

## 2008/2009 Performance Highlights

### Budgeting and Budgetary Control

The 2008/2009 multi-year budget was approved by the council in May 2008. The allocations were as follows:

EXPENDITURE	BUDGET 2008/2009	ACTUALS 2008/2009
Operating	252 495 907	267 364 786
Capital	212 210 638	193 827 685
<b>Total</b>	<b>464 706 545</b>	<b>461 192 471</b>

### Financial Reporting

The 2008/2009 financial statements were submitted in time. The challenge faced as the preparation of GRAP compliant financial statements in house. But the experience attained throughout the process is invaluable. There were significant changes in the accounting policies as a result of the implementation of GRAP standards.

All other reports required in terms of the Division of Revenue Act were submitted in time. The DORA Grants received during the financial year were spent as per the table below. It is noteworthy that there is a substantial decrease in the unspent conditional grants.

Had, the financial years of both National and Provincial spheres been synchronised with the local sphere, the unspent conditional grants would have actually been reduced further. To illustrate an airport grant for 09/10 is transferred by a Provincial department in April 2009 and at 30 June 2009 this amount is then reflected in the municipal financial statements as unspent thus giving an impression that the municipality does not spend its allocated conditional grants.

The DORA grants received during the financial year were spent as follows:

Grant Name	Grant Purpose	Usage of grant	Amount received	Amount spent
FMG	To finance reforms in financial management	Grant was used for intended purposes	500 000	500 000
MIG	To supplement capital finance for basic municipal infrastructure	Grant was used for intended purposes	146 528 000	129 313 170

The council does not suffer any liquidity risk due to the process of closely monitoring cashflow forecasts and avoidance of debt that cannot be serviced.

Internal controls were operational and they assisted the municipality to uncover malpractices that were undertaken by a cashier. Most reconciliations were performed monthly.

- Draft fraud prevention plan
- The risk register
- 2008/2009 Internal Audit Plan
- The Municipal Budget and reporting regulations
- Audit Plan
- Annual Report
- Evaluation of the performance of the internal auditors
- ZDM mid-year assessment
- Performance Indicators
- Progress Report on Internal Audit
- Audit report on management performance measurement
- ZDM Investigation

The Audit and Performance Management Committee had 6 meetings during the year to discuss internal audit reports and performance management report. Internal audit covered the following aspect in 2008/2009:

**Risk Management**

The capital commitments consist of infrastructure assets to the total value of R169,712,909.05.

**Capital Commitments:**

MSIG	To assist municipality to perform their functions and stabilise institutional and governance	Grant was used for intended purposes	735 000	1 554 204
BELGRADE	To assist LM's to perform their functions- certain portion has been transferred to Phongola municipality	Grant was used for intended purposes	3 391 656	600 000
DWAF	To subsidise water schemes owned by departments to municipalities	Grant was used for intended purposes	26 680 400	71 857 333
EQUITABLE SHARE	To finance the operation of the municipality	Grant was used for intended purposes	127 541 093	127 541 093

- Mr C Nel Chairperson
- Mr M Dladla
- Mr S Ngcobo
- Ms Z Ntombela
- Ms G Nene

**Bid Specification**

**Members of Bid Committees**

The primary objective of this section is to provide supply chain management which is fair, transparent, efficient, equitable, competitive and which ensures best value of money for the municipality and promotes local economic development.

**Supply Chain Management**

Creditors are paid on monthly basis, and within the 30 days time limit set by the Municipal Finance Management Act.

**Creditors**

<b>As at 30 June 2009</b>	<b>Consumers</b>	<b>Industrial and Government</b>
0-30 Days Current	995 805	517 531
31-60 Days	844 005	602 817
61-90 Days	645 846	335 715
91-120 Days	1 319 457	425 817
121-365 Days	17 028 410	2 125 841
+365 Days		
<b>Total</b>	<b>20 833 523</b>	<b>4 007 721</b>

**Summary of Debtors by Customer Classification:**

The nature and extent of poverty in the district is negatively affecting the ability of the majority of our residents to pay for the services rendered. As a result, the value of outstanding debtors is increasing.

To reduce this outstanding balance, council has resorted to the strict implementation of the credit control and debt collection policy by installing controlled flow meters for the indigent consumers and the restriction of water supply for the non-indigent consumers.

**Debt Management**

Number of meetings held during 2008/09 financial year

Bid Specifications	25
Bid Evaluation	23
Bid Adjudication	21

- Chairperson
- Mr. SB Nkosi
  - Mr. MN Shandu
  - Mr. C Nel
  - Mr. TL Xaba

**Bid Adjudication**

- Chairperson
- Mr S Khumalo
  - Ms NS Mthembu
  - Ms Gwamanda
  - Mr S Landman
  - Ms N Hlangwa

**Bid Evaluation**



**CHAPTER 5: AUDITED FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION**

As indicated earlier, the Zululand District Municipality received an unqualified report from the Auditor-General for the seventh consecutive year as at 30 June 2009. In the report a number of matters of non-compliance with laws and regulations were however raised by the Auditor-General and will be fully dealt with in 2009/2010.

**Annexures:**

Annexure A: The full report from the Auditor-General

Annexure B: The June 2009 Annual Financial Statements

**Membership**

The Zululand District Municipality has an Audit and Risk Management Committee set up in accordance with the prescripts of the Municipal Finance Management Act No. 56 of 2003, section 166. The Committee comprises of two independent members, who are not in the employ of the Zululand District Municipality, nor are they political office bearers.

The Chairperson of the Audit Committee is an independent person who is knowledgeable of the status of the position and has the requisite legal, business and leadership skills. The Committee operates in terms of written terms of reference approved by the municipality's Accounting Officer and Council's Executive Committee, which is in accordance with best practice.

