



Work Items	No. of Inspections	Action
Vendors – Perishable	45	Health Education
Food Handling Premises	42	Health Education/ Written Notices
Doctors/Dentists surgeries	13	Health Education
Funeral Undertakers	9	Health Education/ Written Notices
Vacant Plot	19	Investigation of illegal Dumping
Crèches	3	Notices Written
Sampling	28	Health Education
Meetings/ Workshop	13	All meetings attended
Certificate of acceptability	5	Issue COA to complying premises
Complaint	31	All reported complaints attended to
Food Condemnation (3288.21 Kg) = (30 Litres)	8	Health Education

Health education and written notices were issued on premises that did not comply with minimum health requirements.

MUNICIPAL AIRPORTS

The Prince Mangosuthu Buthelezi airport was transferred to the Zululand District Municipality in April 2007.

Management Services

There are a total of 6 staff members responsible for the operation and maintenance of the Airport. These officials are charged with the responsibility of ensuring safe, effective, compliant and efficient functioning of the airport. A tender for provision of management support, skills transfer and an operational and marketing plan is awaiting adjudication.

Airport Strategy

The Zululand District Municipality has completed a strategic document that will aim to improve the operational and financial viability of the airport. This document contains a number of projects to ensure the sustainability of the airport



Maintenance Services

This is the key function of everyone working at the airport since Civil Aviation Authority issues the aerodrome license based on confirmed functionality of all airport equipment, which guarantees safety of aircrafts. This is divided into two categories i.e. Technical and General Maintenance. A decision has been made that one tractor and a sweeper will be purchased for grass cutting and runway sweeping. The process of awarding a tender to an eligible service provider that will look after the airport gardens have been initiated. The Zululand District Municipality has an amount of R1.8m available for the refurbishing of the runway and general maintenance and refurbishment of the airport buildings.

Security Services

This component is outsourced, and is responsible for the general security inside the Airport premises.

Technical Services Department

1. BACKGROUND

The Technical Department is divided into three main divisions, viz:

- Project Management Unit (PMU)
- Bulk Water and Wastewater Management
- Rural and Urban Reticulation

2. PROJECT MANAGEMENT UNIT (PMU)

The Project Management Unit is headed by Mr Andre Smit. This division is responsible for the implementation of all the capital projects in the district. The division has a total of four technical officers and two Institutional Development Officers (ISD).

The current total Business Plans approved by the Municipal Infrastructure Grant (MIG) is in excess of R630,000,000 and this makes Zululand District Municipality to be at least having committed projects for more than five years ahead, considering the current rate of MIG fund allocation. In 2006-2007 financial year an allocation of R95 million was received and was successfully spent 100% by the end of March 2007.

About 70% of the capital funds are spent on water, 20% on sanitation and 10% on sporting facilities. The large amount of money is currently spent in the development of bulk infrastructure and as the bulk line passes communities, reticulation networks are installed.

Zululand District Municipality, for convenience of water supply, is divided into ten (10) regional schemes with reliable water sources.

The schemes are as follows:-

- Nkonjeni Regional Water Scheme



- Usuthu Regional Water Scheme
- Mandlakazi Regional Water Scheme
- Mkhuze Regional Water Scheme
- Simdlangentsha East Regional Water Scheme
- Simdlangentsha Central Regional Water Scheme
- Simdlangentsha West Regional Water Scheme
- Khambi Regional Water Scheme
- Coronation/Inyathi Regional Water Scheme
- Hlahlindlela/eMondlo Regional Water Scheme

In 2006-2007 financial year, the following communities within the regional schemes started benefiting:-

Nkonjeni RWSS:	KwaNgilazi Ehawini Mbudle
Mandlakazi RWSS:	Obani Xhoxha Qondile Sekane Mntwanontengayo Nkalakuthaba (part) Mkhalantombi Vungama Nompheмба Guqu Nxasengikhona Mshinini Bhanganoma Siwela (part)
Hlahlindlela/eMondlo RWSS:	Engilandi Pirum KwaMachanca (part) Phembukuthula (part) eMaDresini
Simdlangentsha West RWSS:	Ngwanya Mazezeni Bilanyoni-water upgrade
Khambi RWSS:	KwaNgenetsheni area (East and West)



In the areas where the schemes are still to reach in the future, rudimentary water programme is in progress, whereby boreholes are drilled and equipped, hand pumps and windmills are refurbished and repaired and springs are protected.

In Usuthu and Simdlangentsha Central Regional Water Schemes the abstraction points have been completed. The Simdlangentsha Central Bulk comprised of the weir for water abstraction, pump station and raw water bulk pipe starting from Monzana River to Belgrade Dam that feeds the Belgrade Water Treatment Works. ESKOM is currently installing power supply.

Other than the water and sanitation projects, sports facilities like Ulundi Sports Complex, Mona Sports Field and Hlobane Sports Field are being implemented as multi year projects.

Zululand District Municipality has also built quite a number of schools, crèches, school sanitation and crèche sanitation, see the table below.

<i>ZDM CAPEX PROJECTS: 2006-2007</i>			
<i>ITEM</i>	<i>ABAQULUSI LM AREA</i>	<i>R</i>	<i>1,220,000</i>
	<i>Tender Projects</i>	<i>Value</i>	<i>Brief Description</i>
<i>1</i>	<i>Embilane creche</i>	<i>R</i>	<i>160,000</i> <i>One classroom creche' with the kitchen and storeroom</i>
<i>2</i>	<i>Ngcwece School</i>	<i>R</i>	<i>200,000</i> <i>Construction of two classroom block</i>
<i>3</i>	<i>Sappikoe Creche Sanitation</i>	<i>R</i>	<i>40,000</i> <i>Construction of four seater VIP Toilet Block</i>
<i>4</i>	<i>Evane School</i>	<i>R</i>	<i>260,000</i> <i>Construction of two classroom block</i>
<i>5</i>	<i>Kwa Sithole School</i>	<i>R</i>	<i>200,000</i> <i>Construction of two classroom block</i>
<i>6</i>	<i>Silweni School</i>	<i>R</i>	<i>200,000</i> <i>Construction of two classroom block</i>
<i>ITEM</i>	<i>EDUMBE LM AREA</i>	<i>R</i>	<i>160,000</i>
<i>7</i>	<i>Bhadeni Creche'</i>	<i>R</i>	<i>160,000</i> <i>One classroom creche' with the kitchen and storeroom</i>
<i>ITEM</i>	<i>ULUNDI LM AREA</i>	<i>R</i>	<i>1,760,000</i>
<i>8</i>	<i>Ezimfabeni Creche'</i>	<i>R</i>	<i>200,000</i> <i>One classroom creche' with the kitchen and storeroom</i>
<i>9</i>	<i>Okhukho Creche Fencing</i>	<i>R</i>	<i>80,000</i> <i>Fencing</i>
<i>10</i>	<i>Vulingqondo Creche</i>	<i>R</i>	<i>200,000</i> <i>One classroom creche' with the kitchen and storeroom</i>



11	<i>Madaka School</i>	R	400,000	<i>Construction of 3 Classrooms</i>
12	<i>Kwamame School Sanitation</i>	R	80,000	<i>Construction of 8 VIP toilet Seater</i>
13	<i>Inkosi Mlaba Creche</i>	R	200,000	<i>One classroom creche' with the kitchen and storeroom</i>
14	<i>Inkosi Ndebele Creche</i>	R	200,000	<i>One classroom creche' with the kitchen and storeroom</i>
15	<i>Okhalweni Creche</i>	R	200,000	<i>One classroom creche' with the kitchen and storeroom</i>
16	<i>Emakhalathini Creche</i>	R	200,000	<i>One classroom creche' with the kitchen and storeroom</i>
ITEM	NONGOMA LM AREA	R	1,520,000	
17	<i>Sovane II</i>	R	40,000	<i>Construction of four seater VIP Toilet Block</i>
18	<i>Masokaneni II</i>	R	40,000	<i>Construction of four seater VIP Toilet Block</i>
19	<i>Siyawela Creche</i>	R	40,000	<i>Construction of four seater VIP Toilet Block</i>
20	<i>Hlushwane Creche</i>	R	40,000	<i>Construction of four seater VIP Toilet Block</i>
21	<i>Prince Gwavumane School</i>	R	200,000	<i>Construction of two classroom block</i>
22	<i>King Cyprian School</i>	R	200,000	<i>Construction of two classroom block</i>
23	<i>KwaMbongi Creche</i>	R	160,000	<i>One classroom creche' with the kitchen and storeroom</i>
24	<i>Mandlezulu Sanitation</i>	R	80,000	<i>Construction of 8 seater VIP toilet</i>
25	<i>Ndunyeni Creche</i>	R	160,000	<i>One classroom creche' with the kitchen and storeroom</i>
26	<i>Mbangomuni School</i>	R	400,000	<i>Construction of a three classroom block</i>
27	<i>Thandanani Creche</i>	R	160,000	<i>One classroom creche' with the kitchen and storeroom</i>
ITEM	uPHONGOLO LM AREA	R	418,000	
28	<i>KwaNkundla Creche</i>	R	178,000	<i>One classroom creche' with the kitchen and storeroom</i>
29	<i>Dwaleni School Renovations</i>	R	200,000	<i>Renovations to the existing structure</i>
30	<i>KwaMpondo School Sanitation</i>	R	40,000	<i>Construction of 4 seater VIP toilet</i>

