



UMVOTI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2012

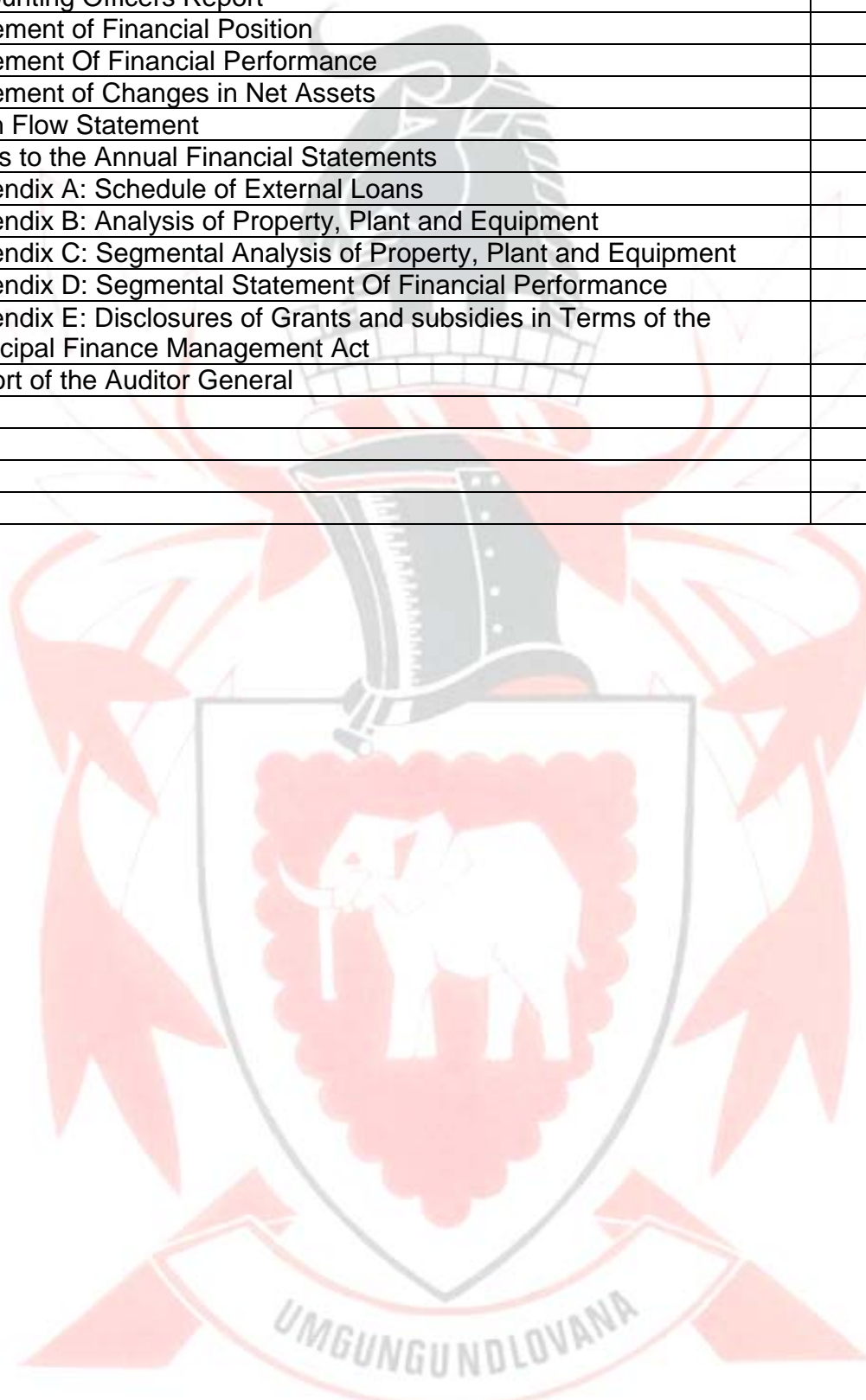
In terms of section 126 (1) of the Municipal Finance Management Act, I am responsible for the annual financial statements, which are set out on pages 1 to 46, and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 24 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.

B A Xulu
MUNICIPAL MANAGER

Date

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GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE COMMITTEE

| | | | |
|------------|--------------|---|--------------------------|
| Councillor | P G Mavundla | : | Mayor, Exco. Chairperson |
| Councillor | Z W Xaba | : | Deputy Mayor |
| Councillor | M S Yengwa | : | Exco Member |
| Councillor | A M Shaikh | : | Speaker |

GRADING OF LOCAL AUTHORITY

GRADE SIX (6)

AUDITORS

OFFICE OF THE AUDITOR-GENERAL

BANKERS

ABSA BANK

REGISTERED OFFICE

106 PINE STEET
Greytown
3250

TELEPHONE

033-4139100

MUNICIPAL MANAGER

B A Xulu

CHIEF FINANCIAL OFFICER

M E Swanlow

MEMBERS OF THE UMVOTI MUNICIPAL COUNCIL

| | | |
|-----|---|---------------|
| PR | : | Z C NGEMA |
| PR | : | S E MNGOMA |
| PR | : | P T ZUMA |
| PR | : | AM SHAIKH |
| PR | : | Z W XABA |
| PR | : | E S SHANGE |
| PR | : | P R BUSS |
| PR | : | M S YENGWA |
| PR | : | D N ZONDI |
| PR | : | I S NYOKA |
| PR | : | V S PILLAY |
| W1 | : | B E MLONDO |
| W2 | : | P G MAVUNDLA |
| W3 | : | B G DLADLA |
| W4 | : | S V ZONDI |
| W5 | : | R MAHARAJ |
| W6 | : | M L SHEZI |
| W7 | : | S A NZAMA |
| W8 | : | E N MNCUBE |
| W9 | : | K L CHONCO |
| W10 | : | N S V MAPHAGA |
| W11 | : | M R DLAMINI |

MAYOR : **P G MAVUNDLA**

DEPUTY MAYOR : **Z W XABA**

APPROVAL OF FINANCIAL STATEMENTS

The annual Financial Statements set out on pages 01 to 46 were approved by the Municipal Manager on 30 August 2012 and will be presented to and approved by Council on 26 September 2012.

MUNICIPAL MANAGER
(Accounting Officer)

CHIEF FINANCIAL OFFICER

UMGUNGUNDLOVANA

**UMVOTI MUNICIPALITY
ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

1. BASIS OF PRESENTATION

The Annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP). The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

The Standards comprise the following:

| | |
|----------|---|
| GRAP 1 | Presentation of Financial Statements |
| GRAP 2 | Cash Flow Statements |
| GRAP 3 | Accounting Policies, Changes in Accounting Estimates and Errors |
| GRAP 4 | The Effects of Changes in Accounting Estimates and Errors |
| GRAP 5 | Borrowing Cost |
| GRAP 6 | Consolidated and Separate Financial Statements |
| GRAP 7 | Investment in Associates |
| GRAP 8 | Investment in Joint Ventures |
| GRAP 9 | Revenue From Exchange Transactions |
| GRAP 10 | Financial Reporting in Hyperinflationary Economies |
| GRAP 11 | Construction Contracts |
| GRAP 12 | Inventories |
| GRAP 13 | Leases |
| GRAP 14 | Events After the Reporting Date |
| GRAP 16 | Investment Property |
| GRAP 17 | Property, Plant and Equipment |
| CRAP 19 | Provisions, Contingent Liabilities and Contingent Asset |
| GRAP 100 | Non-current Assets Held for Sale and Discontinued Operations |
| GRAP 101 | Agriculture |
| GRAP 102 | Intangible Assets |

**UMVOTI MUNICIPALITY
ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Accounting policies for material transactions, events or conditions not covered by the above GRAP standards have been developed in accordance with paragraphs 7,11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous year, unless otherwise stated.

1.1 Presentation of currency

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

1.2 Going concern assumption

These annual financial statements have been prepared on a going concern basis.

1.3 Standards, amendments to standards and interpretations issued but not yet effective

GRAP 18: Segment Reporting – issued March 2005:

Compliance with this standard would have had an effect on the presentation only. Financial information would have been reported by segments. The disclosure of this information will assist users of the financial statements to better understand the entity's past performance and to identify the resources allocated to support the major activities of the entity.

**UMVOTI MUNICIPALITY
ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

GRAP 23: Revenue from Non-Exchange Transactions (Taxes and Transfers) – Issued February 2008:

Non-exchange transactions in which the entity receives services without directly giving approximately equal value in exchange, has not been accounted for as revenue. These transactions are minimal and are considered immaterial.

GRAP 24: Presentation of Budget Information in Financial Statements – Issued November 2007:

Compliance with this standard would have had an effect on the presentation only. The budget information is currently disclosed in the appendices.

GRAP 103: Heritage Assets – Issued July 2008:

Compliance with this standard will not have an impact on the current financial information as the recognition and measurement requirements of the standard have already been adopted.

2. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 01 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 01 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the of the Housing Development Fund can be used only to finance housing developments within the municipality area subject to the approval of the Provincial MEC responsible for housing.

**UMVOTI MUNICIPALITY
ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

3. RESERVES

3.1 Capital Replacement Reserves (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of a Council resolution. A corresponding amount is transferred to a designated CRR bank or Investment account. The cash in the designated CRR bank account can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

CRR is included in Accumulated Surplus in the Statement of Financial Position.

3.2 Revaluation Reserve

3.2.1 Property Plant and Equipment

The equivalent value of assets subjected to an assessment and componentization process, as well as assets physically identified but without historical costs available, are recorded in the Revaluation Reserve (Surplus).

A transfer from the Revaluation Reserve, equal to the additional depreciation arising from the revaluation is made annually to the accumulated surplus account. This transfer is reflected on the Statement of Changes in Net Assets.

When a revalued asset is disposed of or written-off, the balance in the Revaluation Reserve, in respect of that asset, is transferred to the accumulated surplus account.

3.2.2 Timber Plantations

The surplus arising from the revaluation of the timber plantations is credited to the revaluation reserve.

**UMVOTI MUNICIPALITY
ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

The plantations have been leased to Messrs Mondi Forests for a period of 30 years commencing on 1 October 1987. In accordance with the lease agreement, the rental payable is adjusted annually based on 90% of the increase in the consumer price index. During the current year the rental amounted to R 2 089 169. The agreement also provides that the Lessee shall use its best endeavours to fell timber in a proper cycle in order to attempt to secure that when the lease expires. The Council will receive the plantations in a proper cycle with a reasonable spread of age classes. The timber plantations are reflected at the estimated fair value as at 31 July 2012 calculated by the council's consultants.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation . Land is not depreciated as it is deemed to have an indefinite life.