**Audit Committee members and attendance**

The Committee performs its responsibilities as required in terms of the Municipal Finance Management Act (MFMA), as well as the code of Corporate Governance. The Audit Committee meets a minimum of four (4) times during a financial year. For the financial year ending 30 June 2009, the Committee has reviewed and/or advised on matters relating to:

The adequacy, reliability and accuracy of financial reporting and information;  
The activities and effectiveness of internal audit function;  
The accounting and auditing concerns identified as a result of the internal or external audits;

The effectiveness of the internal control systems;

Risk Management;

Compliance with the MFMA and other applicable legislation;

Performance Management; and  
Reports on forensic investigations.

**Internal Audit**

The Zululand District Municipality has a system of Internal Audit under the control and direction of its Audit and Risk Committee. Based on the results of assurance work carried out by the Internal Audit unit, there are areas where the internal control systems have been identified as weak. The weaknesses in internal control systems have been brought to the attention of management to take corrective measures.

The municipality made significant changes to the organizational scorecard which was as a direct result of the changes in the applicable National Treasury regulations. The scorecard has also been revised to ensure alignment to the Integrated Development Plan (IDP) of the Municipality. Systems are being implemented to monitor organizational and individual performance.

### ACTION PLAN TO ADDRESS AUDITOR - GENERAL QUERIES

In terms of Section 121 (3) (g) of the Municipal Finance Management Act, the municipality must include in the Annual Report "particulars of any corrective action taken or to be taken in response to issues raised in the audit report", therefore those particulars are supplied hereunder in the same numbering as in the audit report with their corrective measures.

9. Restatement of corresponding figures - Monthly reconciliation will be implemented.

12. The monthly reports to National Treasury on awards for contracts above R 100 000 are now submitted to National Treasury as and when the awards are made. Report to be submitted to Audit Committee by the Deputy Chief Financial Officer.

14.2 Quarterly management accounts will be performed and submitted to the Municipal Manager and the Executive Committee.

14.3 The Annual report for 2009 / 2010 will be scheduled.

14.6 Audit Committee is on schedule for complying with Section 166 (2).

14.7 A meeting was held between the Municipal Manager and the Internal Audit team to discuss non-performance. It has been mutually agreed that more visits will be done in 2009 / 2010.

14.11 A risk assessment is scheduled to take place in January 2010. The services of Provincial Treasury have been procured.

14.13 Prior year Audit findings have subsequently been resolved.

14.15 The PMS is under development.

14.16 A PMS Specialist is assisting the Council.

**Annexure A**  
**Auditor-General's Report**  
**2008/09**

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the Zululand District Municipality which comprise the statement of financial position as at 30 June 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 124 to 161.

### The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### The Auditor-General's responsibility

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 read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. 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. An audit also includes evaluating
5. An audit involves performing procedures to obtain audit evidence about the

**Unaudited supplementary schedules**

10. I have not obtained the other information included in the annual report and have not been able to identify any material inconsistencies with the financial statements.

**Material inconsistencies in information included in the annual report**

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

**Other matters**

9. As disclosed in note 33 to the financial statements, the corresponding figures for 30 June 2008 have been restated as a result of the municipality implementing new accounting policies and Standards of GRAP for the 2008/2009 financial year and changes to existing policies.

**Restatement of corresponding figures**

Without qualifying my opinion, I draw attention to the following matter:

**Emphasis of matter**

8. In my opinion the financial statements present fairly, in all material respects, the financial position of the Zululand District Municipality as at 30 June 2009 and its financial performance and cash flows for the year then ended, in accordance with the Standards of GRAP and in the manner required by the MFMA.

**Opinion**

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

6. Paragraph 11 *et seq.* of the Standard of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Zululand District Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.

the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

11. The municipality provided supplementary information in the Annexure A, B, C, D, E1, E2 and F to the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP I *Presentation of Financial Statements*. The supplementary budget information and other supplementary information set out on pages 124 to 161 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 thereon.

### Non-compliance with applicable legislation

**Municipal Finance Management Act**  
 12. The municipality did not submit monthly reports to National Treasury on awards for contracts above R100 000, as required by MFMA circular 34 of 28 June 2006, issued in terms of section 74(1) of the MFMA.

### Governance framework

13. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

### Key governance responsibilities

14. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
<b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	<input type="checkbox"/>	
<b>Quality of financial statements and related management information</b>			
2.	The financial statements were not subject to any material amendments resulting from the audit.	<input type="checkbox"/>	
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	<input type="checkbox"/>	
<b>Timeliness of financial statements and management information</b>			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines, as set out in section 126 of the MFMA.	<input type="checkbox"/>	
<b>Availability of key officials during audit</b>			
5.	Key officials were available throughout the audit process.	<input type="checkbox"/>	

**Investigations**

15. Key officials have been available throughout the audit, thus enabling the municipality to timeously provide a clear trail of supporting documents. However, weaknesses were identified as evidenced by numerous correcting adjustments in the amounts and disclosures in the financial statements provided for audit as well as the fact that the municipality did not develop and implement an effective system of risk management relating to financial reporting. Whilst overall leadership and supervision was effective.