MIG EXPENDITURE 2006-2007 FINANCIAL YEAR

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Final 2006-07
PMU	R -	R -	R 630,675	R -	R -	R 630,675		R -					R 1,261,350
NKOMJENI: Reg. Water Supply Scheme Ph 1	R -	R -	R 549,848	R -	R 1,907,262	R 106,100	R 1,288,268	R 49,659	R 566,624	R 1,671,409	R 1,817,090	R 2,208,799	R 10,165,058
NKOMJENI: Reg. Water Supply Scheme Ph 2	R -	R -	R -	R -	R -	R -	R -	R -	R 77,185	R -	R -	R -	R 77,185
ZDM Clinic Sanitation	R -	R -	R -	R -	R 244,804	R -	R -	R 80,000	R 80,000	R 80,000	R -	R -	R 484,804
Rudimentary Water Supply Programme Ph 2	R -	R -	R 427,299	R -	R 548,678	R 598,020	R -	R 2,542,686	R 3,412,692	R -	R 1,587,731	R 907,109	R 10,024,216
Mandlaka Reg. Water Scheme Phase 2B	R -	R 52,755	R 121,685	R -	R 254,570	R 101,454	R -	R 259,618	R -	R -	R 167,689	R -	R 957,772
Nkongeni RWSS: Bulk Water Supply Project 1	R 1,850,036	R 360,634	R -	R -	R -	R -	R 152,519	R 41,554	R 39,721	R 26,013	R 17,259	R -	R 2,487,737
Sindlangenisha Central Water Supply Ph 2	R -	R -	R -	R -	R -	R 1,682,659	R -	R 2,759,639	R 5,819,642	R 350,554	R 1,885,463	R 2,143,411	R 14,641,367
Coronation Regional Water Supply - Enyati	R -	R -	R -	R -	R -	R 532,549	R -	R 519,521	R -	R 41,636	R 1,675,000	R 417,735	R 3,186,441
Mandlaka RWSS Ph 2C	R -	R -	R -	R -	R 677,224	R 159,171	R -	R 1,395,705	R 475,592	R -	R 1,237,104	R 1,047,664	R 4,992,461
Hobane Sport Field	R -	R -	R -	R -	R -	R 92,105	R -	R -	R 228,944	R 291,438	R -	R -	R 612,487
Mom Sport Field	R -	R -	R -	R -	R -	R 92,105	R -	R 111,436	R 130,182	R -	R 455,530	R -	R 789,253
Emondlo Reticalation							R -		R 2,798,075	R -	R -	R -	R 2,798,075
Sindlangenisha East Water Supply Ph 1	R -	R -	R -	R -	R -	R -	R -	R 47,260	R -	R 60,275	R -	R -	R 107,535
Usuthu Regional Ph4	R -	R -	R -	R -	R -	R 535,572	R -	R 696,335	R 8,489,860	R -	R 5,013,035	R 355,722	R 15,090,524
Hlabhlabhe/Emondlo (Mondlo-Zwelishu/Nhloshana/Neceni)	R -	R -	R -	R -	R -	R 231,578	R -	R -	R 4,018,688	R 2,962,781	R 3,248,027	R 2,638,321	R 13,099,395
Khaanb Water Supply	R -	R -	R -	R -	R -	R -	R 232,680	R -	R 1,285,753	R 348,355	R 447,524	R -	R 2,314,311
Sindlangenisha West Ph 2.1	R -	R -	R -	R -	R -	R 176,249	R -	R 271,442	R 4,814,671	R 1,605,589	R 168,005	R 2,678,925	R 9,714,881
Upgrade of Umndi Sports Complex	R -	R -	R -	R -	R -	R -	R -	R -	R -	R 352,171	R -	R -	R 352,171
Sanitation Feasibility	R -	R -	R -	R -	R -	R -	R -	R -	R 2,445,575	R -	R -	R -	R 2,445,575
Monthly Expenditure=	R 1,850,036	R 413,388	R 1,729,507	R -	R 3,632,539	R 4,938,237	R 1,673,467	R 8,774,855	R 34,683,204	R 7,790,221	R 17,719,456	R 12,397,686	R 95,602,596
Accumulated Value=	R 1,850,036	R 2,263,425	R 3,992,931	R 3,992,931	R 7,625,471	R 12,563,708	R 14,237,175	R 23,012,030	R 57,695,233	R 65,485,454	R 83,204,910	R 95,602,596	

Percentage Expenditure=

2%

2%

4%

4%

8%

13%

15%

24%

60%

68%

87%

100%



3. BULK WATER AND WASTEWATER MANAGEMENT

This division is headed by Mr Thabane Xaba.

Section 78 study was completed in the year 2006/2007 and the outcome was that water service provision will be done internally. This study included both bulk and reticulation.

Amongst other functions bulk water supply section is responsible for the management, operation and maintenance of water and wastewater treatment facilities and associated bulk distribution infrastructure.

In 2006/2007 financial year Zululand District Municipality was operating and maintaining 28 water purification plants, 8 wastewater treatment plants and a number of raw water and purified water pump stations.

Since the take over from DWAF and the Dept. of Works, most specialised work for bulk water and wastewater management, operation and maintenance has always been outsourced. Alliance water engineering was managing the bulk infrastructure since June 2003 and their contract expired in July 2007, and they have been replaced by Water and Sanitation South Africa (PTY) LTD (WSSA), with their contract envisaged to end by June 2010.

To ensure clean, affordable and sustainable supply of water to our communities, Zululand District Municipality spent **R 21.8 million** in procuring chemicals, repairs, maintenance to pumps and associated bulk infrastructure, sand replacement and management of the facilities.



3.1 PLANTS UNDER ULUNDI LOCAL MUNICIPALITY

WATER TREATMENT PLANTS	EXPENDITURE 2006/2007			TOTAL EXPENDITURE
	GENERAL OPERATIONS	REPAIRS AND MAINTENANCE	SAND REPLACEMENT IN FILTERS	
Ulundi WTW	R796,071.06	R1,704,628.40		R2,500,699.46
Mpungamhlophe WTW	R457,473.90	R383,024.34		R840,498.24
Thulasizwe Hosp. WTW	R77,875.83	R189,265.73		R267,141.56
Ceza WTW	R137,400.96	R214,884.84		R352,285.80
Nondayana WTW	R20,944.56	R85,340.96		R106,285.52
Nkonjeni WTW	R31,882.22	R17,236.19		R49,118.41
Babanango WTW	R242,005.90	R476,350.41		R718,356.31
Emakhosini WTW	R20,944.56	R93,335.12		R114,279.68
				<u>R4,948,664.98</u>

WASTEWATER TREATMENT PLANTS				
Ulundi STW	R823,161.38	R934,412.85		R1,757,574.23
Thulasizwe STW	R40,770.50	R41,223.03		R81,993.53
Ceza STW	R40,770.49	R35,680.80		R76,451.29
Nkonjeni STW	R40,770.53	R88,007.62		R128,778.15
St Francis STW	R110,690.02	R44,915.30		R155,605.32
James Nxumalo STW	R110,690.03	R48,884.13		R159,574.16
				<u>R2,359,976.68</u>

Total expenditure in water and wastewater treatment plants in Ulundi was **R7 308 641.66**



3.2 WATER PLANTS UNDER NONGOMA LOCAL MUNICIPALITY

WATER TREATMENT PLANTS	EXPENDITURE 2006/2007			TOTAL EXPENDITURE
	GENERAL OPERATIONS	MAINTENANCE	SAND REPLACEMENT IN FILTERS	
Nongoma-Vuna WTW (includes 3 pumpstations)	R1,284,713.11	R2,047,433.32		R3,332,146.43
Enyokeni palace WTW	R46,556.24	R144,844.61		R191,400.85
Imbile WTW	R46,145.00	R52,515.58		R98,660.58
Khangela WTW	R83,911.60	R267,445.06		R351,356.66
Kwakhetha pumpstaion	R16,343.36	R8,526.82		R24,870.18
Kombuzi WTW	R20,944.56	R508,774.62		R529,719.18
Mandlakazi WTW	R46,556.24	R144,844.61		R191,400.85
Sidinsi WTW	R20,944.56	R191,221.97	R176,378.95	R388,545.48
Osingisingini WTW	R22,202.66	R154,772.82		R176,975.48
				<u>R5,285,075.69</u>



Total expenditure in water treatment plants in Nongoma was **R5 285075.11**

3.3 WATER AND WASTEWATER PLANTS UNDER UPHONGOLO LOCAL MUNICIPALITY

WATER TREATMENT PLANTS	EXPENDITURE 2006/2007			TOTAL EXPENDITURE
	GENERAL OPERATIONS	MAINTENANCE	SAND REPLACEMENT IN FILTERS	
Belgrade WTW	R551,170.72	R385,632.68		R936,803.40
Simdlangetsha scheme (Includes Uphongolo treatment works and 7 pumpstations)	R231,850.87	R3,574,487.54	R79,004.51	R3,885,342.92
Itshelejuba WTW	R46,007.05	R150,150.96		R196,158.01
Msibi WTW	R22,202.65	R218,755.16	R267,432.87	R508,390.68
Nkosetsha WTW	R22,202.65	R11,123.68	R100,015.89	R133,342.22
Siyaphambili WTW	R20,944.56	R590,638.74	R508,817.61	R1,120,400.91
				<u>R6,780,438.14</u>

WASTEWATER TREATMENT PLANTS				
Itshelejuba STW	R41,206.93	R50,491.33		R91,698.26
Uphongolo STW	R 41,206.93			R41,206.93
				<u>R132,905.19</u>

Total expenditure in water treatment plants in Phongolo was **R6 913 343.33**



3.4 PLANTS UNDER EDUMBE LOCAL MUNICIPALITY

WATER TREATMENT PLANTS	EXPENDITURE 2006/2007			TOTAL EXPENDITURE
	GENERAL OPERATIONS	MAINTENANCE	SAND REPLACEMENT IN FILTERS	
Frischewaagd WTW	R383,051.98	R681,672.89		R1,064,724.87
Bivane WTW	R32,151.19	R85,340.96		R117,492.15
Ophuzane WTW	R22,202.65	R154,786.18		R176,988.83
Tholakele WTW	R20,944.56	R393,833.18	R254,409.51	R669,187.25
				R2,028,393.10

Total expenditure in water treatment plants in Edumbe was **R2 028 393.10**

3.5 PLANTS UNDER ABAQULUSI LOCAL MUNICIPALITY

WATER TREATMENT PLANTS	EXPENDITURE 2006/2007			TOTAL EXPENDITURE
	GENERAL OPERATIONS	MAINTENANCE	SAND REPLACEMENT IN FILTERS	
Mountain View	R22,202.65	R138,867.40		R161,070.05
Mvuzini WTW	R22,202.65	R133,728.10		R155,930.75
				R317,000.80

Total expenditure in water treatment plants in Abaqulusi was **R317 000.80**



3.6 POWER SUPPLY

Zululand District Municipality spent **R4 353 089.91** on power supply from ESKOM in water plants, sewage plants, raw water pumps, booster pumps and borehole pumps etc throughout the entire district.