The cost of items of property, plant and equipment acquired in exchange for a non-monetary or monetary asset, or a combination of monetary and non-monetary assets is measured at its fair value .If the cost cannot be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalized when the recognition and measurement criteria of an asset are met.

Depreciation is calculated based on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

| | YEAR | OTHER | YEARS |
|------------------------------------|-------------|------------------------------------|--------------|
| Infrastructure | | | |
| Roads and Paving | 10 to 20 | Buildings | 30 |
| Pedestrian Malls | 30 | Air Conditioners | 7 |
| Major Sub Station Buildings | 20 | Other Vehicles | 5 |
| Transformers and related equipment | 20 | Office equipment | 5 |
| Mains | 20 | Furniture and Fitting | 10 |
| Housing | 30 | Radios | 5 |
| Street Lights | 20 | Robots | 10 |
| | | Other items of plant and equipment | 3 |
| Community | | | |
| Buildings | 30 | | |
| Security | 5 | | |

**UMVOTI MUNICIPALITY
ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognized in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

5. FINANCIAL INSTRUMENTS

5.1 *Investments*

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

5.2 *Cash and cash equivalents*

Cash includes cash on hand and with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of six months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdraft.

Bank overdrafts are recorded based on the facility utilized. Finance charges on bank overdraft are expensed as incurred.

**UMVOTI MUNICIPALITY
ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

5.3 Debtors

Debtors are recognized at fair value less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the debtors. The amount of the provision is the difference between that asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognized in the Statement of Financial Performance.

An estimate is made for doubtful debts based on the categorization of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end.

5.4 Borrowings and other financial liabilities

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of financial performance over the period of the borrowings using the effective interest method.

Long term borrowings are non-derivative financial loans and the municipality does not hold loans for trading purposes. Long term borrowings are utilized solely for funding capital projects and the book value is disclosed at amortised cost.

Other financial liabilities are carried at amortised cost.

6. INVESTMENT PROPERTIES

Land and Buildings, which includes all properties in the ownership of the municipality, and complies with the criteria described in GRAP 16, were brought to account as Investment Properties. The values were determined by the Municipal Valuers, and the Civil engineers appointed for the purpose, and the valuation processes were completed during the financial year ending 30 June 2012.

Investment property also includes timber plantations which has been leased to Mondi Forest.

**UMVOTI MUNICIPALITY
ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Investment property is recognized at its initial cost and revalued annually by a recognized professional valour to net realizable open market value for existing use. The carrying value of the property is adjusted to the revalued amount and the resultant surplus or deficit is credited or debited to the revaluation reserve. Impairment losses will be treated as a revaluation decrease to the extent that the impairment loss does not exceed the revaluation surplus for that same asset. Impairment losses over and above the revaluation surplus will be expensed to the statement of financial position.

7. INVENTORIES

Inventories are initially recognized at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or

produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Subsequent Measurement

Consumable stores and maintenance materials are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct cost are accumulated for each separately identifiable development. Cost also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

8. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current

9. TRADE CREDITORS

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

**UMVOTI MUNICIPALITY
ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

10. REVENUE RECOGNITION

10.1 Revenue from exchange transactions

Services charges relating to electricity are based on consumption. Meters are read monthly and recognized as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognized as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognized at the point of sale.

Service charges relating to refuse removal are recognized on a monthly basis in arrears by applying the approved tariff to each property. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month

Interest and rentals are recognized on a time proportionate basis.

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

Income for agency services is recognized on a monthly basis once the income collected on behalf of agents has been quantified. The income recognized is in terms of an agency agreement.

Finance income from the sale of housing by way of installment sales agreements or finance leases is recognized on a time proportionate basis.

Revenue from the sale of goods is recognized when the risk has passed to the consumer.

Revenue from public contributions is recognized when all conditions associated with the contribution have been met or, where the contribution is to finance property, plant and equipment, when such item of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognized.

**UMVOTI MUNICIPALITY
ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

10.2 Revenue from non-exchange transactions

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

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognized when payment is received. Donations are recognized on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognized when such items of property, plant and equipment are brought into use.

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

11. CONDITIONAL GRANT AND RECEIPTS

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

12. Leases

12.1 Finance leases

Leases of property plant and equipment are treated as finance leases if the lease transfers substantially all the risk and rewards incidental to ownership of the relevant asset to the municipality. Where a lease meets the definition of a finance lease, it is recognized in the statement of financial position as an asset and liability at the commencement of the lease term.

**UMVOTI MUNICIPALITY
ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

12.2 Operating lease

Lease payments in terms of operating lease agreements are recognized as an expense in the statement of financial performance

13 PROVISIONS

Provisions are recognized when the Municipality has a present or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the municipality.

14. TAX

The Municipality is exempted from tax in terms of section 10(1) (a) of the Income Tax Act.

15. UNAUTHORISED EXPENDITURE

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

**UMVOTI MUNICIPALITY
ACCOUNTING POLICIES
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

16. IRREGULAR EXPENDITURE

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

17. FRUITLESS AND WASTEFUL EXPENDITURE

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

18. COMPARATIVE INFORMATION

18.1 Current Year Comparatives

Budgeted amounts have been included in the annual financial statements for the current and previous financial years

18.2 Prior Year Comparatives

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

**ACCOUNTING OFFICERS REPORT
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

THE CHALLENGE OF CHANGE

It has been a very challenging year for the Umvoti Municipality, Especially in regard to implementation of the provisions of the Municipal Legislation. The economic recession has negatively affected the community's ability to pay and this is reflected in the financial results.

It is commendable that, in my opinion as Municipal manager, the management team has excelled in ensuring that the Umvoti Municipality has delivered services to the community under very trying circumstances although the capital budget has not been fully spent these projects will continue in the new year. The results for the year under review are set out as follows.

Financial Statement Ratios

| | 2012 | 2011 |
|-----------------------------|------|------|
| | R | R |
| Personnel Costs | 27% | 25% |
| Remuneration of Councillors | 4% | 4% |
| Bad Debts | 0% | 1% |
| Depreciation | 13% | 16% |
| Repairs And Maintenance | 4% | 4% |
| Bulk Purchases: Electricity | 23% | 21% |
| General Expenses | 19% | 18% |
| Contracted Services | 9% | 10% |
| Grants and Subsidies paid | 1% | 1% |
| Total Expenses | 100% | 100% |

Post balance sheet events

Nil

**ACCOUNTING OFFICERS REPORT
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

RECONCILIATION OF BUDGET TO ACTUAL RESULTS

Operating Budget

| | R |
|---|----------------|
| Budget Deficit Before Appropriations | (32 480 174) |
| Revenue Variances | (7 429 135) |
| Expense Variances - Personnel Costs | 1 634 135 |
| Councilor's Remuneration | 331 765 |
| - General Expenses | (1 826 115) |
| - Electricity Purchases | 2 996 457 |
| - Repairs And Maintenance | 1 074 145 |
| - Depreciation | 1 549 753 |
| - Contracted Services | 31 296 619 |
| - Contributions doubtful debts | 3 130 910 |
| -Grants and subsidies | 196 664 |
| -Interest paid | (22 562) |
| Actual Surplus Before Appropriations | 452 462 |

The positive revenue variances are explained in note 34 to the financial statements

Major variations from the expenditure budget are explained in note 34 to the financial statements.

Capital Budget

| DESCRIPTION | BUDGET | ACTUAL | VARIANCE |
|------------------|------------|------------|--------------|
| Land & Buildings | 3 435 455 | 1 438 108 | (1 997 347) |
| Infrastructure | 20 583 594 | 7 353 798 | (13 229 796) |
| Community Assets | 1 115 000 | 1 437 782 | 322 782 |
| Heritage Assets | 0 | | 0 |
| Housing | 0 | | 0 |
| Other | 5 069 672 | 2 089 672 | (3 147 678) |
| Total | 30 351 399 | 12 299 360 | (18 052 039) |

The savings are mainly due to delays in planning or arranging funding. The excess on community assets was mainly due to peace centers that were built from grants received which were not included in the capital budget.

**ACCOUNTING OFFICERS REPORT
TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Speaker, Executive Committee and Councillors, the Chief Financial Officer, Manager Corporate Services, Manager Engineering Services, Manager Protection Services and staff in general, our financial consultant Mr S.D Van Der Merwe and in particular to the local representatives of the Auditor General, and the Internal Audit Committee members for their support and willingness to go the extra mile during the 2011/2012 financial year, which proved to be a very difficult year for all.

The President of the Republic of South Africa The Auditor General and the National Treasury including had expressed that the Local Municipalities has to obtain a clean audit opinion by 2014, as Umvoti Local Municipality with the collective of staff members and the councilors we strive to achieve a clean audit before the said deadlines.

I would like to appreciate the assistance rendered to Umvoti Local Municipality by all Government Departments both National and Provincial and also not forgetting Umzinyathi District Municipality for assistance as there are shared service in terms of internal auditing whenever we call for help they all come to the party and provide assistance that takes to understand the Cooperative governance in it true senses.

Mr B. A. Xulu
MUNICIPAL MANAGER
UMVOTI LOCAL MUNICIPALITY

UMGUNGUNDLOVANA

UMVOTI LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION

as at 30 June 2012

| | Note | 2012 R | 2011 R |
|--|------|--------------------|--------------------|
| ASSETS | | | |
| Current assets | | 86,097,408 | 71,530,333 |
| Cash and cash equivalents | 1 | 64,315,199 | 48,359,978 |
| Trade receivables from exchange transactions | 2 | 18,590,376 | 16,343,082 |
| Other receivables from non-exchange transactions | 3 | 1,806,750 | 5,542,861 |
| Inventories | 4 | 1,354,201 | 1,254,066 |
| VAT receivable | 6 | | 5,886 |
| Current portion of non current receivables | 7 | 30,882 | 24,460 |
| Non-current assets | | 458,366,056 | 453,493,574 |
| Property, plant and equipment | 8 | 384,746,011 | 389,269,970 |
| Long Term Receivables | 7 | 31 | 34,297 |
| Investment Property | 9 | 73,620,014 | 64,189,307 |
| Total assets | | 544,463,464 | 525,023,907 |
| LIABILITIES | | | |
| Current liabilities | | 34,739,543 | 25,124,238 |
| Trade and other payables | 10 | 17,403,238 | 17,387,776 |
| Consumer deposits | 11 | 1,988,145 | 1,848,997 |
| Current provisions | 12 | 339,278 | 361,902 |
| VAT Payable | 6 | 717,150 | |
| Unspent conditional grants and receipts | 13 | 14,210,190 | 5,400,543 |
| Current portion of borrowings | 14 | 81,542 | 125,020 |
| Non-current liabilities | | 8,022,722 | 8,081,640 |
| Long term liabilities | 14 | | 81,542 |
| Post Retirement Benefits | 12 | 6,791,000 | 6,791,000 |
| Non - current provisions | 12 | 1,231,722 | 1,209,098 |
| Total liabilities | | 42,762,265 | 33,205,878 |
| Net assets | | 501,701,199 | 491,818,029 |
| NET ASSETS | | | |
| Housing Development Fund | 15 | 10,330,154 | 9,474,901 |
| Revaluation Reserve | | 375,219,897 | 378,781,752 |
| Accumulated surplus | 16 | 116,151,148 | 103,561,376 |
| Total net assets | | 501,701,199 | 491,818,029 |