No.	Matter	Y	N
<b>Development and compliance with risk management, effective internal control and governance practices</b>			
6.	Audit committee		
	<ul style="list-style-type: none"> <li>The municipality had an audit committee in operation throughout the financial year.</li> <li>The audit committee operates in accordance with approved, written terms of reference.</li> <li>The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Internal audit		
	<ul style="list-style-type: none"> <li>The municipality had an internal audit function in operation throughout the financial year.</li> <li>The internal audit function operates in terms of an approved internal audit plan.</li> <li>The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	<input type="checkbox"/>	<input type="checkbox"/>
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	<input type="checkbox"/>	<input type="checkbox"/>
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	<input type="checkbox"/>	<input type="checkbox"/>
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used, as set out in section 62(1)(c)(i) of the MFMA.	<input type="checkbox"/>	<input type="checkbox"/>
12.	Delegations of responsibility are in place, as set out in section 79 of the MFMA.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Follow-up of audit findings</b>			
13.	The prior year audit findings have been substantially addressed.	<input type="checkbox"/>	<input type="checkbox"/>
14.	SCOPA/Oversight resolutions have been substantially implemented.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Issues relating to the reporting of performance information</b>			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	<input type="checkbox"/>	<input type="checkbox"/>
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	<input type="checkbox"/>	<input type="checkbox"/>
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Zululand District Municipality against its mandate, predetermined objectives, outputs, indicators and targets, as set out in section 68 of the MFMA.	<input type="checkbox"/>	<input type="checkbox"/>
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	<input type="checkbox"/>	<input type="checkbox"/>



16. An investigation is in progress regarding the alleged misappropriation of money at the district municipality's cash office in Nongoma.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Report on performance information

17. I have reviewed the performance information as set out on pages 20 to 54.

### The accounting officer's responsibility for the performance information

18. 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).

### The Auditor-General's responsibility

19. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

20. In terms of the foregoing my engagement included performing procedures of a review 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.

21. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

### Findings on performance information

#### Non-compliance with regulatory requirements

##### Lack of effective, efficient and transparent systems and internal controls

##### regarding performance management

22. The Zululand District Municipality did not document and approve internal policies and procedures to address planning, monitoring and reporting processes, events pertaining to performance information and steps to improve performance with regard to those development priorities and objectives where performance targets were not met, as required by section 41(1)(d) of the MSA.

##### Content of integrated development plan

23. The integrated development plan (IDP) of the Zululand District Municipality did not include input and outcome indicators, in respect of each of the development priorities and objectives, as required by sections 26(i) and 41(1)(b) of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations of 2001.

**Usefulness and reliability of reported performance information**

24. The following criteria were used to assess the usefulness and reliability of the information on the municipality's performance with respect to the objectives in its integrated development plan:

- Consistency: Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated development plan?
- Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. Is this specific and measurable, and is the time period or deadline for delivery specified?
- Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

The following audit finding relate to the above criteria:

25. The changes to development priorities/objectives, key performance indicators and targets to the approved 2008/2009 IDP were not reviewed and approved by council in terms of consistency, relevance and reliability in order to assess the usefulness and reliability of the information on the municipality's performance.

**Reported performance information not reliable**

**Lack of appropriate information systems generating performance information**

26. Sufficient appropriate audit evidence with regard to the reported performance information of the objectives could not be obtained, as the information system used for generating performance information was not appropriate to facilitate the preparation of accurate and complete actual performance information.

*Auditing to build public confidence*

AUDITOR - GENERAL  
SOUTH AFRICA



30 November 2009

Pietermaritzburg

*Auditor General*

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

**APPRECIATION**

**Annexure B**  
**Audited Financial Statements**  
**2008/09**

GENERAL INFORMATION

**MEMBERS OF THE COUNCIL**

Cllr V Z Kamagwaza Msibi	Member
Cllr N J Mjaja	Member
Cllr V O Mbuyisa	Member of the Executive Committee
Cllr B B Zwane	Member of the Executive Committee
Cllr N P Ndlela	Member of the Executive Committee
Cllr S E Nkwanzana	Member of the Executive Committee
Cllr J B Mavundla	Member of the Executive Committee
Cllr T R Bunge	Member
Cllr A B Lesala	Member
Cllr M M Kunene	Member
Cllr J B Ngeza	Member
Cllr M M Mntungwa	Member
Cllr M A Shabangu	Member
Cllr S Z Buthelezi	Member
Cllr P M Mshali	Member
Cllr N V Mbatha	Member
Cllr H S Ngwenya	Member
Cllr F L Buthelezi	Member
Cllr B S Khanyle	Member
Cllr M Z Mafambani	Member
Cllr M B Mabaso	Member
Cllr N E Zungu	Member
Cllr T B Lukhele	Member
Cllr S P S Mwelase	Member
Cllr K E Thabede	Member
Cllr J P Ngwenya	Member
Cllr J A Scheepers	Member
Cllr R B Mhlungu	Member
Cllr B A Mshali	Member
Cllr M E Ndawandwe	Member
Cllr E M Nxumalo	Member
Cllr M E Sishwill	Member
Cllr T M Zungu	Member
Cllr S Mlambo	Member

**Municipal Manager**

J. H. de Klerk

**Chief Financial Officer**

S. B. Nkosi

**Grading of Local Authority**

4

**Auditors**

Auditor-General South Africa

**Bankers**

ABSA Bank Limited

**ZULULAND DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

**General information (continued)**

**Registered Office:** ZULULAND DISTRICT MUNICIPALITY

**Physical address:**

B-400 GAGANE STREET  
ULUNDI  
3838

**Postal address:**

PRIVATE BAG X76  
ULUNDI  
3838

**Telephone number:**

035 874 5500

**Fax number:**

035 874 5589/91

**E-mail address:**

info@zululand.org.za

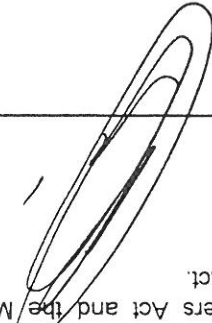
**ZULULAND DISTRICT MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2009**

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 39, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.  
I certify that the salaries, allowances and benefits of Councilors, as disclosed in note 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 Cooperative Governance and Traditional Affairs's determination in accordance with this Act.