LOCAL MUNICIPALITY	EXPENDITURE 2006/2007
Ulundi Municipal Area	R 1 597 485.91
Nongoma Municipal Area	R 1 227 317.36
Phongolo Municipal Area	R 909 462.06
Edumbe Municipal Area	R 618 824.58
TOTAL	R 4 353 089.91

4. URBAN AND RURAL RETICULATION

This division is run by two heads, Mr Mthandeni Siwela in the South (Ulundi and Nongoma) and Mr Sizwe Khumalo in the North (Phongola, eDumbe and Abaqulusi). The main function of this division is to operate and maintain the water and sanitation reticulation networks both in urban and in rural areas. They are also responsible for borehole maintenance of electrical pumps and hand pumps.

Within the ten (10) regional water schemes there are small stand alone schemes that will be eventually be connected to regional water distribution network, see table below.

<u>No.</u>	<u>Regional Water Scheme</u>	<u>Number of rural schemes</u>	<u>Expenditure</u>
1	Hlahlindlela/Emondlo	15	R176 000.00
2	Simdlangentsha West	16	R57,980.80
3	Nkonjeni	44	R421,736.00
4	Usuthu	33	R553,463.00
5	Mandlakazi	21	R143,200.00
6	Simdlangentsha Central	31	R137,600.00
7	Simdlangentsha East	18	R76,420.00
8	Coronation/Enyathi/Khambi	8	R161,600.00
	TOTAL	186	R 3,901,120.00



In the year 2006/2007, **R 3 901 120.43** was spent in the operations, repairs and maintenance to rural water schemes throughout Zululand District Municipality.

5. EMERGENCY WATER

Due to the prevailing drought conditions in Zululand District Municipality, a further **R 9, 388, 095.65** was spent in providing communities with potable water by using water tankers. The expenditure per local municipality is tabled as follows:-

<u>LOCAL MUNICIPALITY</u>	<u>NUMBER OF TANKER</u>	<u>AMOUNT SPENT</u>
Nongoma	10	R6,292,771.96
Ulundi	3	R968,499.34
Abaqulusi	1	R531,706.09
Edumbe	1	R531,706.09
Uphongolo	2	R1,063,412.17



Zulu Rock Creche with VIP & fencing



Gcinuxolo school 2 classrooms



Reservoir constructed at Simdlangetsha west regional scheme



Ulundi Swimming pool change rooms



ZULULAND DISTRICT MUNICIPALITY
CHIEF FINANCIAL OFFICER'S REPORT

ii

1. Financial Position

The overall financial position has improved substantially. The net current assets increased from R87.9 million to R109.2 million.

2. Cash Position

The cash position also improved from R1 04,6 million to R119.2m.

3. OPERATING RESULTS

The major revenue streams for the 2006/07 financial year were: -

- Government grants
- Water and sanitation service charges
- Interest earned

The operating results are discussed below.

4. Total results

Details of the operating results per department and the classification of income and expenditure are included in appendices D and E. The overall operating results for the year ended 30 June 2007 are as follows:

INCOME	Actual 2007	Actual 2006	Variance 2006/2007	Budget 2007	Variance Actual/Budget
	R	R	%	R	%
Grants, Contrib. & commitments	230,114,276	228,827,536	1	209,526,001	10
Other interest received	10,448,116	2,056,486	408	3,900,000	168
Miscellaneous income	17,458,558	16,288,342	7	28,220,704	(38)
Levy income	-	19,156,805	(100)	-	
	258,020,950	266,329,169	-3	241,646,705	7
EXPENDITURE					
Contributions to Project Funds	1 45,443,204	167,245,268	-13	102,877,365	41
Operating Expenditure	104,032,276	92,871,463	12	138,769,340	(25)
Closing Surplus/(Deficit)	8,545,470	6,212,438	38	-	
	258,020,950	266,329,169	-3	241,646,705	7

During the year under review the operating income exceeded the operating expenses.

5. Income and Expenditure

5.1 Total income

Details of the income classification are included in appendix D

Income	Actual 2007	Budget 2007	Variance Actual/Budget 2006
	R	R	%
Grants and Subsidies	230,114,276	209,526,001	10
Sundry income	17,458,558	28,220,704	-38
Interest received	10,448,116	3,900,000	168
	258,020,950	241,646,705	7

5.2 Total expenditure

Details of expenditure classification are included in appendix D

Expenditure	Actual 2007	Budget 2007	Variance Actual/budget 2006
	R	R	%
Contributions to Project Funds	145,443,204	102,877,365	41
Administration	104,032,276	138,769,340	-25
Operating Surplus/(Deficit)	8545470	-	
	258,020,950	241,646,705	7



5.2.1 Administration expenditure

Administration expenditure includes :

Expenditure per category	2007	2006	Variance %
	Actual R	Actual R	
Salaries, wages & allowances	45,216,145	36,712,728	23
General expenses	39,388,184	42,078,741	-6
Repairs and maintenance	8,634,461	4,197,882	106
Contributions :			
Fixed assets	4,004,078	822,562	387
Funds	145,443,204	167,245,268	-13
Grants and Subsidies Paid	5,026,530	7,296,674	-31
Capital Charges	1,762,878	1,762,878	-
	249,475,480	260,116,732	-4
Less : Amounts recharged	-	-	-
	249,475,480	260,116,732	-4

Administration expenditure includes contributions to fixed assets and will fluctuate with capital requirements annually. In addition, Capital Charges external (interest and redemption) were incurred as a result of the external loan obtained for the municipal offices.

6. Project Expenditure and Financing

The Expenditure on Community Projects consists of the following:

Funds	ACTUAL 2007	ACTUAL 2006	Variance %
PROJECT DEVELOPMENT FUNDS	25,335,113	27,196,731	-6.85
FINANCE MANAGEMENT GRANT	2,324,283	1,832,134	26.86
MUNICIPAL INFRASTRUCTURE GRANT	107,529,536	106,054,370	1.39
TRANSITIONAL FUND	23,176	-	
FLEMISH GOVERNMENT	111,667	226,701	-50.74
KIDEKO GRANT	198,876	90,051	120.85
TRANSFORMATION MNGNT GRANT	11,971	60,018	-80.05
MUNICIPAL MONITORING SYS.GRANT	112,684	-	
BUILDINGS FOR SPORT & RECREATION	500,108	2,997,412	-83.32
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	1,314,906	986,017	33.36
GRANT: DIMS	-	559,432	100.00
GRANT: DISASTER MANAGEMNT ADVISORY	-	22,153	100.00
GRANT: DISASTER MANAGEMNT CENTRE	-	106,650	100.00
GRANT: DISASTER MANAGEMENT UNIT	-	27,210	100.00
GRANT: INFRASTRUCTURE BACKLOG STUDIES	1,546,943	894,756	72.89
GRANT :TRANSPORT PLAN	-	97,582	-100.00
GRANT: SERV. IN TRAD. AUTH. AREAS	31,816	-	
GRANT: MNGNT. ASS. PROGRAME	-	129,116	-100.00
GRANT:GIS CAPACITY	-	189,894	-100.00
FACILITATE WSDP	-	179,311	100.00
DROUGHT RELIEF	2,078,626	6,187,374	100.00
LAND AFFAIRS PROJECTS	-	182,041	-100.00
ISRDS (PIMMS)	367,492	712,004	-48.39
INDONSA	169,810	396,485	-57.17
DBSA GIS GRANT	500,361	-	
LGSETA	100,179	-	
MANAGEMENT AUDIT	16,554	-	
GIJIMA KZN	379,109	-	
ULUNDI AIRPORT	476,898	-	
SHARED SERVICES	16,781	-	
TOTAL EXPENDITURE	143,146,889	149,127,442	-4.01



Resources used to finance Project

Source of Finance	ACTUAL 2007	ACTUAL 2006	Variance %
Funds & Reserves	143,146,889	149,138,044	-4.02
	143,146,889	149,138,044	-4.02

The amount spent on projects signifies that Zululand District Municipality has an increased capacity to implement projects in excess of R100 million per annum. Unutilised project funds during the year are transferred to respective funds to be utilised during subsequent years on committed projects.

7. Investments and Cash

Surplus cash is invested in registered deposit - taking institutions in terms of the Investment Policy. For the year ended 30 June 2007 all investments were invested with commercial banks. Investment balances at 30 June 2007 amounted to R 120 426 057 (2006: R 94 887 523). Cash Resources at 30 June 2007 was -R1 239 337 (2006: -R9 839 337).

8. Capital outlay and Financing

Capital expenditure was as follows:

EXPENDITURE	2007 ACTUAL	2007 BUDGET	2006 ACTUAL
Property ,Plant & Equipment	141,944,749	107,811,745	233,665,266
	141,944,749	107,811,745	233,665,266
Sources of finance:			
Contributions from revenue	3,919,695	4,934,380	822,562
External loan			
Sundry Funds and Donations	138,025,055	102,877,365	232,842,703
	141,944,749	107,811,745	233,665,266

9. Funds and Reserves

Full details of Funds and Reserves are included in Appendix A to the financial statements.

