assets</b>		
Air conditioners	29 013	
Furniture	23 648	
Office machines	91 816	
Tools	95 912	
Machinery		
Vehicles and equipment	1 001 952	-
Radios	29 128	-
Security measures		-
Bins and Containers		-
Leased Assets		-
	<b>1 271 470</b>	<b>-</b>
<b>Total</b>	<b>20 982 792</b>	<b>113 618</b>



QUALITY

**EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2011**

2011		
Total Additions R	Budgeted Additions R	Variance
3 180 456	600 000	2 580 456
10 609 446	16 720 000	(6 110 554)
801 498	1 095 000	(293 502)
-	22 000	(22 000)
-		-
3 888 550	3 000 000	888 550
-		-
29 359	30 000	(641)
-	162 000	(162 000)
56 021	90 000	(33 979)
15 384 873	21 119 000	(5 734 127)
366 971	500 000	(133 029)
-	100 000	(100 000)
254 719	900 000	(645 281)
270 000	935 000	(665 000)
367 920	2 000 000	(1 632 080)
-	50 000	(50 000)
1 259 611	4 485 000	(3 225 389)
	200 000	(200 000)
-		-
29 013	75 000	(45 987)
23 648	285 500	(261 852)
91 816	993 000	(901 184)
95 912	135 000	(39 088)
	570 000	(570 000)
1 001 952	1 530 000	(528 048)
29 128	30 000	(872)
-	1 050 000	(1 050 000)
-	20 000	(20 000)
-		-
1 271 470	4 688 500	(3 417 030)
		-
<b>21 096 410</b>	<b>31 092 500</b>	<b>(9 996 090)</b>





**UMVOTI MUNICIPALITY**  
**APPENDIX F**  
**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA ACT 56 OF 2003**  
**for the year ended 30 June 2011**

Description	Name of organ of State	Unspent balance at 1 July 2010	Adjustment previous year	Received 2010/2011	Expenditure 2010/2011	Transfer 2010/2011	Unspent balance at 30 June 2011	Grants delayed/ withheld	Reason for delaying/ withholding funds	Compliance with grant conditions YES/NO	Reason for non-compliance
		R	R	R	R	R	R	R			
Grants - general	Unspecified	160					160	N/A		YES	
MSIG grant	Department of Traditional and Local Government Affairs	250 000					250 000	N/A		YES	
MIG	Department of Traditional and Local Government Affairs			10 937 487	(10 937 487)		0	N/A		YES	
Sport and recreation	Department of Traditional and Local Government Affairs	525 000		525 000	(367 920)		682 080				
Cemetery grant	Department of Traditional and Local Government Affairs	0					0	N/A		YES	
Grant - IDP	Department of Traditional and Local Government Affairs	0					0	N/A		YES	
Equitable share	National Treasury	0			(15 211)		(15 211)	N/A		YES	
Grant - library	Library Services	4 641					4 641	N/A		YES	
Grant - taxi rank	Department of Traditional and Local Government Affairs	113 475					113 475	N/A		YES	
Finance Management	National Treasury	0		1 200 000	(926 107)		273 893	N/A		YES	
Municipal Systems Improvement	Department of Traditional and Local Government Affairs	150 000			(30 750)		119 250	N/A		YES	
LUMS	Department of Traditional and Local Government Affairs	40 595					40 595	N/A		YES	
Municipal Finance Management	National Treasury	228					228	N/A		YES	
Housing plan grant	Department of housing	0					0	N/A		YES	
Specific program grant	National Treasury	101 367					101 367	N/A		YES	
GUJIMA KZN grant	Department of Traditional and Local Government Affairs	12 451					12 451	N/A		YES	
Development of policies	Umzinyathi District Municipality	0					0	N/A		YES	
IDP grant	Umzinyathi District Municipality	0					0	N/A		YES	
Grant - financial plan	Umzinyathi District Municipality	0					0	N/A		YES	
Grant - Phasiwe farm	Department of Traditional and Local Government Affairs	17 399					17 399	N/A		YES	
Spatial planning	Department of Traditional and Local Government Affairs	0					0	N/A		YES	
Management Assistance Project	Department of Traditional and Local Government Affairs	100 000					100 000	N/A		YES	
Library - computer expenses	Department of Traditional and Local Government Affairs	78 900					78 900	N/A		YES	
Corridor development	Department of Traditional and Local Government Affairs	1 279 603			(790 731)		488 872	N/A		YES	
Eshane development	Department of Traditional and Local Government Affairs	161 262		200 000	(50 322)		310 940	N/A			
Storm damage	Department of housing	2 821 500					2 821 500	N/A		YES	
Hostel upgrade	Department of housing	0					0	N/A		YES	
		5 656 583	-	12 862 487	(13 118 528)	0	5 400 542				