Municipal Manager:

DATE 2009/11/30



**ZULULAND DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

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**ZULULAND DISTRICT MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION**

as at 30 June 2009

Note

2009

R

2008

R

RESTATED

ASSETS					
<b>Current assets</b>					
Cash and cash equivalents	1	77,662,763	166,113,783		
Trade and other receivables from exchange transactions	2	3,632,779	8,194,517		
Other receivables from non-exchange transactions	3	4,565,066	1,504,380		
Inventories	4	904,467	-		
Prepayments	5	1,630,454	-		
Current portion of receivables	6	73,144	136,975		
VAT receivable	11	40,174,755	8,452,123		
<b>Non-current assets</b>		<b>1,072,622,161</b>	<b>908,927,487</b>		
Non-current receivables	6	859,404	855,046		
Property, plant and equipment	7	1,071,383,311	907,500,620		
Intangible assets	8	379,446	571,821		
<b>Total assets</b>		<b>1,201,265,591</b>	<b>1,093,329,265</b>		
<b>LIABILITIES</b>					
<b>Current liabilities</b>		<b>83,762,427</b>	<b>92,746,664</b>		
Trade and other payables from exchange transactions	9	40,585,645	34,553,219		
Consumer deposits	10	3,264,522	1,030,223		
Bank overdraft	1	-	1,613,878		
Current portion of unspent conditional grants and receipts	12	34,818,336	54,431,932		
Current portion of borrowings	13	1,168,370	1,030,976		
Current portion of finance lease liability	14	96,225	86,436		
Other current financial liabilities	0	3,829,329	-		
<b>Non-current liabilities</b>		<b>4,363,769</b>	<b>5,628,364</b>		
Non-current borrowings	13	4,078,983	5,247,353		
Non-current finance lease liability	14	284,786	381,011		
<b>Total liabilities</b>		<b>88,126,196</b>	<b>98,375,028</b>		
<b>Net assets</b>		<b>1,113,139,395</b>	<b>994,954,237</b>		
<b>NET ASSETS</b>					
Accumulated surplus / (deficit)		1,113,139,397	994,954,235		
<b>Total net assets</b>		<b>1,113,139,397</b>	<b>994,954,235</b>		

ZULULAND DISTRICT MUNICIPALITY		STATEMENT OF FINANCIAL PERFORMANCE	
		for the year ending 30 June 2009	
		Note	
		2009	2008
		R	R
		RESTATED	
<b>Revenue</b>			
Service charges	16	18,321,998	17,659,663
Rental of facilities and equipment	17	83,345	78,229
Interest earned - external investments	18	21,194,644	17,617,716
Interest earned - outstanding receivables	19	271,592	-
Government grants and subsidies	20	350,874,413	268,357,953
Public contributions and donations	22.2	70,000	-
Other income	22.1	460,612	452,997
<b>Total revenue</b>		<b>391,276,604</b>	<b>304,166,558</b>
<b>Expenses</b>			
Employee related costs	23	59,638,236	50,734,427
Remuneration of councillors	24	4,934,083	5,017,271
Collection costs		297,009	91,829
Depreciation and amortisation expense	25	30,028,894	-
Repairs and maintenance		19,276,561	17,085,116
Finance costs	26	832,563	3,391,489
Bulk purchases	27	25,188,286	20,014,825
Contracted services	28	3,008,486	-
Grants and subsidies paid	29	813,167	709,639
General expenses	30	123,347,501	201,193,370
<b>Total expenses</b>		<b>267,364,786</b>	<b>298,237,966</b>
Gain / (loss) on sale of assets	30.1	60,897	-
<b>Surplus / (deficit) for the period</b>		<b>123,972,714</b>	<b>5,928,591</b>

**ZULULAND DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
as at 30 June 2009

	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
	R	R	R	R	R
<b>Balance at 30 June 2007</b>	-	68,118,937	68,118,937	41,288,012	109,406,949
<i>Other items: Income received during the year/ Appropriations</i>		171,022,909	171,022,909	2,025,700	173,048,609
<i>Other items: Expenditure for the year</i>		(139,984,020)	(139,984,020)	5,928,591	(139,984,020)
Surplus / (deficit) for the period					5,928,591
<b>Balance at 30 June 2008</b>	-	99,157,826	99,157,826	49,242,303	148,400,129
Changes in accounting policy		(99,157,826)	(99,157,826)	946,191,449	847,033,623
Correction of prior period error				(479,518)	(479,518)
<b>Restated balance 2008</b>	-	-	-	994,954,235	994,954,235
Transfers to / from accumulated surplus/(deficit)				(5,787,552)	(5,787,552)
Surplus / (deficit) for the period				123,972,714	123,972,714
<b>Balance at 30 June 2009</b>	-	-	-	1,113,139,397	1,113,139,397

Note : 38

ZULULAND DISTRICT MUNICIPALITY  
CASH FLOW STATEMENT  
as at 30 June 2009

	Note	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		339,015,385	-
Cash Received from consumers, government and c	31.1	339,015,385	-
Payments		(251,301,484)	-
Cash Paid to employee costs, supplier and other	31.2	(251,301,484)	-
Net cash flows from operating activities	31	87,713,901	1,092,083,724
Interest Received		21,194,644	17,617,716
Finance Cost		(832,563)	(3,391,489)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash flows from investing activities		(193,658,314)	(940,027,553)
Purchase of fixed assets		(193,850,689)	(939,448,968)
Purchase of intangible assets		192,375	(578,585)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(1,168,369)	(1,030,976)
Proceeds from finance lease liability		9,789	83,891
Repayment of finance lease liability		(96,225)	398,929
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>(86,837,142)</b>	<b>165,734,242</b>
Net cash and cash equivalents at beginning of period		164,499,905	(1,234,337)
Net cash and cash equivalents at end of period	32	77,662,763	164,499,905

ZULULAND DISTRICT MUNICIPALITY  
 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 for the year ending 30 June 2009

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

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

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

These standards are summarised as follows:-

- 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 Foreign Exchange Rates
- GRAP 5 : Borrowing Costs
- GRAP 6 : Consolidated and separate Financial Statements
- GRAP 7 : Investments in Associates
- GRAP 8 : Interests 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
- GRAP 19 : Provisions, Contingent Liabilities and Contingent Assets
- GRAP 100 : Non-current Assets Held for sale and Discontinued Operations
- GRAP 101 : Agriculture
- GRAP 102 : Intangible Assets

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.