Expression of Appreciation

I wish to thank the Honorable Mayor, Speaker, Deputy Mayor, Members of EXCO and Councilors for their support and the Municipal Manager and the members of staff who assisted in the preparation of the financial statements.


S.B. NKOSI
 CHIEF FINANCIAL OFFICER
 ZULULAND DISTRICT MUNICIPALITY



As indicated earlier the Zululand District Municipality received an unqualified report from the Auditor-General for the year ending 30 June 2007. In the report a number of matters of non-compliance with laws and regulations were however raised by the Auditor-General.

The full report from the Auditor-General is attached as annexure “A”.



Annexure A

Auditor-Generals

Report 2006/07





REPORT OF THE AUDITOR-GENERAL TO THE MUNICIPAL COUNCIL AND KWAZULU-NATAL PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE ZULULAND DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Zululand District Municipality which comprise the balance sheet as at 30 June 2007, income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 2 to 17.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the entity-specific basis of accounting, as set out in accounting policy 1.1 to the financial statements and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996, read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004)(PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.



7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The municipality's policy is to prepare financial statements on the entity-specific basis of accounting, as set out in accounting policy 1.1.

Opinion

9. In my opinion the financial statements of Zululand District Municipality as at 30 June 2007 and its financial performance and cash flows for the year then ended have been prepared, in all material respects, in accordance with the basis of accounting as set out in accounting policy 1.1 and in the manner required by the MFMA.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

Matters of governance

10. Effectiveness of internal audit and audit committee

The following shortcomings came to light regarding the effectiveness of internal audit and the audit committee:

- 10.1 The district municipality did not have a functioning audit committee during the year under review, as required by section 166(1) of the MFMA.
- 10.2 The annual internal audit plan for 2006-07 had not been approved.
- 10.3 The last available internal audit reports were for the 2004-05 financial year.

Material corrections made to the financial statements submitted for audit

11. The financial statements, approved by the accounting officer and submitted for audit on 31 August 2007, have been significantly revised and corrected in respect of the following misstatements identified during the audit:
 - 11.1 Retention moneys of R5,5 million in respect of project expenditure as disclosed in note 12 to the financial statements was not recognised in the accounting records. This resulted in the carrying value of property, plant and equipment as well as retention moneys (creditors) being increased by the aforesaid amount.



- 11.2 Property, plant and equipment as disclosed in note 4 to the financial statements was overstated and accumulated surplus understated by R198 021, due to assets disposal, which were not recognised. This misstatement was subsequently corrected.
- 11.3 Prior year levy income of R1,8 million was included in the current year's operating income instead of being accounted for in the appropriation account. This resulted in income being overstated and the prior year adjustment account being understated by the aforesaid amount, which was subsequently adjusted.
- 11.4 Trade creditors amounting to R1,8 million as disclosed in note 12 to the financial statements were erroneously raised at year-end. This resulted in the overstatement of creditors by the aforesaid amount and understatement of the accumulated surplus at year-end. This misstatement was subsequently corrected.
- 11.5 Community project expenditure of R21,7 million was understated and general expenditure was overstated by the same amount, due to misclassifications made during the year. This misclassification was subsequently corrected.

Internal control

12. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes of the matters indicated, as they relate to the five components of internal control.

Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
Other matters					
Matters of governance					
Effectiveness of internal audit and audit committee					✓
Material corrections to the financial statements					✓

Unaudited supplementary schedules

13. The supplementary information as set out on pages 18 to 23 do not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly, I do not express an opinion on them.



OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

14. I was engaged to audit the performance information.

Responsibility of the accounting officer for the performance information

15. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

16. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 646 of 2007*, issued in *Government Gazette No. 29919 of 25 May 2007* and section 45 of the MSA.
17. In terms of the foregoing, my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
18. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings (performance information)

Non-compliance with regulatory requirements

19. **No reporting of performance information**

The district municipality did not include its performance information with the submission of its financial statements to audit on 31 August 2007, as required by *General Notice 646 of 2007*, issued in *Government Gazette No. 29919 of 25 May 2007* and section 45 of the MSA.

20. **No quarterly reporting by internal auditors**

No quarterly reports were prepared, submitted and tabled by the district municipality's internal auditors to the municipal manager and the performance audit committee on the progress made in achieving measurable objectives and targets to facilitate effective performance monitoring, evaluation and corrective action as required by regulation 14(1)(c) of the Local Government: Municipal Planning and Performance Management regulations.



21. **Existence and functioning of a performance audit committee**

During the 2006-07 financial year, the district municipality did not have a performance audit committee in place as required by regulation 14(2)(a) of the Local Government: Municipal Planning and Performance Management regulations.

APPRECIATION

22. The assistance rendered by the staff of the Zululand District Municipality during the audit is sincerely appreciated.

Auditor General
Pietermaritzburg

5 December 2007



A U D I T O R - G E N E R A L



The audited financial statements of the Zululand District Municipality for the 2006/07 financial statements is attached as annexure “B”.



Annexure B

Audited Financial

Statements 2006/07





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ZULULAND DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2007

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 24, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 12 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act.



J H DE KLERK
Municipal Manager



Date



ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers (IMFO) in its code of accounting practice(1997) and report on published annual financial statements (second edition – 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in accounting policy note 2. The accounting policies are consistent with those of the prior years except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
- * Expenditure is accrued in the year it is incurred.
 - * Income is accrued when measurable and available to finance operations. Levy income is accrued when received and/or when the amount can be measured with certainty such as when declarations have been received from the levy payers

2. FIXED ASSETS

Fixed assets are resources owned by Council from which future economic benefits are expected to flow. All assets are capitalised.

2.1 Fixed assets are stated

- * At historical cost
- * At valuation (based on market price or insured value at date of acquisition) where assets have been acquired by grant or donation, whilst they are in existence and fit for use.

2.2 Depreciation

The balance shown against the heading "loans redeemed and other capital receipts" in the notes is tantamount to a provision for depreciation, however, structural differences do exist. By way of this "Provision" assets are written down over their useful life.

Apart from advances from the various Council funds, assets may also be acquired through:

- * Appropriations from income where full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
- * Grant or donation, where the amount representing the value of such grant or donation is immediately credited to "loans redeemed and other capital receipts" account.

2.3 All net proceeds from the sale of fixed assets are credited to the Project Development Fund.

2.4 Fixed Assets are financed from operating income, grants and donations and external loans.

3. INVENTORY

Inventory is valued at lower of cost or net realisable value. Stationery is expensed in the year in which it is acquired.



4. **FUNDS, RESERVES AND PROVISIONS**

4.1 **Project Development Fund**

The annual budget allocation to projects is a contribution to the Project Development Fund with the objective of providing funds for project development. Project expenditure is financed from this fund. Funds received as equitable share are not contributed to Project Development Fund.

4.2 **Accrued Leave Fund**

This provision was established to provide for accrued leave payments to employees who could be resigning or retiring from service as well as accumulation of leave accruals during the year. A provision equal to the actual leave credit at 30 June is maintained to provide for leave payments on request. Contributions are charged against the department concerned.

4.3 **Bursary Fund**

The bursary provision is established to assist employees for studies at a tertiary educational institution. The contribution based on anticipated commitments is charged against income.

5. **TRUST FUNDS**

2007: No Trust Funds as defined were accounted for.

6. **RESERVES**

All funds in reserves are utilised for the purposes for which funds were reserved. For details of reserves see Appendix A.

7. **RETIREMENT BENEFITS**

Zululand District Municipality and its employees contribute to the Natal Joint Municipal Pension Fund, which provides retirement benefits to the employees. Current pension contributions are charged against operating income on the basis of current service costs. The retirement benefit plan is subject to the rules and regulations prescribed by the Local Government Superannuation Ordinance (no. 24 of 1973) and in accordance with the Pension Funds Act, 1956. Full actuarial valuations are performed at least every three years. Some Councillors belong to the Councillors' Pension Fund.

8. **SURPLUS AND DEFICITS**

Any surpluses / deficits are retained within the Council for its use.

9. **ADMINISTRATIVE EXPENSES RECHARGED**

9.1 **PIMMS, INDONSA, FMG, LGSETA, AIRPORT AND PLANNING**

100% of PIMMS operating expenditure is recharged to the MSIG fund.

100% of INDONSA operating expenditure is recharged to the INDONSA fund.

100% of Finance Management Grant operating expenditure is recharged to the Finance Management grant fund.

100% of LGSETA operating expenditure is recharged to the LGSETA fund.

100% of Planning operating expenditure is recharged to the Development Planning fund.

100% of Airport operating expenditure is recharged to the Ulundi Airport fund.



10. LEASED ASSETS

Leases are operating leases and relevant rentals are charged to the operating account in a systematic manner related to the period of use of the asset concerned.

11. INVESTMENTS

Investments are valued at lower of cost or market value if a permanent decline in value occurred. No investments were written off in the current year. The Council only invests in call and fixed deposits at registered commercial banks.

12. INCOME RECOGNITION

12.1 Levy Income

A fixed rate as approved by the National Minister of Finance is used to calculate the establishment and services levies. Declaration forms are issued on a monthly basis except where it is issued in intervals as allowed for in KwaZulu-Natal Joint Services Board Act, 1990 (Act No. 84 of 1990). Levy income is recognised to the extent that cash has been received and / or when the tax returns (RC4 forms) have been received to enable the determination of accrual amount. The levying of levies has been discontinued by the Minister of Finance with effect from 01 July 2006. The lost income has been replaced by the Levies Replacement Grant that has been included in the Equitable Share however, the District continues to collect prior years' levies.

12.2 Investment interest

The interest on investemnt has been allocated to Operating Account. This represent a change in a policy where portion of interest income was allocated to funds.

12.3 Grants and Subsidies

Equitable share is contributed to the operating income.

12.4 Other income

All other income is recognised on the accrual basis.