UMVOTI LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2012

| | Note | 2012 | 2011 |
|---|-------------|--------------------|--------------------|
| | | R | R |
| REVENUE | | | |
| Property rates | 17 | 13,798,591 | 13,564,791 |
| Property rates - penalties imposed and collection charges | | 1,250,914 | 1,180,312 |
| Service charges | 18 | 48,286,420 | 39,054,931 |
| Rental of facilities and equipment | | 2,819,333 | 2,997,592 |
| Interest earned - external investments | | 3,261,260 | 2,938,685 |
| Interest earned - outstanding debtors | | 154,251 | 156,523 |
| Fines | | 490,548 | 324,854 |
| Licences and permits | | 1,914,479 | 2,071,286 |
| Income for agency services | | 969,555 | 925,390 |
| Government grants and subsidies | 19 | 53,554,744 | 44,868,723 |
| Other income | 20 | 567,705 | 2,801,389 |
| Gain on disposal of property, plant and equipment | | | 91,043 |
| Public contributions | | 23,000 | |
| Reversal of Bad Debt Provision | 2 | 250,613 | |
| Total Revenue | | 127,341,413 | 110,975,519 |
| EXPENDITURE | | | |
| Employee related costs | 21 | 34,671,343 | 26,264,045 |
| Remuneration of Councillors | 22 | 4,668,235 | 4,315,947 |
| Retirement and long service benefits | 12 | | |
| Bad debts | 2 | 9,090 | 618,100 |
| Depreciation | | 16,823,316 | 16,784,879 |
| Repairs and maintenance | | 5,015,643 | 4,548,528 |
| Interest paid | 23 | 22,562 | 40,543 |
| Bulk purchases | 24 | 29,003,543 | 21,551,890 |
| Contracted services | 26 | 11,938,381 | 10,861,707 |
| Grants and subsidies paid | 25 | 1,103,336 | 1,390,232 |
| General expenses | 26 | 23,633,502 | 19,686,113 |
| Total Expenditure | | 126,888,951 | 106,061,984 |
| Change in Accounting Estimate | | | |
| Surplus (Deficit) for the year | | 452,462 | 4,913,535 |
| Refer to Note 34 for explanation of variances | | | |

UMVOTI LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS

as at 30 June 2012

| | Housing Development Fund (note 1) | Revaluation Reserve | Accumulated Surplus | Total |
|---|--|--------------------------------|--------------------------------|--------------|
| | R | R | R | R |
| Balance at 30 June 2011 | 9,474,901 | 64,189,307 | 138,551,103 | 212,215,311 |
| Retrospective adjustment PPE values | | 314,592,445 | (35,060,872) | (35,060,872) |
| Adjustment - previous year | | | 71,145 | 71,145 |
| Balance at 30 June 2011 restated | 9,474,901 | 378,781,752 | 103,561,376 | 177,225,584 |
| Surplus(deficit) for the year | (10,892) | | 463,355 | 452,463 |
| Transfer to Housing Development Fund | 866,145 | | (866,145) | - |
| Transfer depreciation - revalued assets | | (12,992,562) | 12,992,562 | - |
| Farms:- Revaluation of Plantations | | 9,430,707 | | 9,430,707 |
| Balance at 30 June 2012 | 10,330,154 | 375,219,897 | 116,151,148 | 187,108,754 |
| 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 | 9,474,901 | 64,189,307 | 138,551,103 | 212,215,311 |

UMVOTI LOCAL MUNICIPALITY

CASH FLOW STATEMENT

for the year ending 30 June 2012

| | <u>Note</u> | <u>2012</u> <u>R</u> | <u>2011</u> <u>R</u> |
|--|-------------|-------------------------|-------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash receipts from ratepayers, government and other | | 134,372,196 | 108,831,893 |
| Cash paid to suppliers and employees | | (109,404,711) | (82,596,721) |
| Cash generated from (utilised in) operations | 27 | 24,967,485 | 26,235,172 |
| Interest received | | 3,261,260 | 2,938,685 |
| Interest paid | 23 | (22,561) | (40,543) |
| NET CASH FROM OPERATING ACTIVITIES | | 28,206,184 | 29,133,314 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (12,299,359) | (21,096,410) |
| Purchase of housing infrastructure | | | |
| Proceeds on disposal of property, plant and equipment | | | 91,043 |
| (Increase) decrease in investment properties | | | |
| (Increase) decrease in non - current receivables | | 34,266 | 27,384 |
| (Increase) decrease in non - current investments | | | |
| (Increase) decrease in call investments | | | |
| NET CASH FROM INVESTING ACTIVITIES | | (12,265,093) | (20,977,983) |
| CASH FLOWS FROM FROM FINANCING ACTIVITIES | | | |
| New loans raised (repaid) | | (125,020) | (107,658) |
| Increase (decrease) in consumer deposits | | 139,148 | 79,992 |
| Increase (decrease) in short term loans | | | |
| NET CASH FROM FINANCING ACTIVITIES | | 14,128 | (27,666) |
| Net increase / (decrease) in net cash and cash equivalents | | 15,955,221 | 8,127,665 |
| Cash and cash equivalents at the beginning of the year | | 48,359,978 | 40,232,313 |
| Net cash and cash equivalents at end of period | 1 | 64,315,199 | 48,359,978 |

UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| | <u>2012</u> | <u>2011</u> |
|---|-------------------|-------------------|
| | <u>R</u> | <u>R</u> |
| 1 CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents included in the cash flow statement comprise the following amounts: | | |
| Bank balances and cash | 4,295,166 | 2,631,428 |
| Short term deposits | 60,020,033 | 45,728,550 |
| | <u>64,315,199</u> | <u>48,359,978</u> |
| 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 | 2,627,898 | 1,462,164 |
| Cash book balance at end of year | 4,291,636 | 2,627,898 |
| Bank statement balance at beginning of year | 2,622,856 | 9,085,637 |
| Bank statement balance at end of year | 4,239,214 | 2,622,856 |
| Summary of cash and cash equivalents | | |
| Primary Bank Account | 4,291,636 | 2,627,898 |
| Call and short term deposits | 60,020,033 | 45,728,550 |
| Petty Cash | 3,530 | 3,530 |
| | <u>64,315,199</u> | <u>48,359,978</u> |

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UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| | <u>2012</u> | <u>2011</u> | |
|---|-------------------|--------------------|-------------------|
| | <u>R</u> | <u>R</u> | |
| 2 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS | | | |
| Balances at 30 June 2012 | Gross | Provision for | Net |
| | balance | doubtful debts | balance |
| Service debtors | 2,193,625 | (869,365) | 1,324,260 |
| Rates | 12,178,455 | | 12,178,455 |
| Electricity | 5,128,721 | (1,433,711) | 3,695,011 |
| Housing | 923,912 | (276,677) | 647,235 |
| Other | 1,245,221 | (499,805) | 745,416 |
| Total | 21,669,935 | (3,079,558) | 18,590,376 |
| 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 |
| Total | 19,673,254 | (3,330,171) | 16,343,083 |
| Rates: Ageing | | | |
| Current (0 - 30 days) | 1,458,589 | 1,761,309 | |
| 31 - 60 days | 726,071 | 745,576 | |
| 61 to 90 days | 569,272 | 573,163 | |
| 91 - 120 days | 518,470 | 522,522 | |
| 121 days and over | 8,906,053 | 7,657,052 | |
| Total | 12,178,455 | 11,259,622 | |
| Electricity and other : Ageing | | | |
| Current (0 - 30 days) | 4,127,326 | 3,322,557 | |
| 31 - 60 days | 402,160 | 792,486 | |
| 61 to 90 days | 234,929 | 344,395 | |
| 91 - 120 days | 191,210 | 190,502 | |
| 121 days and over | 4,535,855 | 3,763,692 | |
| Total | 9,491,480 | 8,413,632 | |
| GRAND TOTAL | 21,669,935 | 19,673,254 | |

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 2012

| | <u>2012</u> | <u>2011</u> |
|-------------------------------------|------------------|------------------|
| | R | R |
| 3 OTHER RECIEVABLES | | |
| Accrued interest on investments | 397,366 | 361,951 |
| UThukela Water | 407,585 | 407,585 |
| Government subsidies | 416,500 | 3,386,426 |
| Other | 992,884 | 1,794,484 |
| | <u>2,214,335</u> | <u>5,950,447</u> |
| Less : Provision for doubtful debts | (407,585) | (407,585) |
| Total | <u>1,806,750</u> | <u>5,542,861</u> |

The fair value of other debtors approximates their carrying value

| | | |
|---------------------------------|------------------|------------------|
| 4 INVENTORY | | |
| Consumable stores at cost | 354,888 | 357,534 |
| Maintenance materials at cost | 650,974 | 436,759 |
| Spare Parts at authorised value | 348,339 | 459,773 |
| | <u>1,354,201</u> | <u>1,254,066</u> |

Provision has been made for the write off of the short fall reflected in the year end physical stock count (R 158 102) . This will be referred to Council for a decision.

| | | |
|---|-------------|-------------|
| 5 CALL INVESTMENT DEPOSITS | | |
| Call and short term deposits with banks | 60,020,033 | 45,728,550 |
| Transferred to Cash and Cash Equivalents - refer note 1 | -60,020,033 | -45,728,550 |
| | <u>-</u> | <u>0</u> |

Deposits of R 14 210 190 are ring fenced and relate to unutilised conditional government grants

| | | |
|--------------------------------------|------------------|--------------|
| 6 VAT | | |
| VAT refund due (payable) | (11,544) | 638,531 |
| Vat provision | (705,606) | (632,646) |
| VAT is payable on the receipts basis | <u>(717,150)</u> | <u>5,886</u> |

The vat provision represents vat raised (Debtors) not yet received

| | | |
|--|---------------|---------------|
| 7 LONG TERM RECEIVABLES | | |
| Housing selling scheme loans | 26,180 | 50,701 |
| Land sales | 4,733 | 8,056 |
| | <u>30,913</u> | <u>58,757</u> |
| Less: Current portion transferred to current receivables | (30,882) | (24,460) |
| | <u>31</u> | <u>34,297</u> |