The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 issued in March 2009. Details of the transitional provisions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies, which have been consistently applied except where a transitional provision has been granted are disclosed below.

1.2 PRESENTATION CURRENCY

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

1.3 GOING CONCERN ASSUMPTION

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

## 1.4 COMPARATIVE INFORMATION

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

### Prior Year Comparatives:

Due to the implementation of Grap, prior period amounts have been reclassified. The reclassification is due to the change in Accounting Policy and the reclassification is depicted in the change in Accounting policy note.

## 1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 8 Interest in Joint Ventures - issued August 2006
- GRAP 18 Segment Reporting - issued March 2005
- GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
- GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- GRAP 103 Heritage Assets - issued July 2008

## 2 PROPERTY, PLANT AND EQUIPMENT

### 2.1 INITIAL RECOGNITION

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

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

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

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

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

**2.2 SUBSEQUENT MEASUREMENT - COST MODEL**

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

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

**2.3 DEPRECIATION AND IMPAIRMENT**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Depreciation on new acquisitions is charged to the statement of financial performance in the financial year in which the asset is available for use. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	Water	15-70 years
	Sewerage	15-70 years
Community		
	Buildings	30 years
	Recreational facilities	20-30 years
Heritage assets		
	Paintings and artifacts	Indefinite
Finance lease assets		
	Office equipment	5 years
Other		
	Buildings	30 years
	Specialist vehicles	7 years
	Other vehicles	7 years
	Office equipment	3-7 years
	Furniture and fittings	7 years
	Emergency equipment	10 years
	Computer equipment	5 years

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

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

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

## 2.4 DEREGISTRATION

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

## 2.5 DIRECTIVE 4

Zuliland District Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of property plant and equipment as set out in paragraphs 73 to 83.

## 3 INTANGIBLE ASSETS

### 3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

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

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

Intangible assets are initially recognised at cost.

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

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

### 3.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

### 3.3 AMORTISATION AND IMPAIRMENT

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

Computer software 5-7 years

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

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



### 3.4 DERECOGNITION

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

### 3.5 DIRECTIVE 4

Zuliland District Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of intangible asset as set out in paragraphs 110 to 118.

## 4 INVENTORIES

### 4.1 INITIAL RECOGNITION

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

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

### 4.2 SUBSEQUENT MEASUREMENT

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

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

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

### 4.3 DIRECTIVE 4

Zuliland District Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of inventories as set out in paragraphs 45 to 52.

## 5 FINANCIAL INSTRUMENTS

### 5.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

### 5.2 SUBSEQUENT MEASUREMENT

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

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.

## 5.2.1 INVESTMENTS

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

## 5.2.2 TRADE AND OTHER RECEIVABLES

Trade payables and borrowings consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

## 5.2.3 TRADE PAYABLES AND BORROWINGS

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

## 5.2.4 CASH AND CASH EQUIVALENTS

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

## 6 UNAUTHORISED EXPENDITURE

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

7 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes 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.

8 FRUITLESS AND WASTEFUL EXPENDITURE

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

9 LEASES

9.1 MUNICIPALITY AS LESSEE

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

9.2 MUNICIPALITY AS LESSOR

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

10 REVENUE

10.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received. Service charges relating to water is based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly by the system if the reading was not obtained. The provisional estimates of consumption are recognised as revenue when invoiced. The system automatically reverse the provisional readings, when the reading has been captured on the system. Interest revenue is recognised on a time proportion basis.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

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

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

**10.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

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

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

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

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

**10.3 GRANTS, TRANSFERS AND DONATIONS**

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

**11 TRANSITIONAL PROVISIONS**

Zululand District Municipality has taken advantage of the transitional provision permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1 Presentation of Financial Statements-paragraphs 7-8A

GRAP 9 Revenue from Exchange Transactions-paragraphs 37-38

GRAP 12 Inventories-paragraph 45-52

GRAP 13 Leases-paragraph 55-60

GRAP 17 Property, Plant and Equipment-paragraphs 73-83

GRAP 19 Provision, Contingent Liabilities and Contingent Assets-paragraph 93-94E

GRAP 102 Intangible Assets-paragraph 110-118

The municipality has developed a plan to implement the above transitional provisions within the window period established in Directive 4. Progress will be evaluated each reporting period.

**12 BORROWING COSTS**

Borrowing cost are recognised as an expense in Statement of Financial Performance.

ZULULAND DISTRICT MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2009

Note  
 2009  
 2008  
 R  
 R

1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:  
 Cash on hand  
 Cash at bank  
 Call deposits

5,000	4,200
12,591,509	166,108,783
-	-
166,108,783	166,113,783

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA BANK-Newcastle Branch: 4047162045