ZULULAND DISTRICT MUNICIPALITY

BALANCE SHEET AT 30 JUNE 2007

	Note	2007 R	2006 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		68 104 872	55 260 800
Reserves	1	68 104 872	55 260 800
ACCUMULATED SURPLUS	21	41 392 933	32 963 704
		<u>109 497 804</u>	<u>88 224 504</u>
LONG-TERM LIABILITIES	2	6 278 328	7 185 951
CONSUMER DEPOSITS	3	1 548 191	706 872
		<u>117 324 323</u>	<u>96 117 327</u>
EMPLOYMENT OF CAPITAL			
PROPERTY, PLANT AND EQUIPMENT	4	7 185 951	7 988 959
LONG-TERM DEBTORS	6	<u>853 535</u>	<u>201 381</u>
		8 039 487	8 190 340
NET CURRENT ASSETS		109 284 836	87 926 987
CURRENT ASSETS		143 189 050	116 476 099
Inventory	7	1,175,245	-
Levy debtors	8	-	2,031,832.26
Water debtors	9	9 255 585	5 298 982
Sundry debtors	10	12 125 366	3 974 465
Short Term Investments	5	120 426 057	94 887 523
Short-term portion of long-term debtors	6	206 797	438 960
Cash resources	25	-	9 844 337
CURRENT LIABILITIES		33 904 214	28 549 111
Provisions	11	2 157 798	2 043 943
Creditors	12	29 604 456	25 702 162
Bank overdraft	26	1,234,337	-
Short-term portion of long-term liabilities	2	907 623	803 007
		<u>117 324 323</u>	<u>96 117 327</u>



ZULULAND DISTRICT MUNICIPALITY
INCOME STATEMENT
 FOR THE YEAR ENDED 30th June 2007

Budget			Actual	
2006	2007		2007	2006
R	R		R	R
REVENUE				
19,933,004	14,363,226	Service charges	13,829,238	13,796,353
7,000,000	-	Regional Services Levies - turnover	-	9,916,594
6,300,000	-	Regional Services Levies - remuneration	-	9,240,211
73,500	77,910	Rental of facilities and equipment	-	104,604
3,550,000	3,900,000	Interest earned - external investments	10,448,116	2,056,486
509,339	85,000	Interest earned - outstanding debtors	48,854	367,126
225,017,712	209,526,001	Government grants and subsidies	230,119,756	228,827,536
448,434	13,694,568	Other income	3,574,985	2,020,260
		Gains on disposal of property, plant and equipment	-	-
262,831,989	241,646,705	Total Revenue	258,020,950	266,329,169
EXPENDITURE				
32,685,168	40,337,672	Employee related costs	40,114,590	33,280,305
3,142,655	6,040,951	Remuneration of Councillors	5,101,555	3,432,423
5,110,258	-	Bad debts	-	2,972,163
214,340	86,452	Collection costs	543,751	456,319
95,024	95,024	Depreciation	-	-
5,946,848	12,096,369	Repairs and maintenance	8,634,461	4,197,882
1,091,753	911,974	Interest on external borrowings	959,871	1,054,300
733,738	766,587	Redemption	803,007	708,577
22,484,000	21,714,042	Bulk purchases	19,627,258	20,037,686
8,312,369	5,056,530	Grants and subsidies paid	5,026,530	7,296,674
22,180,686	46,729,359	General expenses - other (including abnormal expenses)	19,217,175	18,612,571
	4,934,380	Contribution from operating income to capital outlay	4,004,078	822,562
160,835,150	102,877,365	Contributions to/(transfers from) provisions and reserves	142,363,204	167,245,268
262,831,989	241,646,705	Total Expenditure	246,395,480	260,116,732
		Less: Amounts charged out	-	-
0	-	NET SURPLUS/(DEFICIT) FOR THE YEAR	11,625,470	6,212,438

(Note : The income statement has been prepared in accordance with GRAP 1 and the budget formats)



**ZULULAND DISTRICT MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED 30th JUNE 2007**

2006	2006	2006		2007	2,007	2007	2007
Actual income	Actual Expenditure	Surplus/ deficit		Actual income	Actual Expenditure	Surplus/ deficit	Budget Surplus (deficit)
R	R	R		R	R	R	R
127 421 820	84 202 175	43 219 644	RATES AND GENERAL SERVICES	135 780 330	101,210,891	34 569 439	-621,778
<u>127 421 820</u>	<u>84 202 175</u>	<u>43 219 644</u>	Community services	<u>135 780 330</u>	<u>101,210,891</u>	<u>34 569 439</u>	<u>(621 778)</u>
138 907 350	175 914 556	(37 007 206)	TRADING SERVICES	122 240 620	148,264,589	(26 023 969)	621 778
<u>138 907 350</u>	<u>175 914 556</u>	<u>(37 007 206)</u>		<u>122 240 620</u>	<u>148,264,589</u>	<u>(26 023 969)</u>	<u>621 778</u>
<u>266 329 169</u>	<u>260 116 732</u>	<u>6 212 438</u>	TOTAL	<u>258 020 950</u> #	<u>249 475 480</u>	<u>8 545 470</u>	<u>0</u>
		5 386 450	Appropriations for the year (refer to note 21)			(116 242)	
		11 598 888	Net surplus / (deficit) for the year			8 429 229	
		21 364 816	Accumulated surplus / (deficit): Beginning of the year			32 963 704	
		<u>32 963 704</u>	ACCUMULATED SURPLUS / (DEFICIT) : END OF THE YEAR			<u>41 392 933</u>	

(Refer to appendices D and E for more details)



**ZULULAND DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated by operations	22	(256 010)	9 522 970
Investment income		10 448 116	2 056 486
(Increase) / decrease in working capital	23	<u>(6 897 989)</u>	<u>10 468 652</u>
		3 294 117	22 048 108
Less: external interest and redemption paid	15	(1 762 878)	(1 762 878)
NET CASH FROM OPERATING ACTIVITIES		<u>1 531 240</u>	<u>20 285 230</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase/(Decrease) in Property Plant and Equipment		803 007	708 577
(Increase) Decrease in long-term debtors	6	(652 154)	380 020
NET CASH FLOW		<u>1 682 092</u>	<u>21 373 827</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase / (Decrease) in Reserves	1	12 844 071	4 957 839
Increase / (Decrease) in Consumer Deposits	32	841 319	706 872
(Increase) in cash investments	24	(25 538 534)	(2 388 756)
(Increase) in cash resources	25	9 844 337	(9 839 337)
Increase (Decrease) in Bank overdraft	26	1 234 337	(14 007 437)
Decrease in Long-term liabilities	30	<u>(907 622)</u>	<u>(803 008)</u>
NET CASH (GENERATED) /UTILISED		<u>(1 682 092)</u>	<u>(21 373 827)</u>



ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2 007 R	2 006 R
1 RESERVES		
Project Development Fund	9 723 898	(251 467)
Finance Management Grant	130,090.30	1 793 995
Municipal Infrastructural Grant	35 394 785	45 832 612
Transitional Fund	1,716.78	21 460
Flemish Government Grant	25,064.29	86 603
KIDEKO Grant	323 414	13 969
Grant:Transformation Management	5,332.51	6 638
Grant:Municipal Monitoring System	8,346.97	104 337
DBSA GIS	6,134.00	494 227
Building for sport & recreation	2 586 246	750 149
Municipal Systems Improvement Grant	726 081	1 816 765
LGSETA	245 821	-
Grant: Infrastructural Backlog studies	1 935 470	696 532
Grant: Transport Plan	427 418	427 418
Grant: IDP	80 000	80 000
Grant: Serv. in Traditional Authority Areas	2,356.73	29 459
MAP	1,226.21	(9 546)
GIS Capacity	-	(14 084)
Grant: Management Audit	-	15 328
Drought Relief	-	2 078 626
KZN Infrastructure grant	450 000	450 000
Gijima KZN	849 185	-
ISRDS (PIMMS)	79,962.64	287 529
Indonsa	910 652	550 252
Ulundi Airport Grant	5 708 452	-
Nongoma Project consolidate grant	3 000 000	-
Ulundi Project consolidate grant	1 000 000	-
Shared service grant	1 483 219	-
Cengeni Development	3 000 000	-
Total Reserves - Restated 30 .06.2007	<u>68 104 872</u>	<u>55 260 800</u>

Reserves has been restated as a result of a change in accounting policy for comparative reasons

(Refer to Appendix "A" for more details)

All funds in reserves are utilised for the purposes for which they were reserved and represent government grants, subsidies and other contributions. These amounts are invested until utilised for the purpose intended (See note 5)

2 LONG-TERM LIABILITIES

External Loan from INCA	7 185 951	7 988 958
Total External Loans	<u>7 185 951</u>	<u>7 988 958</u>
Less : Short term portion of long term loans	<u>(907 623)</u>	<u>(803 007)</u>
	<u>6 278 328</u>	<u>7 185 951</u>

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

The loan is granted by Infrastructure Finance Corporation Limited (INCA) bare a fixed interest at a rate of 12.91% (Nominal Annual Compounded Monthly) and will be fully redeemed in 31 March 2013.

The loan is not secured by any asset of the Municipality.



ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2 007 R	2 006 R
3 TOTAL CONSUMER DEPOSITS - (Reclassified amount 30 June 2006)		
Reclassified Water and sewer deposit	-	-
TOTAL CONSUMER DEPOSITS - (Reclassified amount 30 June 2007)		
Water and sewerage	<u>1 548 191</u>	<u>706 872</u>
Guarantees in lieu of water and sewer deposits	<u>-</u>	<u>-</u>
4 PROPERTY, PLANT AND EQUIPMENT		
Fixed assets at the beginning of the year	608 106 866	378 404 009
Capital expenditure during the year	<u>141 944 749</u>	<u>229 702 858</u>
	750 051 615	608 106 866
Less: Assets disposed during the year	<u>-366,142.00</u>	-
Fixed assets at the end of the year	749 685 473	608 106 866
Less : Loans Redeemed and other Capital Receipts	<u>(742 499 521)</u>	<u>(600 117 907)</u>
Net Fixed Assets	<u><u>7 185 951</u></u>	<u><u>7 988 959</u></u>
(Refer to appendix "C" for more details)		
Fixed assets were disposed during the current financial year. Some of the assets disposed, which included those transferred from Ulundi municipality, were not recorded on the fixed assets register as their values could not be determined and their condition did not justify inclusion on the Fixed Assets Register. The total consideration realised on the disposal of the fixed assets is R 203 984.		
5 SHORT TERM INVESTMENTS		
<u>Unlisted</u>		
Call Deposits	8 075 281	7 536 747
Short Term Deposits	<u>112 350 775</u>	<u>87 350 775</u>
Total Long Term Investments	<u><u>120 426 057</u></u>	<u><u>94 887 523</u></u>
<i>Council's valuation of unlisted investments</i>		
Call Deposits	8 075 281	7 536 747
Short Term Deposits	<u>112 350 775</u>	<u>87 350 775</u>
	<u>120 426 057</u>	<u>94 887 523</u>
<i>Allocation of external investments</i>		
In terms of legislation, surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-		
Reserves	68 104 872	59 285 037
Accumulated Surplus	28 301 569	27 157 158
Sundry creditors	15 285 474	456 370
Water deposits	1 548 191	-
External Loans	<u>7 185 951</u>	<u>7 988 958</u>
Total	<u><u>120 426 057</u></u>	<u><u>94 887 523</u></u>
No investments have been written off during the year.		
Average rate of return on investments	9%	8%



ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2 007 R	2 006 R
6 LONG-TERM DEBTORS		
Vehicle loan	189 557	552 566
Bursary Debtors	43 377	34 708
Fuel Deposit	14 980	14 980
Eskom Deposit	788 264	
Property Rental Deposit 165 President St VHD	6 044	6 044
Ondini motors	18 111	18 794
	<u>1 060 332</u>	<u>627 092</u>
Less : Short-term portion transferred to current assets	206 797	438 960
Vehicle loan	138 329	400 114
Bursary Debtors	59 690	34 708
Ondini motors	8 778	4 138
TOTAL LONG_TERM DEBTORS- (Reclassified amount 30 June 2006)		188 132
Reclassified ESKOM Deposit	-	13 249
TOTAL LONG-TERM DEBTORS - (Reclassified amount 30 June 2007)	<u>853 535</u>	<u>201 381</u>

CAR LOANS

2007: Senior staff were entitled to car loans which attract interest at 8% per annum and which were repayable over a maximum period of 6 years. However, senior staff appointed in terms of s57 of the Municipal Systems Act 2000 are excluded from the scheme but existing loans at date of appointment attract interest at the official rate of interest. **2006:** With effect from 1 July 2004 the Municipal Finance Management act prohibited the granting of loans to staff members. Existing loans at the time of discontinuance are payable over the remaining contract periods.

7 INVENTORY

Inventory represents water meters. Where necessary specific provision is made for obsolete stock.

1 175 245	-
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8 LEVY DEBTORS

Levy Debtors	267 128	2 306 566
Less : Provision for doubtful debts	(267 128)	(274 734)
Total	<u>-</u>	<u>2,031,832.26</u>

The ageing of debtors is as follows:-

Levies

Current	-	-
30 - 60 Days	237 393	2 049 817
60 - 90 Days	2 470	21 329
90 - 120 Days	1 460	12 610
+ 120 Days	25 804	222 810
Total	<u>267 128</u>	<u>2 306 567</u>



ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2 007 R	2 006 R
9 WATER DEBTORS		
Water Debtors	13 091 363	11 812 212
Less : Provision for doubtful debts	(3 835 778)	(6 513 230)
Total	9 255 585	5 298 982
The ageing of debtors is as follows:-		
Water		
Current	1 633 075	1 494 697
30 Days	1 509 558	1 709 289
60 Days	1 043 006	871 489
+ 90 Days	8 905 778	7 736 377
Total	13 091 417	11 812 212
Bad Debt Provision		
The estimate for the provision of doubtful debts is calculated by reviewing each debtor on the outstanding amount at year- end		
10 OTHER DEBTORS		
Accrued Interest (Investment)	611 417	353 294
Nkonjeni hospital	82 924	-
Independent Electoral Commission	16 576	14 990
Alliance Water Engineering	2 934	9 679
Sundry Salary Debtors	3 081	3 081
Sundry Salary Debtors	13 342	-
Environmental Health	35 200	-
Nongoma Municipality:project consolidate	1 500 000	-
Ulundi Municipality Project consolidate	1 000 000	-
Debtor-SABC	964	964
SARS-VAT	7 219 525	438 873
Year- end VAT Claim	1 178 483	1 805 032
Debtors: Advance salaries	-	6 300
Land Affairs	141 557	51 674
Land Use Management System	-	175 439
DPLG: GIS capacity	-14,066.22	155 819
Medical Aid	852	-
Pension	6 001	-
Water Account recoveries-Staff	400	-
Under/over	1 425	-
ESKOM Deposit	-	13 249
Ceza Hospital	13 712	-
National Lottery	311 040	959 320
TOTAL DEBTORS- (Reclassified amount 30 June 2006)		3 987 714
Reclassified ESKOM Deposit		(13 249)
TOTAL DEBTORS - (Reclassified amount 30 June 2007)	12 125 366	3 974 465
11 PROVISIONS		
Audit Fees	-	-
Accrued leave Fund	1 992 721	1 862 552
Bursary Fund	165 077	181 391
Working Capital Reserves	-	-
	2 157 798	2 043 943



ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2 007 R	2 006 R
12 CREDITORS		
Sundry Creditors	17 359	63 494
Sundry Creditor-Estate Late: M S Buthelezi	-	6 120
Sundry Creditors	85 214	-
Creditor-Medical Aid	-	15 931
Creditor-Pension	-	290 830
Sundry Creditors-Bonds	-	64 799
Sundry Creditors-Company 04 Salaries	4 148	47 110
Sundry Creditors-Staff Refunds	3 171	18 002
Credit Card	9 485	2 169
Retention	10 747 245	6 067 440
Guarantees	120 200	100 000
Year-end Sundry Creditors	18 614 322	18 878 460
Consumer deposits	-	706 872
Water Account recoveries-Staff	-	900
Sundry creditor - INCA	-	146 906
Legal Suspence	3 313	-
Total Creditors (Reclassified amount 30 June 2006)	29 604 456	26 409 034
Less: Consumer Deposits	-	(706 872)
Total Creditors (Reclassified amount 30 June 2007)	29 604 456	25 702 162
13 COUNCILLORS' REMUNERATION		
Mayor's allowance	538 760	425 648
Deputy Mayor's allowance	455 119	329 418
Speaker's allowance	418 450	249 403
Executive Committee members	1 157 344	1 124 965
Councillor's allowances	2 789 343	1 358 286
Pension Fund contribution for Councillors	227 250	144 040
Total Councillors' Remuneration	5 586 267	3 631 760
In-kind Benefits		
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor has use of a Council owned vehicles for official duties.		
The Executive Mayor has six full-time bodyguards.		
14 AUDITORS' REMUNERATION		
Audit fees		
-Paid during the year	907 970	875 388
	907 970	875 388
15 FINANCE TRANSACTIONS		
Total external interest earned or paid		
- Interest earned	10 448 116	2 056 486
-Interest paid	959 871	1 137 625
Capital Charges debited to operating account:		
Interest external	959 871	1 054 300
Redemption (external)	803 007	708 577
	1 762 878	1 762 878



ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2 007 R	2 006 R
16 INVESTMENT INCOME		
Total Investment Interest received	10 448 116	6 378 848
Less: Interest recharged to Funds	-	-
Restated total 30.6.2006	<u>10 448 116</u>	<u>6 378 848</u>
Less: Interest allocated funds and reserves		(4 024 237)
Restated total 30.6.2006		<u>2 354 611</u>
17 CONTRIBUTION TO PROVISIONS		
Audit Fee Fund	-	-
Accrued leave Fund	896 660	1 601 005
Bursary Fund	-	-
	<u>896 660</u>	<u>1 601 005</u>
18 PROVINCIAL AND NATIONAL GOVERNMENT GRANT		
Inter-governmental Grants	230 114 276	228 827 536
Total	<u>230 114 276</u>	<u>228 827 536</u>
19 REVENUE		
Levies	-	19 156 805
Government Grants and Subsidies	230 114 276	228 827 536
Interest	10 448 116	2 056 486
Water sales	13 829 238	13 796 353
Other Income	3 629 319	2 491 989
Total	<u>258 020 950</u>	<u>266 329 169</u>
20 LEVIES		
<i>Actual</i>		
Regional Services Levy	-	9 916 594
Regional Establishment Levy	-	9 240 211
Total	<u>-</u>	<u>19 156 805</u>



ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2 007 R	2 006 R
21 APPROPRIATIONS		
Net Appropriations:		
Accumulated surplus (deficit) at the beginning of the year	32 963 704	21 364 816
Operating surplus (deficit) for the year	8 545 470	6 212 438
Appropriations for the year:	(116 242)	5 386 450
- Contribution from Leave Accumulated Provision	896 660	1 601 005
- Contribution to bad debt provision	-	2 972 163
- Prior years' and other adjustments (see note 33)	(1 012 901)	813 282
Accumulated Surplus/ (Deficit) at the end of the year	<u>41 392 933</u>	<u>32 963 704</u>
Operating account:		
Capital expenditure	4 004 078	822 562
Contributions to :		
-Projects and Funds	35,310,477.76	16 222 256
-Leave Stabilisation Fund	896 660	1 601 005
	<u>40 211 216</u>	<u>18 645 823</u>
22 CASH GENERATED BY OPERATIONS		
Net surplus/(Deficit) for the year	8 545 470	6 212 438
Adjustment for:-		
Appropriations for the year	(116 242)	3 604 140
Capital Charges:Interest paid on external funds	959 871	1 054 300
Redemption of external funds	803 007	708 577
Investment income	(10 448 116)	(2 056 486)
Provision for Doubtful debts		
Operating surplus before working capital changes:	<u>(256 010)</u>	<u>9 522 970</u>
23 (INCREASE)/ DECREASE IN WORKING CAPITAL		
Increase in short-term portion of long-term liabilities.	104 616	94 430
Increase in inventory	(1 175 245)	-
Increase in levy debtors	2,031,832.26	169 856
(Increase) in water debtors	(3 956 603)	(4 794 517)
Decrease in Sundry debtors	(8 150 901)	7 132 419
Increase in short-term portion of long-term debtors	232 163	214 285
Increase in provisions	113 856	177 580
Increase in creditors	3 902 293	7 474 598
	<u>(6 897 989)</u>	<u>10 468 652</u>
24 INCREASE IN EXTERNAL CASH INVESTMENTS		
Balance at the end of the year	120 426 057	94 887 523
Balance at the beginning of the year	94 887 523	92 498 767
	<u>25 538 534</u>	<u>2 388 756</u>
25 DECREASE IN CASH ON HAND		
Balance at the end of the year	0	9 844 337
Balance at the beginning of the year	9 844 337	5 000
	<u>(9 844 337)</u>	<u>9 839 337</u>



ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2 007 R	2 006 R
26 INCREASE IN BANK OVERDRAFT		
Balance at the end of the year	1 234 337	-
Balance at the beginning of the year	-	14 007 437
	<u>1 234 337</u>	<u>(14 007 437)</u>
27 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- Approved and contracted for	<u>68 090 805</u>	<u>61 348 058</u>
	<u>68 090 805</u>	<u>61 348 058</u>
This expenditure will be financed from:		
Project Development Fund	9 723 898	(251 467)
Municipal Infrastructural Grant	35 394 785	45 832 612
Transitional Fund	1,717	21 460
Building for sport & recreation	2 586 246	750 149
Transformation Management Grant	5,333	6 638
Municipal Monitoring System Grant	8,347	104 337
ISRDS (PIMS)	79,963	287 529
Indonsa Grant	910 652	550 252
Grant: Serv. in Traditional Authority Areas	2,357	29 459
Grant: Management Audit	-	15 328
DBSA GIS Capacity	6,134.00	494 227
Grant: Municipal Systems Improvement	726 081	1 816 765
LGSETA	245 821	-
Grant: Infrastructural Backlog studies	1 935 470	696 532
Grant: Transport Plan	427 418	427 418
Grant: IDP	80 000	80 000
Drought Relief	-	2 078 626
Finance Management Grant	130,090	1 793 995
Kideko Grant	323 414	13 969
Flemish Government	25,064	86 603
KZN Infrastructure Grant	450 000	450 000
Gijima KZN	849 185	-
DPLG GIS Capacity	(14 066)	-14,084.00
Ulundi Airport Grant	5 708 452	-
Nongoma Project consolidate grant	3 000 000	-
Cengeni Development	3 000 000	-
MAP	1 226	-9,546.00
Ulundi Project consolidate grant	1 000 000	-
Shared service grant	1 483 219	-
	<u>68 090 805</u>	<u>55 260 802</u>
28 BANK,CASH AND OVERDRAFT BALANCES		
The Municipality has the following bank account:-		
<u>Current Account (Primary Bank Account)</u>		
ABSA- Newcastle Branch Account Number 4047162045		
Cash book balance at the beginning of the year	<u>9 839 337</u>	<u>(14 007 437)</u>
Cash book balance at the end of the year -(overdrawn)	<u>(1 239 337)</u>	<u>9 839 337</u>
Bank statement balance at the beginning of the year	<u>21 017 714</u>	<u>9 675 213</u>
Bank statement balance at the end of the year	<u>16 308 671</u>	<u>21 017 714</u>



ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007

	2 007 R	2 006 R
29 EMPLOYEE RELATED COSTS		
Employee related costs – Salaries and Wages	28 600 801	23 514 392
Employee related costs –Contributions for UIF, pensions and medical aids	5 885 103	4 800 536
Travel, motor car, accommodation, subsistence and other allowances	3 913 002	3 429 134
Housing benefits and allowances	281 352	276 018
Overtime payments	1 349 333	1 161 892
Performance bonus	85 000	98 333
Total Employee Related Costs	40 114 590	33 280 305

There were no advances to employees.

Remuneration of the Municipal Manager

Annual Remuneration	376 200	376 200
Performance Bonuses	25 000	25 000
Car Allowance	180 576	180 576
Non-pensionable allowance	128 220	86 526
Phone allowance	11 400	11 400
Contributions to UIF, Medical and Pension Funds	124 150	116 387
Total	845 546	796 089

Remuneration of the Chief Finance Officer

Annual Remuneration	250 800	255 372
Performance Bonuses	20 000	20 000
Car Allowance	183 369	180 737
Non-pensionable allowance	152 177	117 980
Phone allowance	6 600	6 600
Housing allowance	3 000	3 000
Contributions to UIF, Medical and Pension Funds	92 205	84 959
Total	708 151	668 648

Remuneration of Executive Directors

2007	<u>Technical</u> services	<u>Corporate</u> Services	<u>Planning & Community Development</u> Services
	R	R	R
Annual Remuneration	250 800	212 077	250 800
Performance Bonuses		20 000	20 000
Car Allowance	133 566	164 216	167 657
Non-pensionable allowance	224 571	216 881	165 677
Phone allowance	11 400	7 154	11 400
Housing allowance	3 000	5 546	3 000
Contributions to UIF, Medical and Pension Funds	66 442	80 800	86 037
Total	689 779	706 675	704 571

2006	<u>Technical</u> services	<u>Corporate</u> Services	<u>Planning & Community Development</u> Services
	R	R	R
Annual Remuneration	247 200	209 033	247 200
Performance Bonuses	13 333	20 000	20 000
Car Allowance	131 649	161 778	165 250
Non-pensionable allowance	186 939	179 429	129 198
Phone allowance	11 400	6 600	11 400
Housing allowance	3 000	5 142	3 000
Contributions to UIF, Medical and Pension Funds	60 414	73 875	82 302
Total	653 935	655 857	658 350

30 (DECREASE) IN LONG TERM LOANS (EXTERNAL)

Balance at the end of the year	7 185 951	7 988 958
Balance at the beginning of the year	7 988 958	8 697 535
	(803 007)	(708 577)



**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2007**

	2 007	2 006
	R	R
31 FRUITLESS AND WASTEFUL EXPENDITURE		
Reconciliation of fruitless and wasteful expenditure		
Opening balance		-
Fruitless and wasteful expenditure current year		41,346.92
	<u>-</u>	<u>-</u>
32 CONSUMER DEPOSITS		
Balance at the end of the year	1 548 191	
Balance at the beginning of the year	<u>706 872</u>	
	<u>841 319</u>	
33 PRIOR YEAR ADJUSTMENT		
Levies were discontinued by the Minister of Finance with effect from 01 July 2006. However, during the year, levypayers who had not declared as at the date of discontinuance paid the amounts due. Levy income was erroneously recorded as income in 06/07 instead of 05/06.		
Interest that was previously capitalised, but for the 06/07 financial year a change in accounting policy was effected such that interest is no longer capitalised to funds and reserves and is recognized in the income statement as operating income. Prior year results had to be adjusted accordingly.		
The effect of these prior year adjustments is as follows:		
Original Levy Debtors' balance per 05/06 Financial Statements		-
Prior Year Adjustment in respect of levies received in 06/07		<u>2 031 832</u>
Restated 05/06 opening balance		<u>2 031 832</u>
Appropriations Account as per 05/06 Financial Statements		(420 096)
Prior year adjustment-interest adjustment		4 024 237
Prior year adjustment-levies received in 06/07		<u>1 782 309</u>
Restated 05/06 Appropriations Account		<u>5 386 450</u>
Original Vat Control Account as per 05/06 Financial Statement		688 397
Prior year adjustment in respect of levies received in 06/07		<u>(249 523)</u>
Restated Vat Control Account opening balance		<u>438 874</u>
Funds and Reserves original opening balances		59 285 037
Interest adjustment		<u>(4 024 237)</u>
Funds and Reserves restated opening balances		<u>55 260 800</u>