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 2012

8 PROPERTY, PLANT AND EQUIPMENT

| | 2012 | | | 2011 | | |
|---------------------|--------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Community | 35,162,839 | (5,352,146) | 29,810,693 | 33,725,057 | (3,735,355) | 29,989,702 |
| Heritage | 313,956 | | 313,956 | 313,956 | | 313,956 |
| Infrastructure | 249,042,777 | (27,782,735) | 221,260,042 | 241,688,979 | (15,428,745) | 226,260,234 |
| Intangible | 737,163 | (588,020) | 149,143 | 737,163 | (587,128) | 150,035 |
| Investment Property | 20,884,000 | | 20,884,000 | 20,884,000 | | 20,884,000 |
| Land and Buildings | 108,041,204 | (3,440,648) | 104,600,556 | 106,603,096 | (1,738,005) | 104,865,091 |
| Other | 13,746,143 | (6,018,519) | 7,727,624 | 11,676,472 | (4,869,521) | 6,806,951 |
| Total | 427,928,082 | (43,182,068) | 384,746,014 | 415,628,723 | (26,358,754) | 389,269,969 |

Property, plant and equipment (continued)

| | 2012 | | | | | | |
|---------------------|--------------------|-------------------|-----------|-----------|------------------|---------------------|--------------------|
| | Opening Balance | Additions | Disposals | Transfers | Work-in-progress | Depreciation | Total |
| Community | 29,989,702 | 93,067 | | | 1,344,715 | (1,616,791) | 29,810,693 |
| Heritage | 313,956 | | | | | | 313,956 |
| Infrastructure | 226,260,235 | 6,559,675 | | | 794,122 | (12,353,990) | 221,260,042 |
| Intangible | 150,035 | | | | | (892) | 149,143 |
| Investment Property | 20,884,000 | | | | | | 20,884,000 |
| Land and Buildings | 104,865,091 | 1,438,108 | | | | (1,702,644) | 104,600,555 |
| Other | 6,806,950 | 2,069,671 | | | | (1,148,999) | 7,727,622 |
| Total | 389,269,969 | 10,160,521 | - | - | 2,138,837 | (16,823,316) | 384,746,011 |

| | 2011 | | | | | | |
|---------------------|--------------------|--------------------|--------------------|-----------|-------------------|---------------------|--------------------|
| | Opening Balance | Additions | Disposals | Transfers | Work-in-progress | Depreciation | Total |
| Community | 20,148,928 | 13,225,629 | (17,420) | | 367,920 | (3,735,355) | 29,989,702 |
| Heritage | 313,956 | | - | | | - | 313,956 |
| Infrastructure | 104,378,977 | 131,885,774 | (1,311,824) | | 6,736,053 | (15,428,745) | 226,260,235 |
| Intangible | 733,825 | 3,338 | - | | | (587,128) | 150,035 |
| Investment Property | 20,884,000 | - | - | | | | 20,884,000 |
| Land and Buildings | 103,557,212 | | - | | 3,045,884 | (1,738,005) | 104,865,091 |
| Other | 10,101,844 | 1,639,440 | (64,813) | | | (4,869,521) | 6,806,950 |
| Total | 260,118,742 | 146,754,181 | (1,394,057) | - | 10,149,857 | (26,358,754) | 389,269,969 |

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

UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| | <u>2012</u> | <u>2011</u> |
|---|-------------------|-------------------|
| | <u>R</u> | <u>R</u> |
| 9 INVESTMENT PROPERTY | | |
| Valuation | 64,189,307 | 64,189,307 |
| Carrying value at beginning of Financial Year | 64,189,307 | 46,824,481 |
| Revaluation of timber | 9,430,707 | 17,364,826 |
| Carrying value at end of Financial Year | <u>73,620,014</u> | <u>64,189,307</u> |

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

The valuation this year is 15% higher than at the 30th June 2011. The Price paid for gum and wattle pulpwood delivered in Richards Bay has been static due to the depressed world economy, but a major cost in harvesting the gum and wattle timber is the cost of transport which has risen appreciably, thus reducing the net standing value of gum and wattle pulpwood.

In the case of Pine, the present demand for pulpwood is not great, but there is a steady demand for "industrial grade" sawlogs which are usually sold "on plantation roadside" thus eliminating transport cost. Therefore, the Pine has been valued as 50% sawlogs and 50% pulpwood, which has increased the values per hectare.

10 TRADE AND OTHER PAYABLES

| | | |
|------------------------------|-------------------|-------------------|
| Trade creditors | 5,839,739 | 7,329,320 |
| Payments received in advance | 4,135,279 | 3,759,945 |
| Retention | 3,095,660 | 3,035,913 |
| Staff leave and bonus | 2,908,715 | 1,640,075 |
| Deposits other | 1,115,920 | 1,485,155 |
| Other creditors | 307,925 | 137,369 |
| | <u>17,403,238</u> | <u>17,387,777</u> |

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

11 CONSUMER DEPOSITS

| | | |
|---|------------------|------------------|
| Electricity | 1,988,145 | 1,848,997 |
| | <u>1,988,145</u> | <u>1,848,997</u> |
| Guarantees held in lieu of electricity deposits (R 322 900) | | |

UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| | <u>2012</u> <u>R</u> | <u>2011</u> <u>R</u> |
|---|-------------------------|-------------------------|
| 12 PROVISIONS AND DEFINED BENEFITS | | |
| 12.1 Provisions Current | | |
| Performance bonus | 250,000 | 250,000 |
| Provision for Long Service awards | 89,278 | 111,902 |
| | <u>339,278</u> | <u>361,902</u> |
| The movement in provisions is reconciled as follows: | | |
| Balance at beginning of year | 361,902 | 250,000 |
| Contributions to provisions | 89,278 | 420,052 |
| Expenditure | (111,902) | (308,150) |
| Transfer from non - current provisions | | |
| Balance at end of year | <u>339,278</u> | <u>361,902</u> |
| 12.2 Defined Benefit Obligations - Long Service Awards | | |
| Movement in the defined benefit obligation is as follows: | | |
| Balance at beginning of year | 1,321,000 | 1,321,000 |
| Current service cost | | |
| Interest cost | | |
| Amortisation - unrecognised net (gain) loss | | |
| Recognition of previously unrecognised defined benefit liability | | |
| | <u>1,321,000</u> | <u>1,321,000</u> |
| Less: transferred to current provisions | (89,278) | (111,902) |
| Balance at end of year | <u>1,231,722</u> | <u>1,209,098</u> |
| Employees receive additional leave in respect of long service awards, as follows: | | |
| 10 years service | 10 days | 10 days |
| 15 years service | 20 days | 20 days |
| 20 years service | 30 days | 30 days |
| 25 years service | 30 days | 30 days |
| 30 years service | 30 days | 30 days |
| 35 years service | 30 days | 30 days |
| 40 years service | 30 days | 30 days |
| 45 years service | 30 days | 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 | 0 |
| Inflation rate | 0 | 0 |
| Salary increase rate | 0 | 0 |

UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| | <u>2012</u> R | <u>2011</u> R |
|---|-------------------|------------------|
| 12.3 Retirement Benefits | | |
| 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 | 0 |
| Health care cost inflation | 0 | 0 |
| Salary inflation | 0 | 0 |
| Number of continuation members | 21 | 21 |
| Eligible in - service members | Nil | Nil |
| A reconciliation of the accrued liability at 30 June is set out below: | | |
| Balance at beginning of year | 6,791,000 | 6,791,000 |
| Interest cost | | |
| Expected employer benefit payments | | |
| Actuarial(gain) loss | | |
| Recognition of previously unrecognised defined benefit liability | | |
| Balance at the end of the year | <u>6,791,000</u> | <u>6,791,000</u> |
| 13 UNSPENT CONDITIONAL GRANTS AND RECEIPTS | | |
| 13.1 Conditional grants from other spheres of government(see note 21) | 14,210,190 | 5,400,543 |
| 13.2 Other conditional receipts | | |
| Public contributions | 0 | 0 |
| Total conditional grants and receipts | <u>14,210,190</u> | <u>5,400,543</u> |
| These amounts are invested in a ring - fenced investment until utilised. Refer Appendix E | | |
| 14 LONG TERM LIABILITIES | | |
| Finance leases | 81,542 | 206,562 |
| Current portion of long term liabilities | (81,542) | (125,020) |
| Long term portion | 0 | 81,542 |
| 15 HOUSING DEVELOPMENT FUND | | |
| Unappropriated Surplus | 10,318,734 | 9,463,481 |
| Loans extinguished by Government on 1 April 1998 | 375,980 | 375,980 |
| Contribution to cost of services - 492 sites | (364,560) | (364,560) |
| | <u>10,330,154</u> | <u>9,474,901</u> |
| The Housing Development Fund is represented by the following assets and liabilities | | |
| Housing selling scheme loans (see note 7) | 26,180 | 58,757 |
| Housing rental and instalment debtors | 100,304 | 92,499 |
| Cash and cash equivalents | 10,203,671 | 9,323,645 |
| Sub - total | 10,330,154 | 9,474,901 |
| Creditors | | |
| Total Housing Development Fund Assets and Liabilities | <u>10,330,154</u> | <u>9,474,901</u> |

UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| | <u>2012</u> <u>R</u> | <u>2011</u> <u>R</u> |
|--|-------------------------|-------------------------|
| 16 ACCUMULATED SURPLUS | | |
| 16.1 The following internal reserves are ringfenced within the Accumulated Surplus : | | |
| Capital Replacement Reserve | | |
| Balance at 30 June 2011 | 408,304 | 1,275,417 |
| Transfer | | |
| Property, Plant and Equipment purchased ex Capital Replacement Reserve | (9,411) | (867,113) |
| Balance at 30 June 2012 | <u>398,893</u> | <u>408,304</u> |
| Other reserves | <u>115,752,255</u> | <u>103,153,072</u> |
| TOTAL ACCUMULATED SURPLUS | <u>116,151,148</u> | <u>103,561,376</u> |
| 16.2 Accumulated Surplus | | |
| Balance previously reported | | 138,551,103 |
| Take - on of Property, Plant and Equipment in accordance with GRAP 17 | | (35,060,872) |
| Prior year adjustment - bulk electricity purchases | | 927,421 |
| Prior year adjustment - health subsidies overstated | | (856,276) |
| Adjustment previous year VAT claim | | |
| | | <u>103,561,376</u> |
| 16.3 Change in Accounting Estimate | | |
| Reversal of Bad Debt Provision | <u>(250,614)</u> | |
| Doubtful Debt Provision | | |
| Balance at 1 July 2011 | 3,330,172 | 3,154,260 |
| Write Off 2010/2011 | | (442,188) |
| Contribution 2011/2012 | | 618,100 |
| Reversal of Bad Debt Provision | (250,614) | |
| Balance at 30 June 2012 | <u>3,079,558</u> | <u>3,330,172</u> |

UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| | <u>2012</u> | <u>2011</u> |
|--|----------------------|----------------------|
| | <u>R</u> | <u>R</u> |
| 17 PROPERTY RATES | | |
| Actual | | |
| Residential | 9,002,219 | 8,390,406 |
| Commercial | 8,919,791 | 5,417,135 |
| State | 3,763,571 | 3,669,955 |
| Agricultural | 4,347,127 | 4,055,135 |
| Municipal | | |
| Other | 469,229 | 429,738 |
| Sundry Adjustment | | |
| Total assessment rates | <u>26,501,937</u> | <u>21,962,369</u> |
| Rates rebates | (12,703,346) | (8,397,579) |
| | <u>13,798,591</u> | <u>13,564,790</u> |
| Valuations | | |
| Residential | 902,755,004 | 779,001,004 |
| Commercial | 269,675,015 | 346,072,017 |
| Agricultural | 1,059,994,608 | 1,330,041,725 |
| State | 495,461,017 | 247,623,029 |
| Municipal | 45,807,005 | 45,807,005 |
| Other | 101,185,458 | 131,675,330 |
| Total property valuations | <u>2,874,878,107</u> | <u>2,880,220,110</u> |
| Rates rebates are offset from the property rates income amount reflected in the Statement of Financial Performance. | | |
| The following are the rate randages that were applied to the valuations in respect of various categories: Commercial and State - 1.73 cents in the rand, Agricultural and public service infrastructure 0.29cents in the rand, Residential and other 1.16 cent in the rand. All Residential property owners are exempt from paying rates on the first R65 000 of their property value. A 30 % rebate is applicable to residential, agricultural and public service infrastructure | | |
| 18 SERVICE CHARGES | | |
| Electricity | 42,433,167 | 34,012,574 |
| Refuse removal | 5,289,923 | 4,725,647 |
| Other | 563,330 | 316,710 |
| | <u>48,286,420</u> | <u>39,054,931</u> |
| 19 GOVERNMENT GRANTS AND SUBSIDIES | | |
| Equitable share | 36,522,000 | 30,039,841 |
| Clinic subsidy | 1,619,500 | 1,183,273 |
| Museum subsidy | 125,000 | 73,000 |
| Conditional grants utilised to finance property, plant and equipment | 8,604,053 | 11,326,126 |
| Conditional grants utilised to finance operating expenses | 6,156,839 | 1,792,402 |
| Grant - skills development | 169,369 | 62,887 |
| Grant - library | 357,983 | 391,194 |
| | <u>53,554,744</u> | <u>44,868,723</u> |
| Refer Appendix F | | |

UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| | <u>2012</u> | <u>2011</u> | | |
|--|-------------------|-------------------|----------------|----------------|
| | <u>R</u> | <u>R</u> | | |
| 20 OTHER INCOME | | | | |
| VAT recovery | | 2,464,502 | | |
| Other income | 567,705 | 336,887 | | |
| | <u>567,705</u> | <u>2,801,389</u> | | |
| 21 EMPLOYEE RELATED COSTS | | | | |
| Employee related costs - salaries and wages | 28,448,753 | 21,797,633 | | |
| Employee related costs - contributions to UIF, pension and medical costs | 4,698,441 | 3,988,040 | | |
| Travel, vehicle, accommodation, subsistence and other allowances | 2,135,479 | 1,537,613 | | |
| Housing benefits and other allowances | 257,838 | 346,165 | | |
| Overtime payments | 648,750 | 371,124 | | |
| Performance bonus | | | | |
| Service allowance | 1,432,002 | 1,032,274 | | |
| Sub-total | <u>37,621,263</u> | <u>29,072,849</u> | | |
| Less: Employee costs allocated to Property, Plant and Equipment | (281,968) | (347,590) | | |
| Less: Employee costs included in other expenses | (2,667,951) | (2,461,214) | | |
| Total employee related costs | <u>34,671,344</u> | <u>26,264,045</u> | | |
| There were no advances or loans to employees. | | | | |
| Remuneration of the Municipal Manager | | | | |
| Annual remuneration | 403,912 | 0 | | |
| Performance bonus | 0 | 0 | | |
| Car allowance | 261,669 | 0 | | |
| Housing allowance | 0 | 0 | | |
| Contributions to Medical and Pension Funds | 0 | 0 | | |
| | <u>665,581</u> | <u>0</u> | | |
| This post was vacant during the year under review | | | | |
| Remuneration of the Chief Financial Officer | | | | |
| Annual remuneration | 87,576 | 316,000 | | |
| Performance bonus | | 87,441 | | |
| Car allowance | 49,286 | 176,000 | | |
| Acting Allowance | | 56,748 | | |
| Housing Allowance | 4,224 | 16,892 | | |
| Leave pay | 16,173 | | | |
| Contributions to Medical and Pension Funds | | 14,371 | | |
| | <u>157,259</u> | <u>667,453</u> | | |
| Remuneration of other managers | | | | |
| 30-Jun-2012 | | | | |
| | Corporate | Engineering | Protection | Legal |
| | Services | Services | Services | Services |
| Annual remuneration | 316,000 | 316,000 | 316,000 | 193,598 |
| Performance bonus | 64,742 | 77,207 | 78,760 | |
| Leave pay | | | | |
| Car allowance | 184,418 | 165,659 | 188,812 | 135,542 |
| Acting Allowance | 37,674 | 77,312 | 7,869 | |
| Housing Allowance | 33,578 | 17,834 | 33,578 | 25,215 |
| Contributions to Medical and Pension Funds | | 30,810 | | 71,260 |
| | <u>636,413</u> | <u>684,822</u> | <u>625,019</u> | <u>425,615</u> |
| 30-Jun-2011 | | | | |
| Annual remuneration | 346,176 | 346,176 | 346,176 | |
| Performance bonus | | | | |
| Leave pay | | | | |
| Car allowance | 186,384 | 167,482 | 186,384 | |
| Acting Allowance | | | | |
| Housing Allowance | 29,311 | 15,773 | 29,311 | |
| Contributions to Medical and Pension Funds | | | 32,440 | |
| | <u>561,871</u> | <u>529,430</u> | <u>594,311</u> | |
| Remuneration for managers is included under employee related cost. | | | | |

UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| | <u>2012</u> | <u>2011</u> |
|---|-------------------|-------------------|
| | <u>R</u> | <u>R</u> |
| 22 REMUNERATION OF COUNCILLORS | | |
| Mayor | 0 | 293,694 |
| Deputy Mayor | 463,159 | 263,266 |
| Speaker | 503,985 | 387,464 |
| Executive committee members | 235,744 | 228,356 |
| Councillors | 3,465,346 | 3,143,166 |
| | <u>4,668,235</u> | <u>4,315,947</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 and security for official duties | | |
| The Mayors Remuneration was used to fund a portion of the Pot Hole repair project | | |
| 23 FINANCE COST | | |
| Finance leases | 22,562 | 40,543 |
| | <u>22,562</u> | <u>40,543</u> |
| 24 BULK PURCHASES | | |
| Electricity | 29,003,543 | 21,551,890 |
| | <u>29,003,543</u> | <u>21,551,890</u> |
| 25 GRANTS AND SUBSIDIES PAID | | |
| Indigent support | 976,073 | 947,124 |
| Widows and Elderly | 30,702 | 174,658 |
| Disabled persons | 9,060 | 152,950 |
| Other | 87,501 | 115,500 |
| | <u>1,103,336</u> | <u>1,390,232</u> |

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UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| | <u>2012</u> | <u>2011</u> |
|--|-------------|-------------|
| | <u>R</u> | <u>R</u> |
| 26 GENERAL EXPENSES AND CONTRACTED SERVICES | | |
| 26.1 GENERAL EXPENSES | | |
| Advertisements | 440,588 | 601,008 |
| Rural area expenses | 6,711 | 165,192 |
| Civic honour function | 94,284 | 43,180 |
| Anti rabies | 240,755 | 221,691 |
| Audit fees | 770,224 | 761,488 |
| Audit Committee Expenses | 49,483 | |
| Cashier shortages and surplus | -1,128 | 11,792 |
| Stores shortages & surpluses | 172,247 | 117,425 |
| Bank charges | 246,862 | 325,344 |
| Delivery cost | 3,001 | 2,489 |
| Youth and sports | 102,351 | 1,648,988 |
| Women upliftment | 63,592 | 441,378 |
| Civic functions | 112,253 | 253,132 |
| Disaster Management | 82,900 | |
| Disconnections & reconnections | 9,237 | 28,496 |
| Community participation | 251,449 | 1,475,282 |
| Departmental services | 1,766,934 | 1,341,157 |
| Delegation fees | 753,846 | 727,621 |
| Dist losses - control measures | 4,106 | 3,557 |
| Election expenses | | 5,752 |
| Entertainment | 70,736 | 32,174 |
| Dept services water and sewer | 343,519 | 356,798 |
| Professional drivers permits | | 836 |
| Local economic development programme | | 1,375,175 |
| Fire breaks | | 3,504 |
| Street signs | 19,004 | 16,392 |
| Garden Refuse | 904 | |
| Health campaign | 2,292 | 750 |
| Insecticide & weed killer | 4,386 | 59,649 |
| Insurance | 414,276 | 406,831 |

UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| | <u>2012</u> | <u>2011</u> |
|---|-------------------|-------------------|
| | <u>R</u> | <u>R</u> |
| 26 GENERAL EXPENSES AND CONTRACTED SERVICES | | |
| 26.1 Continued | | |
| Fruitless expenses | 1,017 | 831,206 |
| Hire of equipment | 128,427 | 254,143 |
| Legal fees | 906,709 | 786,668 |
| Licences | 876 | 11,179 |
| Commision paid - prepaid electricity | 104,743 | 21,913 |
| Lost and damaged books | 14,102 | 5,766 |
| Night soil/conservancy | 59,515 | 39,263 |
| Forensic Investigations | 6,399,522 | |
| Donations | 5,868 | |
| Machinery costs | 292,901 | 246,118 |
| Material | 212,065 | 152,204 |
| Meter reading | 137,232 | 140,851 |
| Medical supplies | 38,480 | 11,698 |
| Membership fees | 184,868 | 187,342 |
| Indigent burials | 30,204 | 167,283 |
| Pruning | 0 | 2,130 |
| Postage and stamps | 138,383 | 112,086 |
| Printing and stationary | 386,848 | 401,948 |
| Printing: Drawing office | 0 | 162 |
| Private ordinances and acts | 17,764 | 35,279 |
| Publicity | | 309,926 |
| Refreshments | 44,841 | 68,663 |
| Reference books & periodicals | 31,698 | 27,194 |
| Refuse bags | 333,134 | 377,655 |
| Photocopier rental | 17,656 | 32,531 |
| Security | 1,438,742 | 1,004,517 |
| Shrubs & Trees | 55 | 14,254 |
| Scholar patrols | 104,948 | 87,346 |
| Telephone | 705,295 | 731,905 |
| Training | 1,221,809 | 181,977 |
| Transport costs | 2,737,963 | 1,910,831 |
| Internet Subscription Fee | 95,290 | |
| Workmans Compensation | | 151,850 |
| Finance Management Grant expenditure | 1,358,576 | 926,107 |
| Phasiwe farm grant expenditure | | |
| GENERAL EXPENSES | 23,176,355 | 19,661,087 |
| LESS RECHARGES | | |
| Handling charge | (257,824) | (201,871) |
| Transport: Capital | (43,820) | (55,955) |
| Transport: Operating | (507,840) | (535,390) |
| Recharges | (809,484) | (793,216) |
| ADD | | |
| Contrib.leave,bonus,long service | 1,268,640 | 820,252 |
| TOTAL GENERAL EXPENSES | 23,635,511 | 19,688,124 |

UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| | <u>2012</u> <u>R</u> | <u>2011</u> <u>R</u> |
|---|-------------------------|-------------------------|
| 26.2 CONTRACTED SERVICES | | |
| Consultants/Contractors | 6,951,481 | 9,584,260 |
| Grant Exp. MSIG | 162,528 | 30,750 |
| Refuse disposal | | |
| Rural electrification | 4,550,402 | 247,766 |
| Valuation expenses | 185,758 | 141,215 |
| Interdepartmental monitoring | | 25,018 |
| Finance Management grant expenditure | | |
| IEC Eshane development grant expenditure | 73,382 | 39,365 |
| DTLGA: Corridor development expenses | 14,831 | 793,334 |
| TOTAL CONTRACTED SERVICES | 11,938,382 | 10,861,708 |
| Extraordinary and/or unforeseen expenses | 0 | 0 |
| 27 CASH GENERATED FROM OPERATIONS | | |
| Surplus for the year | 452,463 | 4,842,390 |
| Adjustment for : | | |
| Prior year | | 5,103,448 |
| Depreciation | 16,823,316 | 16,784,879 |
| Gain on disposal of property, plant and equipment | | (91,043) |
| Contributions to provisions- non-current | | |
| Reversal of Bad Debt Provision | (250,613) | |
| Contributions to bad debt provision | | 175,911 |
| Change in Accounting Estimate | | |
| Expenditure ex provisions | | |
| Investment income | (3,261,260) | (2,938,685) |
| Interest paid | 22,561 | 40,543 |
| Operating surplus before working capital changes | 13,786,467 | 23,917,443 |
| (Increase) decrease in consumer debtors | (1,996,681) | (1,500,783) |
| (increase) decrease in other debtors | 3,736,111 | (3,098,908) |
| Increase (decrease) in conditional grants and receipts | 8,809,647 | (256,041) |
| Increase (decrease) in creditors | 15,462 | 7,333,399 |
| (Increase) decrease) in Vat | 723,036 | (214,853) |
| (Increase) decrease in inventories | (100,135) | 57,951 |
| (Increase) decrease in current portion of long term debtors | (6,422) | (3,038) |
| Increase (decrease) in provisions | | |
| | 24,967,485 | 26,235,170 |
| 28.1 Contributions to organised local government | | |
| Opening balance | | |
| Council contributions | 160,991 | 166,845 |
| Amount paid - current year | 160,991 | 166,845 |
| Amount paid - previous years | | |
| Balance unpaid (included in creditors) | | |
| 28.2 Audit fees | | |
| Opening balance | | |
| Current year audit fee | 770,224 | 761,488 |
| 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 2012

| | <u>2012</u> | <u>2011</u> |
|---|-----------------|----------------|
| | <u>R</u> | <u>R</u> |
| 28.3 VAT | | |
| Opening balance | 638,531 | 450,730 |
| Output VAT | (7,255,638) | (4,797,509) |
| Input VAT | 9,547,099 | 14,755,926 |
| Amount paid - current year | 523,483 | 523,783 |
| Amount refunded by SARS - current | (3,465,020) | (10,228,746) |
| SARS adjustments to VAT claims | | (65,654) |
| Amount due by (to)SARS - included in debtors(creditors) | <u>(11,545)</u> | <u>638,531</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 |
| Amount paid - current year | 4,015,925 | 3,152,200 |
| Amount paid - previous years | 3,152,200 | |
| Balance unpaid (included in creditors) | | |

28.5 Pension and medical aid deductions

| | | |
|---|-----------|-----------|
| Opening balance | | |
| Current year payroll deductions and Council contributions | | 5,848,813 |
| Amount paid - current year | 6,765,256 | 5,848,813 |
| Amount paid - previous years | 5,848,813 | |
| Balance unpaid (included in creditors) | - | - |

28.6 Councillors arrear consumer accounts

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

| | Total | Outstanding more than 90 days | Outstanding less than 90 days |
|--------------|-------|-------------------------------------|-------------------------------------|
| 30 June 2012 | | | |
| MR Dlamini | | 262 | |
| IS Nyoka | | 1,164 | |
| DE Mazeka | | | 772 |
| 30 June 2011 | | | |
| PT Zuma | | 323 | 323 |
| M R Dlamini | | 183 | 183 |
| A H Shaik | | 162 | 162 |

UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| | <u>2012</u> | <u>2011</u> |
|--|-------------------|-------------------|
| | <u>R</u> | <u>R</u> |
| 29 CAPITAL COMMITMENTS | | |
| Commitments in respect of capital expenditure: | | |
| - approved and contracted for | | |
| Infrastructure | 9,466,781 | 236,382 |
| Buildings | | |
| Heritage | | |
| Other | | |
| Housing Development Fund | | |
| Investment properties | | |
| - approved but not yet contracted for | | |
| Infrastructure | 24,145,087 | 40,075,458 |
| Buildings | 8,250,063 | 213,000 |
| Heritage | | |
| Other | 7,073,600 | 4,841,155 |
| Housing Development Fund | | |
| Investment properties | | |
| | 48,935,531 | 45,365,995 |
| This expenditure will be financed from | | |
| - capital replacement reserve | | 83,000 |
| - government grants | 18,989,017 | 31,534,645 |
| - own resources | 29,946,514 | 13,748,350 |
| - | | |
| | 48,935,531 | 45,365,995 |

30 RETIREMENT BENEFIT INFORMATION

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 on 1 July 2009. The Actuary advised that the fund is 96% funded and at date no actual action is required to rectify the situation

30.1 SUPERANNUATION FUND

The Actuary advised that the financial position has deteriorated from previous statutory valuation. The Committee felt that the investment markets were too volatile and the future of the Fund too uncertain (following a discussion of a possible merger with the Retirement Fund) to cease the surcharge at that point. The surcharge of 7% of pensionable salaries has therefore been applied.

UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| | <u>2012</u> | <u>2011</u> |
|---|-------------|-------------|
| | <u>R</u> | <u>R</u> |
| The actuary has advised the following | | |
| 30.2.1. The result of the latest valuation showed a deficit in the fund. | | |
| 30.2.2. The total employer contribution required, including the surcharge, is thus 31,13% of pensionable salaries payable for a period of 8 years implemented with effect 1 July 2012 | | |
| 30.3 Provident Fund | | |
| The actuary is satisfied that the assets of the Fund are appropriate given the liabilities | | |
| 30.4 Sala Pension Fund | | |
| 30.4.1 The Fund is 96% funded at he current valuation date | | |
| 30.4.2 The actuary is satisfied that no additional action is required at this stage to rectify the situation | | |
| 31 CONTINGENT LIABILITIES | | |
| Three matters are currently on the roll of the high court to date values of cost is not known the estimated cost for all matters amounts to R500 000 | | |
| 31.1 Dispute of sale in execution Mr Mkize | | |
| 31.2 Composition of the Executive Council | | |
| 31.3 Water Issues | | |
| 32 RELATED PARTY DISCLOSURE | | |
| Zondac Project Consultants (Councillor SV Zondi) | | |
| PG Mavundla Projects | | |
| 33 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED | | |
| 33.1 Unauthorised expenditure | | |
| Reconciliation of unauthorised expenditure | | |
| Opening balance | | |
| Approved by Council or condoned | | |
| Transfer to receivables for recovery | | |
| Unauthorised expenditure awaiting authorisation | | - |
| 33.2 Irregular expenditure subject to investigation | | |
| Opening Balance | 3,920,105 | 3,088,899 |
| Irregular expenditure - Current year | | 831,206 |
| Authorised by Council | (3,920,105) | |
| | - | 3,920,105 |
| Forensic Investigations are concluded and diciplinary action has commenced crimminal charges to follow soon | | |
| 33.3 Deviation from SCM policy approved by Accounting Officer awaiting ratification by Council | - | 420,000 |
| Opening Balance | 420,000 | |
| Authorised by Council | (420,000) | |
| | - | 420,000 |

UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

34 Operating revenue and expenditure variances compared to annual budget

| | Original Budget | Adjusted Budget | Final Budget | Actual | Variance | Actual Income As % Of Final Budget | Actual Outcome As % Of Original Budget | Explanation of significant variances |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|------------------------------------|--|---|
| REVENUE | R | R | R | R | R | R | R | |
| Property rates | 13,869,800 | 14,345,000 | 14,345,000 | 13,798,591 | -546,409 | -3.81% | -3.94% | |
| Property rates - penalties imposed and collection charges | 1,467,200 | 1,260,000 | 1,260,000 | 1,250,914 | -9,086 | -0.72% | -0.62% | |
| Service charges | 45,209,690 | 47,249,508 | 47,249,508 | 48,286,420 | 1,036,912 | 2.19% | 2.29% | |
| Rental of facilities and equipment | 3,252,146 | 2,894,760 | 2,894,760 | 2,819,333 | -75,427 | -2.61% | -2.32% | |
| Interest earned - external investments | 2,810,000 | 2,700,000 | 2,700,000 | 3,261,260 | 561,260 | 20.79% | 19.97% | Interest Received was more than expected due to fluctuation in rates |
| Interest earned - outstanding debtors | 161,890 | 156,290 | 156,290 | 154,251 | -2,039 | -1.30% | -1.26% | |
| Fines | 854,400 | 324,400 | 324,400 | 490,548 | 166,148 | 51.22% | 19.45% | Traffic violations were more than expected |
| Licences and permits | 2,205,990 | 1,938,200 | 1,938,200 | 1,914,479 | -23,721 | -1.22% | -1.08% | |
| Income for agency services | 1,069,200 | 1,010,000 | 1,010,000 | 969,555 | -40,445 | -4.00% | -3.78% | |
| Government grants and subsidies | 69,487,728 | 62,696,000 | 62,696,000 | 53,554,744 | -9,141,256 | -14.58% | -13.16% | Cilinic Subsidies were reduced in the year under review |
| Other income | 135,940 | 196,390 | 196,390 | 567,705 | 371,315 | 52.89% | 36.61% | Provision for bad debts were written back |
| Gain on disposal of property, plant and equipment | 100,000 | | | | 0 | 0.00% | 0.00% | No assets were disposed of during the year under review |
| Public contributions | | | | 23,000 | 23,000 | 100.00% | 100.00% | Donations received from councillors and staff toward a pothole project not budgeted for |
| Reversal of Bad Debt Provision | | | | 250,613 | 250,613 | 100.00% | 100.00% | |
| Total Revenue | 140,623,984 | 134,770,548 | 134,770,548 | 127,341,413 | -7,429,135 | | | |
| EXPENDITURE | | | | | | | | Explanation of significant variances greater than 10 % versus budget |
| Employee related costs | 35,422,822 | 36,305,478 | 36,305,478 | 34,671,343 | -1,634,135 | -4.50% | -4.61% | |
| Remuneration of Councillors | 5,046,250 | 5,000,000 | 5,000,000 | 4,668,235 | -331,765 | -6.64% | -6.57% | |
| Retirement and long service benefits | | | | | | | | |
| Bad debts | 3,444,000 | 3,140,000 | 3,140,000 | 9,090 | -3,130,910 | -99.71% | -90.91% | Council resolved that all attempts be made to recover money before considering write offs |
| Collection costs | | | | | | | | |
| Depreciation | 19,121,272 | 18,373,069 | 18,373,069 | 16,823,316 | -1,549,753 | -8.43% | -8.10% | |
| Repairs and maintenance | 6,130,610 | 6,089,788 | 6,089,788 | 5,015,643 | -1,074,145 | -17.64% | -17.52% | Stricter Fleet Management is being enforced |
| Interest paid | | | | 22,562 | 22,562 | 100.00% | 100.00% | Interest on copiers not budgeted for |
| Bulk purchases | 32,000,000 | 32,000,000 | 32,000,000 | 29,003,543 | -2,996,457 | -9.36% | -9.36% | |
| Contracted services | 50,308,766 | 43,235,000 | 43,235,000 | 11,938,381 | -31,296,619 | -72.39% | -62.21% | Fewer Services has been contracted out during the year under review |
| Grants and subsidies paid | 2,718,000 | 1,300,000 | 1,300,000 | 1,103,336 | -196,664 | -15.13% | -7.24% | |
| General expenses | 19,534,006 | 21,807,387 | 21,807,387 | 23,633,502 | 1,826,115 | 8.37% | 9.35% | |
| Loss on disposal of property, plant and equipment | | | | | | | | |
| Total Expenditure | 173,725,726 | 167,250,722 | 167,250,722 | 126,888,951 | -40,361,771 | | | |
| Surplus (Deficit) for the year | -33,101,742 | -32,480,174 | -32,480,174 | 452,462 | 32,932,636 | | | |

**UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012**

35 Acquisition of Property Plant and Equipment variances compared to annual budget

| | 2012 Actual | 2012 Under Construction | 2012 Total Additions | 2012 Budget | 2012 Variance | 2012 Variance | Explanation of significant variances |
|---------------------------|----------------|-------------------------------|----------------------------|----------------|------------------|------------------|--|
| LAND AND BUILDINGS | | | | | | | |
| Land and Buildings | 1,438,108 | - | 1,438,108 | 3,435,455 | (1,997,347) | (58.14) | The upgrade to the testing ground has been placed on hold |
| | 1,438,108 | - | 1,438,108 | 3,435,455 | (1,997,347) | (58.14) | |
| INFRASTRUCTURE | | | | | | | |
| Bridges and subways | | | - | | - | | |
| Electricity reticulation | 3,708,306 | (2,632,746) | 1,075,560 | 4,032,500 | (2,956,940) | (73.33) | Funding from DOE was delayed and this project has been carried over to the new year |
| Security Measures | | | - | | - | | |
| Stormwater | | | - | | - | | |
| Roads | 2,851,369 | 3,426,869 | 6,278,238 | 16,551,094 | (10,272,856) | (62.07) | Delays in implementing was due to the suspension of Managers Contractors has since been appointed and this funding has been carried over to the new year |
| | 6,559,675 | 794,123 | 7,353,798 | 20,583,594 | (13,229,796) | (64.27) | |
| INTANGIBLE ASSETS | | | | | | | |
| Computer Software | | | | | | | |
| COMMUNITY ASSETS | | | | | | | |
| Care Centres | | | | | - | | |
| Community Assets | 42,125 | | 42,125 | 45,000 | (2,875) | (6.39) | |
| Community Centres | 50,942 | | 50,942 | 70,000 | (19,058) | (27.23) | Projects commenced late and will be completed in the new year |
| Stadiums | | 1,344,715 | 1,344,715 | 1,000,000 | 344,715 | 34.47 | over expenditure funded from savings within the capital budget |
| | 93,067 | 1,344,715 | 1,437,782 | 1,115,000 | 322,782 | 28.95 | |
| HERITAGE ASSETS | | | | | | | |
| Heritage Assets | | | | | | | |
| OTHER ASSETS | | | | | | | |
| Bins and Containers | | | | | | | |
| Clinic Equipment | | | | | | | |
| Computer Equipment | 665,658 | | 665,658 | 629,000 | 36,658 | 5.83 | |
| Emergency Equipment | | | - | | - | | |
| Furniture and Fittings | 3,882 | | 3,882 | 67,450 | (63,568) | (94.24) | Office constraints resulted in furniture not beign purchased |
| Motor Vehicles | 564,106 | | 564,106 | 3,495,000 | (2,930,894) | (83.86) | Change in council strategy to outsource resulted in this saving |
| Office Equipment | 46,746 | | 46,746 | 37,600 | 9,146 | 24.32 | Under provision |
| Plant & Equipment | 49,777 | | 49,777 | 49,500 | 277 | 0.56 | |
| Sundry | | | | | | | |
| Tools and Equipment | 599,103 | | | 763,000 | (163,897) | (21.48) | Bins were repaired instead of being replaced |
| Traffic Equipment | 140,400 | | 140,400 | 175,800 | (35,400) | (20.14) | Over provision |
| | 2,069,672 | | 2,069,672 | 5,217,350 | (3,147,678) | (60.33) | |
| Total | 10,160,522 | 2,138,838 | 12,299,360 | 30,351,399 | (18,052,039) | (59.48) | |

UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

| | <u>2012</u> <u>R</u> | <u>2011</u> <u>R</u> |
|--|-------------------------|-------------------------|
| 36 Correction of prior period error in the Financial Statements | | |
| During the current financial year, the Municipality corrected errors in the financial statements | | |
| The comparative amounts have been appropriately restated as follows: | | |
| Statement of Financial Performance | | |
| Government grants and subsidies previously disclosed | | 45,724,999 |
| Health subsidies overstated | | (856,276) |
| Revised Government grants and subsidies | | <u>44,868,723</u> |
| Electricity purchases previously disclosed | | 22,479,311 |
| ESCOM overcharge recovered | | (927,421) |
| Revised Electricity purchases | | <u>21,551,890</u> |
| Statement of Financial Position | | |
| Other Receivables from Non - Exchange Transactions previously disclosed | | 5,471,716 |
| Health subsidies overstated | | -856,276 |
| ESCOM overcharge | | 927,421 |
| Revised Other Receivables from Non - Exchange Transactions | | <u>5,542,861</u> |
| Property, Plant and Equipment previously disclosed | | 109,738,397 |
| PPE values restated in accordance with GRAP 17 | | 279,531,573 |
| Revised Property, Plant and Equipment | | <u>389,269,970</u> |
| Revaluation reserve previously disclosed | | 64,189,307 |
| PPE values restated in accordance with GRAP 17 | | 314,592,445 |
| Revised Revaluation Reserve | | <u>378,781,752</u> |
| Accumulated Surplus previously disclosed | | 138,551,103 |
| Health subsidies overstated | | -856,276 |
| ESCOM overcharge | | 927,421 |
| PPE values restated in accordance with GRAP 17 | | -35,060,872 |
| Revised Accumulated Surplus | | <u>103,561,376</u> |
| 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) | 49,393,191 | 48,890,008 |
| Units sold (kwh) | 40,969,456 | 39,628,820 |
| Units lost in distribution (kwh) | 8,423,735 | 9,261,188 |
| % distribution losses | 17.05 | 18.94 |
| Average cost per unit purchased (cents per kwh) | 58.72 | 52.42 |
| Total cost of distribution losses (Rand) | <u>4,946,417</u> | <u>4,854,715</u> |

UMVOTI LOCAL MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
for the year ended 30 June 2012

| EXTERNAL LOANS | Loan Number | Redeemable | Balance at 30/06/2011 | Received during the year | Redeemed or written off during the year | Balance at 30/06/2012 | Carrying value of property plant & equip. |
|----------------------------------|--------------------|-------------------|------------------------------|---------------------------------|--|------------------------------|--|
| | | | R | R | R | R | R |
| Lease - Technologies Acceptances | 1 | 2013 | 206,562 | | 125020 | 81,542 | |
| TOTAL | | | 206,562 | | 125020 | 81,542 | |