Cash book balance at beginning of year 1,612,797

Cash book balance at end of year 1,612,797

Bank statement balance at beginning of year 16,308,670

Bank statement balance at end of year 29,835,617

Cash on hand 5,000

Total cash and cash equivalents 77,662,763

Total bank overdraft 1,613,878

Investments

Absa 83,758,008

FNB 42,350,775

STD 40,000,000

Total Investments 166,108,783

2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables as at 30 June 2009

Service debtors 25,153,684

Water 439,359

Other Receivables 21,960,263

Total 25,593,043

as at 30 June 2008

Service debtors 17,326,086

Water 9,131,569

Other receivables 2,658,145

Total 17,326,086

as at 30 June 2007

Service debtors 17,326,086

Water 9,131,569

Other receivables 2,658,145

Total 17,326,086

as at 30 June 2006

Service debtors 17,326,086

Water 9,131,569

Other receivables 2,658,145

Total 17,326,086

ZULULAND DISTRICT MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2009

	2009	2008
<b>Water and Sewerage: Ageing</b>		
Current (0 – 30 days)	1,513,336	2,895,204
31 - 60 Days	1,446,822	1,589,158
61 - 90 Days	981,561	991,855
91 - 120 Days	1,745,274	11,849,870
121 - 365 Days	19,154,251	
<b>Total</b>	<b>24,841,244</b>	<b>17,326,087</b>
<b>Summary of Debtors by Customer Classification</b>		
<b>Consumers</b>		
Industrial / Commercial / National & Provincial Government	R	R
995,805	517,531	844,005
844,005	602,817	602,817
645,846	335,715	425,817
1,319,457	425,817	17,028,410
17,028,410	2,125,841	
<b>20,833,524</b>	<b>4,007,721</b>	<b>20,833,524</b>
Less: Provision for doubtful debts		
<b>Total debtors by customer classification</b>	<b>20,833,524</b>	<b>4,007,721</b>
<b>as at 30 June 2009</b>		
Current (0 – 30 days)	1,952,803	798,656
31 - 60 Days	831,838	566,925
61 - 90 Days	615,830	337,350
91 - 120 Days	693,106	171,697
121 - 365 Days	10,277,571	1,080,310
<b>Sub-total</b>	<b>14,371,148</b>	<b>2,954,938</b>
Less: Provision for doubtful debts		
<b>Total debtors by customer classification</b>	<b>14,371,148</b>	<b>2,954,938</b>
<b>2 Reconciliation of the doubtful debt provision</b>		
Balance at beginning of the year	9,468,567	4,102,906
Contributions to provision	15,149,841	5,365,661
Doubtful debts written off against provision	-	-
Reversal of provision	-	-
<b>Balance at end of year</b>	<b>24,618,408</b>	<b>9,468,567</b>

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2009

Note  
2009  
2008  
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R

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other debtors	4,565,066	1,504,380
Total Other Debtors	4,565,066	1,504,380

4 INVENTORIES

Closing balance of inventories:	904,467	-
Consumable stores	292,033	-
Water meters	525,600	-
Water	86,834	-

5 PREPAYMENTS

Prepaid expenses	1,630,454	-
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Includes fees paid for IMFO, lease rentals and provision of water to surrounding areas

6 NON-CURRENT RECEIVABLES

Car loans	31,268	104,979
Bursary Debtors	62,881	55,644
Other non-current receivables	838,399	831,399
Less : Current portion transferred to current receivables	932,548	992,021
Car loans	(10,263)	-
Bursary Debtors	(62,881)	-
Other non-current receivables	-	(136,975)
Total	859,404	855,046

Car Loans: 2008-2009 Senior staff were entitled to car loans which attract interest @ 8 % per annum and which were repayable over a maximum period of 6 years. However since staff appointed in terms of S 57 of the Municipal System 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 period. The employees who have the outstanding balances on the car loans, failed to settle the amount on termination.

**Bursary Debtors:** Comprises staff members who have not met the conditions of the bursary and are obliged to repay the amount. **Other non-current receivables:** Comprises of Eskom Deposit- which is payable when an application is made to connect a new water scheme to the Eskom supply line. The deposit can either be a bank guarantee or a cheque payment. **Fuel Deposit, Rent Deposit & Ondini Motors:** Comprises a deposit payable in advance to a service station due to the fact that fuel is not sold on credit. **Fuel Deposit-** this is the deposit payable in terms of the office lease agreement. **Ondini Motors-** this is the debtor in respect of misused petrol cards. The arrangements were made with the owner.

**ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2009**

**7 PROPERTY, PLANT AND EQUIPMENT**

**7.1 Reconciliation of Carrying Value**

	Land		Buildings		Infrastructure		Community		Heritage		Other Assets		Finance lease assets		Total	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>as at 1 July 2008</b>	400,000	26,925,030	873,212,330	-	-	-	-	-	-	6,523,260	440,000	907,500,620				
Cost/Revaluation	400,000	30,592,666	940,383,321	-	-	-	-	-	-	13,702,133	550,000	985,628,120				
Correction of error (note 48)	-	(3,667,636)	(67,170,991)	-	-	-	-	-	-	(7,178,873)	(110,000)	(78,127,500)				
Change in accounting policy (note 47)	-	-	-	-	-	-	-	-	-	-	-	-				
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-	-	-	-				
Acquisitions	70,000	-	64,313,884	-	-	-	-	-	-	8,522,306	-	72,906,190				
Capital under Construction	-	-	120,991,494	-	-	-	-	-	-	-	-	120,991,494				
Depreciation	-	(992,381)	(26,734,910)	-	-	-	-	-	-	(1,973,749)	(110,000)	(29,811,040)				
Carrying value of disposals	-	-	-	-	-	-	-	-	-	(203,953)	-	(203,953)				
Cost/Revaluation	-	-	-	-	-	-	-	-	-	(461,367)	-	(461,367)				
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-	257,414	-	257,414				
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-	-	-	-	-				
Transfers	-	-	-	-	-	-	-	-	-	-	-	-				
Other movements*	-	-	-	-	-	-	-	-	-	-	-	-				
<b>as at 30 June 2009</b>	470,000	25,932,649	1,031,782,798	-	-	-	-	-	-	12,867,864	330,000	1,071,383,311				
Cost/Revaluation	470,000	30,592,666	1,125,688,699	-	-	-	-	-	-	21,763,072	550,000	1,179,064,437				
Accumulated depreciation and impairment losses	-	(4,660,017)	(93,905,901)	-	-	-	-	-	-	(8,895,208)	(220,000)	(107,681,126)				



**ZULULAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2008

**7.2 Reconciliation of Carrying Value**

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
<b>as at 1 July 2007</b>	<b>400,000</b>	<b>24,555,498</b>	<b>662,036,749</b>	-	-	<b>8,294,199</b>	-	<b>695,286,446</b>
Cost/Revaluation	400,000	27,307,666	707,261,206	-	-	14,716,601	-	749,685,473
Correction of error (note 48)	-	-	-	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(2,752,168)	(45,224,457)	-	-	(6,422,402)	-	(54,399,027)
Acquisitions	-	3,285,000	233,122,115	-	-	790,974	550,000	237,748,088
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	(915,468)	(21,946,534)	-	-	(1,990,091)	(110,000)	(24,962,093)
Carrying value of disposals	-	-	-	-	-	(571,821)	-	(571,821)
Cost/Revaluation	-	-	-	-	-	(1,805,441)	-	(1,805,441)
Accumulated depreciation and impairment losses	-	-	-	-	-	1,233,620	-	1,233,620
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
<b>as at 30 June 2008</b>	<b>400,000</b>	<b>26,925,030</b>	<b>873,212,330</b>	-	-	<b>6,523,260</b>	<b>440,000</b>	<b>907,500,620</b>
Cost/Revaluation	400,000	30,592,666	940,383,321	-	-	13,702,133	550,000	985,628,120
Accumulated depreciation and impairment losses	-	(3,667,636)	(67,170,991)	-	-	(7,178,873)	(110,000)	(78,127,500)

ZULULAND DISTRICT MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2009

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8 INTANGIBLE ASSETS

8.1 Reconciliation of carrying value

	Computer Software	Total
as at 1 July 2008	571,821	571,821
Cost	1,805,441	1,805,441
Accumulated amortisation and impairment losses	(1,233,620)	(1,233,620)
Acquisitions	25,480	25,480
Amortisation	(217,855)	(217,855)
as at 30 June 2009	379,446	379,446
Cost	1,830,921	1,830,921
Accumulated amortisation and impairment losses	(1,451,475)	(1,451,475)

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2009

	2009	2008
<b>9 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Accrued Expenses	14 261,945	20 299,375
Trade creditors	6 729,149	-
Water Debtors with Credit Balances	480,585	-
Retention	16 399,631	11 873,810
Staff leave accrual	2 714,335	2 380,033
<b>Total creditors</b>	<b>40 586,645</b>	<b>34 553,218</b>
<b>10 CONSUMER DEPOSITS</b>		
Water	3 264,522	1 030,223
<b>Total consumer deposits</b>	<b>3 264,522</b>	<b>1 030,223</b>
<b>11 VAT RECEIVABLE</b>		
VAT receivable	40 174,755	8 452,123
VAT is payable on the receipts basis VAT is paid over to SARS only once payment is received from debtors		
<b>12 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>12.1 Unspent Conditional Grants from other spheres of Government</b>		
Municipal Infrastructure Grant	17 214,680	-
DWAF Bulk Implementation Grant	37 290,645	1 000,000
Municipal Development Info Services	415,971	226,971
Gumbi Land Settlement	250,000	226,971
GIS Shared Services	250,000	250,000
Spatial Development Planning	250,000	-
Development Admin	250,000	-
LGSETA- Road Construction	20,000	-
LGSETA	139,363	141,961
Building for Sport & Recreation	454,884	747,478
Municipal Systems Improvement Grant	360,344	1 179,548
Development Planning Shared Services	1 050,000	-
Belgrade MPCC (NATIONAL TREASURY)	2 791,656	-
Infrastructure Backlog Studies	455,318	1 658,444
Transport Plan	627,418	627,418
IDP	-	60 000
DPLG GIS Capacity	-	14 066
KZN Infrastructure Grant	450,000	450,000
Gijima KZN	206,753	2 699
Ulundu Airport	3 937,495	210,618
Ulundu Airport Resurfacing	0	1 854,350
P700 Infrastructure	108,634	427,656
Ulundu Tourism Hub	805,467	1 378,868
Project Consolidate: Nongoma	1 464,268	1 746,768
Shared Services	-	253,651
Cengeni Development	2 870,548	2 759,500
Indonsa	468,565	2 108,260
<b>Total Unspent Conditional Grants and Receipts</b>	<b>34 818,336</b>	<b>54 431,932</b>
<b>Current portion of unspent conditional grants and receipts</b>	<b>34 818,336</b>	<b>54 431,932</b>

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2009

	2009	2008
<b>13 BORROWINGS</b>		
INCA Loan	5,247,353	6,278,329
Less : Current portion transferred to current liabilities	1,168,370	1,030,976
Annuity Loans	1,168,370	1,030,976
<b>Total borrowings</b>	<b>4,078,983</b>	<b>5,247,353</b>
Refer to Appendix A for more detail on borrowings.		
<b>14 FINANCE LEASE LIABILITY</b>		
<b>2009</b>		
Amounts payable under finance leases		
Minimum lease payment	183,867	96,225
Future finance charges	67,642	284,786
Present value of minimum lease payments	139,946	284,786
Less: Amount due for settlement within 12 months (current portion)	608,599	381,011
Within two to five years	424,732	284,786
Within one year	183,867	96,225
Within two to five years	608,599	381,011
Less: Amount due for settlement within 12 months (current portion)	775,750	467,447
Within one year	167,151	86,436
Within two to five years	608,599	381,011
Obbligations under finance leases are secured by the lessor's title to the leased asset.		
30.06%. No arrangements have been entered into for contingent rent		
The average lease term is 5 years and the average effective borrowing rate is		
<b>2008</b>		
Amounts payable under finance leases		
Minimum lease payment	167,151	86,436
Future finance charges	80,715	381,011
Present value of minimum lease payments	167,151	381,011
Less: Amount due for settlement within 12 months (current portion)	775,750	467,447
Within one year	167,151	86,436
Within two to five years	608,599	381,011
Less: Amount due for settlement within 12 months (current portion)	12,252,894	17,659,663
Sewerage and sanitation charges	5,406,769	5,406,769
Sale of water	12,252,894	12,252,894
<b>16 SERVICE CHARGES</b>		
Other current financial liabilities	3,829,329	-
<b>15 OTHER CURRENT FINANCIAL LIABILITIES</b>		
Rental of facilities	83,345	78,229
Rental of facilities	83,345	78,229
<b>17 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Bank	21,194,613	17,617,716
Other	31	-
Total interest	21,194,644	17,617,716
<b>18 INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Debtors	271,592	-
Total interest	271,592	-
<b>19 INTEREST EARNED - OUTSTANDING RECEIVABLES</b>		