**APPENDIX A
FUNDS, PROVISIONS, RESERVES AND TRUST FUNDS**

	Balance At 30/06/2006	Contributions During The Year	Interest On Investments	Other Income	Expenditure During The Year	Balance At 30/06/2007
RESERVES						
PROJECT DEVELOPMENT FUNDS	(251 467)	35 310 478			25 335 113	9,723,898
FINANCE MANAGEMENT GRANT	1 793 995	660 378			2 324 283	130,090
MUNICIPAL INFRASTRUCTURE GRANT	45 832 612	97 091 710			107 529 536	35,394,785
TRANSITIONAL FUND	21 460	3 434			23 176	1,717
FLEMISH GOVERNMENT	86 603	50 129			111 667	25,064
KIDEKO GRANT	13 969	508 321			198 876	323,414
TRANSFORMATION MNGNT GRANT	6 638	10 665			11 971	5,333
MUNICIPAL MONITORING SYS.GRANT	104 337	16 694			112 684	8,347
DBSA GIS GRANT	494 227	12 268			500 361	6,134
BUILDINGS FOR SPORT & RECREATION	750 149	2 336 205			500 108	2,586,246
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	1 816 765	224 223			1 314 906	726,081
LGSETA		346 000			100 179	245,821
GRANT: DIMS	(0)	0				-0
GRANT: DISASTER MANAGEMNT ADVISORY	(0)	0				-0
GRANT: DISASTER MANAGEMNT CENTRE	(0)	0				-0
GRANT: DISASTER MANAGEMENT UNIT	0	0				0
GRANT: INFRASTRUCTURE BACKLOG STUDIES	696 532	2 785 881			1 546 943	1,935,470
GRANT :TRANSPORT PLAN	427 418					427,418
GRANT: IDP	80 000				-	80,000
GRANT: SERV. IN TRAD. AUTH. AREAS	29 459	4 713			31 816	2,357
GRANT: MNGNT. ASS. PROGRAME	0	0				-
MAP	(9 546)	10 772				1,226
GRANT: MNGNT AUDIT	15 328	1 226			16 554	-
GIS CAPACITY	(14 084)	14 084				-
DROUGHT RELIEF	2 078 626				2 078 626	-
KZN INFRASTRUCTURE GRANT	450 000				-	450,000
GIJIMA KZN		1 228 294			379 109	849,185
ISRDS (PIMMS)	287 529	159 926			367 492	79,963
INDONSA	550 252	530 210			169 810	910,652
ULUNDI AIRPORT		6 185 350			476 898	5,708,452
NONGOMA PFOJECT CONCOLIDATE		3 000 000				3,000,000
ULUNDI PROJECT CONCOLIDATE		1 000 000				1,000,000
SHARED SERVICES		1 500 000			16 781	1,483,219
CENGENI DEVELOPMENT		3 000 000				3,000,000
	55 260 800	155 990 960	-	-	143 146 889	68,104,871
PROVISIONS						
Accrued Leave Fund	1 862 552	896 660			766 491	1 992 721
Bursary Fund	181 391				16 313	165 078
	2 043 943	896 660	0	0	782 804	2 157 799



**APPENDIX B
SCHEDULE OF EXTERNAL LOANS**

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 2006/07/01	Received during the period	Redeemed written off during the period	Balance at 2007/06/30
LONG-TERM LOANS			R	R	R	R
INCA @12.58% Fixed	1	yr 2013	7 988 958		803 007	7 185 951
Total long-term loans			7 988 958	-	803 007	7 185 951
TOTAL EXTERNAL LOANS			7 988 958	-	803 007	7 185 951



APPENDIX C
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
30 JUNE 2007

2006 Expenditure R	Service	2007 BUDGET R	2006 Balance at 30/6/2005 R	2007 Expenditure	2007 Written off Transferred or Disposed	2007 Balance at 30/6/2006 R
948 750	RATE AND GENERAL SERVICES	10,306,380	36 116 166	2 634 292	366,142	38 384 316
948 750	Community Services	10,306,380	36 116 166	2 634 292	366,142.0	38 384 316
182,192	Executive & Council	2,267,300	1 997 536	2 193 407	366 142	3 824 801
245,059	Financial Services	519,080	2 699 588	81 470		2 781 058
-	Human Resources	20,000		-		-
-	Planning	-	427 163	-		427 163
49,256	Environmental	-	6,966.00	-		6,966.00
368,642	Community and Social Service	7,500,000	315 507	-		315 507
-	Project Management Unit	-	18 885	-		18 885
103,601	Disaster Management	-	1,814,372.11	359 415		2,173,786.71
-	LED & Tourism	-	5 382	-		5 382
-	Technical services	-	163 547	-		163 547
-	PIMS	-	346 445	-		346 445
-	ISRDS	-	613 110	-		613 110
-	Municipal offices	-	27 707 666	-		27 707 666
232 716 516	TRADING SERVICES	92,446,000	571 990 700	139 310 457	-	711 301 157
151 000	Water	-	1 506 954	-	-	1 506 954
126 511 146	WSA	-	482 316	14 224	-	496 539
106,054,370	WSP :Reticulation	92,446,000	570,001,429	139 296 234	-	709,297,663
	WSP :Bulk					
233 665 266	TOTAL FIXED ASSETS	102,752,380	608 106 866	141 944 749	366,142.00	749 685 473

LOANS REDEEMED AND OTHER CAPITAL RECEIPTS

2006 Expenditure R	Service	2007 BUDGET R	2006 Balance at 30/6/2005 R	2007 Expenditure	2007 Written off Transferred or Disposed	2007 Balance at 30/6/2006 R
234 373 843	RATE AND GENERAL SERVICES	102,752,380.00	600 117 907	142 747 756	366,142.00	742 499 521
234 373 843	Community Services	102,752,380.00	600 117 907	142 747 756	366,142.00	742 499 521
822 562	Contributions from operating Income	7,434,380.00	23 416 578	3 919 695	366,142.00	26 970 131
23 2 842 703	Contributions from Donations & Funds	95,318,000.00	574 690 287	138 025 055		712 715 342
708 577	External Loan redeemed		2 011 042	803 007		2 814 049
234 373 843	TOTAL	102,752,380.00	600 117 907	142 747 756	366,142.00	742 499 521
708 577	NET FIXED ASSETS		7,988,958	803 007	-	7 185 951



**APPENDIX D
ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR
THE YEAR ENDED 30 JUNE 2007**

2006 Actual R		2007 Actual R	2007 Budget R
	INCOME		
228 827 536	National and Provincial Grants and Subsidies	230 114 276	209 526 001
19 156 805	Levy Income	-	-
16 288 342	Other Income	17 458 558	28 220 704
2 056 486	Interest	10 448 116	3 900 000
<u>266 329 169</u>		<u>258 020 950</u>	<u>241 646 705</u>
	EXPENSES		
36 712 728	Salaries, wages and allowances	45 216 145	46 378 623
2 972 163	Bad Debts	-	-
39 106 577	General expenses	39 388 184	68 624 877
4 197 882	Repairs and maintenance	8 634 461	12 096 369
822 562	Contribution to fixed assets	4 004 078	4,934,380
7 296 674	Grants and Subsidies Paid	5 026 530	5 056 530
1 762 878	Capital Charges	1 762 878	1 678 561
<u>167 245 268</u>	Contributions to Funds	<u>145 443 204</u>	<u>102 877 365</u>
260 116 732	Gross Expenditure	249 475 480	241 646 705
-	Less: Amounts charged out	-	-
<u>260 116 732</u>	Net expenditure	<u>249 475 480</u>	<u>241 646 705</u>
<u>6 212 438</u>	Operating Surplus(Deficit)	<u>8 545 470</u>	<u>-</u>



**APPENDIX E
SEGMENTAL INCOME STATEMENT FOR THE YEAR ENDED
30 JUNE 2007**

2006 Actual	2006 Actual	2006 Surplus/ (Deficit)		2007 Actual	2007 Actual	2007 Surplus/ (Deficit)	2007 Budget Surplus (deficit)
Income R	Expenditure R	R		Income R	Expenditure R	R	R
127 421 820	84 202 175	43 219 644	RATE AND GENERAL SERVICES	135 780 330	101 210 891	34 569 439	(621 778)
127 421 820	84 202 175	43 219 644	Community Services	135 780 330	101 210 891	34 569 439	(621 778)
1 006,700	29,303,734	(28 297 034)	Executive and Council	0	29 446 003	(29 446 003)	(29 517 241)
114,942,650	40,888,934	74 053 716	Finance	112 157 338	11 389 511	100 767 827	60 275 182
-	764,264	(764 264)	Human Resource	-	1 069 317	(1 069 317)	(1 412 509)
1,812,416	3,944,854	(2 132 439)	Planning	12 811 236	16 440 036	(3 628 799)	(3 648 586)
-	1,102,312	-1,102,312.08	Environmental Health	-	1 236 006	(1 236 006)	(2 208 603)
4,010,869	4,262,229	(251 360)	Community and Social	4 623 760	36 948 292	(32 324 532)	(14 240 716)
-	-	-	Project Management Unit	-	-	-	-
-	645,206	(645 206)	Disaster Management	1,100,000.00	562 883	537 117	(1 307 646)
500,000	1,419,611	(919 611)	LED and Tourism	-	1 149 489	(1 149 489)	(1 895 372)
5,149,185	1,871,031	3 278 153	Technical services	5,087,996	2 969 354	2 118 642	(6 666 287)
-	-	0	PIMMS	-	-	-	-
			TRADING SERVICES				
138 907 350	175 914 556	(37 007 206)	WATER	122 240 620	148 264 589	(26 023 969)	621 778
115 247 851	140 042 333	(24 794 481)	WSA	94 710 966	104 399 040	(9 688 075)	130 118
7 123 022	12 981 008	(5 857 986)	WSP	10 036 657	17 554 201	(7 517 544)	14 345 944
16 536 476	22 891 216	(6 354 740)	WSP: Bulk	17 492 997	26 311 347	(8 818 350)	(13 854 284)
266 329 169	260 116 732	6 212 438	TOTAL	258 020 950	249 475 480	8 545 470	-
		5 386 450	Appropriations for the year (refer to note 21)			(116 242)	
		11 598 888	Net surplus / (deficit) for the year			8 429 229	
		21 364 816	Accumulated surplus / (deficit): Beginning of the year			32 963 704	
		32 963 704	ACCUMULATED SURPLUS / (DEFICIT): END OF THE YEAR			41 392 933	



**APPENDIX F
STATISTICAL INFORMATION
30 JUNE 2007**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
A. GENERAL STATISTICS			
1. Population (approximate)	957 700	957 700	956 200
2. District Area Per Km	15 307	15 307	15 307
3. Local Municipalities forming the District			
(i) Ulundi Municipality			
(ii) Nongoma Municipality			
(iii) uPhongolo Municipality			
(iv) AbaQulusi Municipality			
(v) eDumbe Municipality			
4. Levy Statistics			
Tarrifs			
Establishment services levy (% of Turnover excluding VAT)		0.012	0.012
Regional service levy (% of Salaries, Wages and Drawing)		0.030	0.030
Registered Levy payers		6 100	6 100
Levy income		19 156 805	16 915 699
5. Number of employees	569	378	285