UMVOTI LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
for the year ended 30 June 2012

| Description | 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 | |
| LAND AND BUILDINGS | | | | | | | | | | |
| Land and Buildings | 106,603,096 | 1,438,108 | | | 108,041,204 | 1,738,005 | 1,702,644 | | 3,440,649 | 104,600,556 |
| | 106,603,096 | 1,438,108 | 0 | 0 | 108,041,204 | 5,237,715 | 1,702,644 | 0 | 3,440,649 | 104,600,556 |
| INFRASTRUCTURE | | | | | | | | | | |
| Bridges and subways | 10,532,787 | | | | 10,532,787 | 2,158,853 | 299,055 | | 2,457,908 | 8,074,879 |
| Electricity reticulation | 59,398,520 | 3,708,306 | (2,632,746) | | 60,474,080 | 1,835,747 | 1,910,065 | | 3,745,812 | 56,728,268 |
| Security Measures | 16,116 | | | | 16,116 | 9,557 | 1,703 | | 11,260 | 4,856 |
| Stormwater | 25,389,018 | | | | 25,389,018 | 689,978 | 1,200,135 | | 1,890,113 | 23,498,905 |
| Roads | 146,352,538 | 2,851,369 | 3,426,869 | | 152,630,776 | 10,734,604 | 8,943,041 | | 19,677,645 | 132,953,131 |
| | 241,688,979 | 6,559,675 | 794,123 | 0 | 249,042,777 | 15,428,739 | 12,353,999 | 0 | 27,782,738 | 221,260,039 |
| INTANGIBLE ASSETS | | | | | | | | | | |
| Computer Software | 737,163 | | | | 737,163 | 587,128 | 892 | | 588,020 | 149,143 |
| COMMUNITY ASSETS | | | | | | | | | | |
| Care Centres | 7,453,512 | | | | 7,453,512 | 968,186 | 200,966 | | 1,169,152 | 6,284,361 |
| Community Assets | 14,694,259 | 42,125 | | | 14,736,384 | 977,398 | 1,116,282 | | 2,093,680 | 12,642,705 |
| Community Centres | 8,301,272 | 50,942 | | | 8,352,214 | 1,237,419 | 221,834 | | 1,459,253 | 6,892,960 |
| Stadiums | 3,276,015 | | 1,344,714 | | 4,620,729 | 552,355 | 77,708 | | 630,063 | 3,990,666 |
| | 33,725,058 | 93,067 | 1,344,714 | 0 | 35,162,839 | 3,735,357 | 1,616,790 | 0 | 5,352,147 | 29,810,691 |
| HERITAGE ASSETS | | | | | | | | | | |
| Heritage Assets | 313,956 | | | | 313,956 | | | | | 313,956 |
| | 313,956 | 0 | 0 | 0 | 313,956 | 0 | 0 | 0 | 0 | 313,956 |
| Investment Property | | | | | | | | | | |
| Land | 20,884,000 | | | | 20,884,000 | | | | 0 | 20,884,000 |
| | 20,884,000 | 0 | 0 | 0 | 20,884,000 | 0 | 0 | 0 | 0 | 20,884,000 |
| OTHER ASSETS | | | | | | | | | | |
| Bins & Containers | 63,902 | | | | 63,902 | 51,048 | 18 | | 51,066 | 12,836 |
| Clinic Equipment | 53,776 | | | | 53,776 | 33,696 | 4,023 | | 37,719 | 16,057 |
| Computer Equipment | 1,398,773 | 665,658 | | | 2,064,431 | 648,557 | 157,945 | | 806,502 | 1,257,929 |
| Emergency Equipment | 56,929 | | | | 56,929 | 45,447 | 24 | | 45,471 | 11,458 |
| Furniture and Fittings | 962,157 | 3,882 | | | 966,039 | 420,703 | 59,294 | | 479,997 | 486,042 |
| Motor Vehicles | 5,199,750 | 564,106 | | | 5,763,856 | 1,859,622 | 491,614 | | 2,351,236 | 3,412,620 |
| Office Equipment | 1,498,982 | 46,746 | | | 1,545,728 | 883,469 | 153,180 | | 1,036,649 | 509,079 |
| Plant & Equipment | 1,625,602 | 49,777 | | | 1,675,379 | 436,258 | 103,364 | | 539,622 | 1,135,757 |
| Sundry | 49,178 | | | | 49,178 | 39,039 | 152 | | 39,191 | 9,987 |
| Tools and Equipment | 475,172 | 599,103 | | | 1,074,275 | 267,116 | 124,873 | | 391,989 | 682,286 |
| Traffic Equipment | 292,250 | 140,400 | | | 432,650 | 184,565 | 54,507 | | 239,072 | 193,578 |
| | 11,676,471 | 2,069,670 | 0 | 0 | 13,746,141 | 4,869,520 | 1,148,994 | 0 | 6,018,514 | 7,727,627 |
| Total | 415,628,723 | 10,160,519 | 2,138,837 | 0 | 427,928,079 | 29,858,459 | 16,823,319 | 0 | 43,182,068 | 384,746,011 |

UMVOTI LOCAL MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
for the year ended 30 June 2012

| | Cost/ Revaluation | | | | | Accumulated Depreciation | | | | Carrying |
|-------------------------------|-------------------|------------|--------------|-----------|-------------|--------------------------|------------|-----------|------------|-------------|
| | Opening | Additions | Under | Disposals | Closing | Opening | Additions | Disposals | Closing | Value |
| | Balance | | Construction | | Balance | Balance | | | Balance | |
| | R | R | R | R | R | R | R | R | R | R |
| Executive and Council | 2,309,055 | 452,962 | | | 2,762,017 | 365,123 | 91,203 | | 456,326 | 2,305,691 |
| Governance and Administration | 3,783,437 | 508,285 | | | 4,291,722 | 953,316 | 137,057 | | 1,090,373 | 3,201,349 |
| Planning and Development | 39,079,464 | 30,360 | | | 39,109,824 | 3,281,041 | 868,218 | | 4,149,259 | 34,960,565 |
| Health | 3,234,533 | | | | 3,234,533 | 293,717 | 93,803 | | 387,520 | 2,847,013 |
| Community & Social Services | 26,099,362 | 227,790 | 1,344,715 | | 27,671,867 | 1,618,632 | 682,422 | | 2,301,054 | 25,370,813 |
| Housing | 230,000 | | | | 230,000 | | | | | 230,000 |
| Public Safety | 6,463,124 | 1,623,126 | | | 8,086,250 | 540,147 | 183,329 | | 723,476 | 7,362,774 |
| Sport and Recreation | 3,770,274 | | | | 3,770,274 | 100,743 | 100,743 | | 201,486 | 3,568,788 |
| Corporate Services | 41,097,704 | 117,096 | | | 41,214,800 | 2,820,329 | 1,022,230 | | 3,842,559 | 37,372,241 |
| Environmental Protection | | | | | 0 | | | | 0 | 0 |
| Waste Management | 805,805 | 594,757 | | | 1,400,562 | 166,909 | 111,008 | | 277,917 | 1,122,645 |
| Road Transport | 229,157,746 | 2,756,510 | 3,456,228 | | 235,370,484 | 14,279,041 | 11,610,591 | | 25,889,632 | 209,480,852 |
| Electricity | 59,598,218 | 3,849,636 | -2,662,105 | | 60,785,749 | 1,939,755 | 1,922,711 | | 3,862,466 | 56,923,283 |
| Other | | | | | 0 | | | | 0 | 0 |
| | 415,628,722 | 10,160,519 | 2,138,838 | 0 | 427,928,079 | 26,358,753 | 16,823,315 | 0 | 43,182,068 | 384,746,011 |

UMVOTI LOCAL MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2012

| 2011 Actual Income R | 2011 Actual Expenditure R | 2011 Surplus/ (Deficit) R | | 2012 Actual Income R | 2012 Actual Expenditure R | 2012 Surplus/ (Deficit) R |
|---|--|--|-----------------------------|---|--|--|
| 30,041,162 | 15,771,957 | 14,269,205 | Executive and Council | 36,810,933 | 21,242,222 | 15,568,711 |
| 41,979,809 | 17,910,269 | 24,069,540 | Budget and Treasury Office | 42,242,898 | 19,334,498 | 22,908,400 |
| 828,930 | 3,269,398 | (2,440,468) | Planning and Development | 86,412 | 660,125 | (573,713) |
| 1,183,273 | 2,993,341 | (1,810,068) | Health | 1,619,500 | 3,909,032 | (2,289,532) |
| 615,064 | 2,186,410 | (1,571,346) | Community & Social Services | 623,285 | 2,828,050 | (2,204,765) |
| 29,220 | 1,083,311 | (1,054,091) | Housing | 26,060 | 620,616 | (594,556) |
| 447,701 | 6,767,169 | (6,319,468) | Public Safety | 861,721 | 8,789,603 | (7,927,882) |
| 29,519 | 3,646,701 | (3,617,182) | Sport and Recreation | 40,559 | 4,153,669 | (4,113,110) |
| 498,488 | 10,623,972 | (10,125,484) | Corporate Services | 467,240 | 12,543,419 | (12,076,179) |
| 4,742,078 | 5,930,571 | (1,188,493) | Waste Management | 5,299,545 | 8,218,668 | (2,919,123) |
| 2,951,977 | 16,687,082 | (13,735,105) | Road Transport | 2,893,867 | 15,885,372 | (12,991,505) |
| 34,025,118 | 27,586,001 | 6,439,117 | Electricity | 46,983,569 | 41,407,022 | 5,576,547 |
| 2,000,760 | 3,382 | 1,997,378 | Other | 2,089,170 | | 2,089,170 |
| | | - | | | | - |
| 119,373,099 | 114,459,564 | 4,913,535 | Sub - total | 140,044,759 | 139,592,296 | 452,463 |
| | | | | | | |
| 119,373,099 | 114,459,564 | 4,913,535 | | 140,044,759 | 139,592,296 | 452,463 |

UMVOTI MUNICIPALITY
APPENDIX E
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, ACT 56 OF 2003
for the year ended 30 June 2012

| Description | Name of organ of State | Unspent balance at 1 July 2011 | Adjustment previous year | Received 2011/2012 | Expenditure 2011/2012 | Transfer 2011/2012 | Unspent balance at 30 June 2012 | 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 | 0 | | 14,732,000 | (7,135,631) | -1,909,487 | 5,686,882 | N/A | | YES | |
| Sport and recreation | | 682,080 | | 1,200,000 | (1,344,715) | | 537,365 | | | | |
| 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 | -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 | 273,893 | | 1,450,000 | (1,341,257) | | 382,636 | N/A | | YES | |
| Municipal Systems Improvement | Department of Traditional and Local Government Affairs | 119,250 | | 790,000 | (162,528) | | 746,722 | 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 | 488,872 | | | (14,831) | | 474,041 | N/A | | YES | |
| Eshane development | Department of Traditional and Local Government Affairs | 310,940 | | | (70,502) | | 240,438 | 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 | |
| Rural electrification | | | | 6,000,000 | (4,550,401) | | 1,449,599 | | | | |
| Thusong centres | | | | 1,167,000 | | | 1,167,000 | | | | |
| | | 5,400,542 | - | 25,339,000 | (14,619,865) | (1,909,487) | 14,210,190 | | | | |