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2009

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20 GOVERNMENT GRANTS AND SUBSIDIES

	2009 R	2008 R
Equitable share	127,541,093	103,478,543
MIG Grant	129,313,320	92,981,557
KZNPA Salaries	3,887,974	-
DWAF Salaries	2,974,800	4,010,800
IDP Grant	14,066	-
GIS Capacity Building	80,000	-
Shared Services Internal Audit	253,651	-
Airport Resurfacing	1,854,350	-
P700 Infrastructure	319,022	-
LG SETA	2,598	-
Nongoma Project Consolidate	282,501	-
Infrastructure Backlog Studies	1,203,126	-
INDONSA	1,639,695	2,609,000
DWAF	61,684,391	39,047,300
Municipal Systems Improvement Grant	1,554,204	1,500,000
Sports grant	542,594	500,000
Finance Management Grant	500,000	500,000
Gijima KZN	426,094	1,065,243
Umdlali Airport	5,634,122	-
Cengen!	5,785,952	1,000,000
Umdlali Township Hub	573,401	1,080,000
Municipal Development Information System	584,029	1,000,000
Gumbi Land Settlement	273,029	500,000
Belgrade MFPC	600,000	-
Growth & Development Summit	100,000	-
DWAF Operation & maintenance	3,250,400	4,382,600
Other Government Grants and Subsidies	14,702,910	14,702,910
<b>Total Government Grant and Subsidies</b>	<b>360,874,413</b>	<b>268,357,953</b>

21.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All water consumers receive 6kl free basic water.

21.2 MIG Grant

	2009 R	2008 R
Balance unspent at beginning of year	146,528,000	92,981,557
Current year receipts	-	-
Conditions met - transferred to revenue	(129,313,320)	(92,981,556.7)
Conditions still to be met - remain liabilities	17,214,680	-

MIG is implemented on a multi-year programme and the conditions are met on an ongoing basis.

Other Conditional Government Grants and Subsidies

	2009 R	2008 R
Balance unspent at beginning of year	54,431,932	53,253,178
Current year receipts	-	-
Conditions met - transferred to revenue	(90,081,454)	-
Conditions still to be met - remain liabilities	17,603,666	54,431,932

21.3 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act 2008, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

22 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

	2009 R	2008 R
22.1 Other Income	460,612	452,997
22.2 Public contributions and donations	-	-
Donations	70,000	-
<b>Total public contributions and donations</b>	<b>70,000</b>	<b>-</b>

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2009

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23 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	41,229,809	35,039,856
Employee related costs - Contributions for UIF, pensions and medical aids	7,392,498	7,266,085
Travel, motor car, accommodation, subsistence and other allowances	3,968,871	4,062,101
Housing benefits and allowances	438,181	385,115
Overtime payments	3,343,929	2,347,902
Other employee related costs	3,264,947	1,613,366
<b>Total Employee Related Costs</b>	<b>59,638,236</b>	<b>50,734,427</b>

Remuneration of the Municipal Manager	441,776	398,615
Annual Remuneration	197,125	-
Performance- and other bonuses	131,698	328,360
Travel, motor car, accommodation, subsistence and other allowances	156,439	139,516
Contributions to UIF, Medical and Pension Funds	1,117,037	866,491
<b>Total</b>	<b>1,117,037</b>	<b>866,491</b>

Remuneration of the Chief Finance Officer	250,800	250,800
Annual Remuneration	131,745	-
Performance- and other bonuses	148,911	376,525
Travel, motor car, accommodation, subsistence and other allowances	418,911	376,525
Contributions to UIF, Medical and Pension Funds	102,180	97,777
<b>Total</b>	<b>903,636</b>	<b>726,102</b>

Remuneration of Individual Executive Directors	262,762	221,040
Annual Remuneration	131,745	131,745
Performance- and other bonuses	520,557	527,899
Travel, motor car, accommodation, subsistence and other allowances	74,063	246,559
Contributions to UIF, Medical and Pension Funds	989,127	1,127,241
<b>Total</b>	<b>989,127</b>	<b>1,019,177</b>

2008	250,800	212,077
Annual Remuneration	131,745	131,745
Performance- and other bonuses	427,674	427,674
Travel, motor car, accommodation, subsistence and other allowances	87,435	87,435
Contributions to UIF, Medical and Pension Funds	729,127	727,186
<b>Total</b>	<b>729,127</b>	<b>730,807</b>

24 REMUNERATION OF COUNCILLORS

Councillors' pension and medical aid contributions	2,878,719	2,619,297
Councillors' allowances	411,662	307,008
<b>Total Councillors' Remuneration</b>	<b>4,934,083</b>	<b>6,017,271</b>

In-kind Benefits  
The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.  
The Mayor has use of the Council owned vehicle for official duties. The Mayor has full-time bodyguards.

25 DEPRECIATION AND AMORTISATION EXPENSE

Property, plant and equipment	29,811,040
Intangible assets	217,855
<b>Total Depreciation and Amortisation</b>	<b>30,028,895</b>

ZULULAND DISTRICT MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2009

	2009	2008
26 FINANCE COSTS	832,563	3,391,489
Borrowings		
Total Finance Costs	832,563	3,391,489

	2009	2008
27 BULK PURCHASES	7,913,901	5,376,760
Electricity		
Water		
Total Bulk Purchases	7,913,901	5,376,760

	2009	2008
28 CONTRACTED SERVICES	2,444,020	564,466
Contracted services for:		
Security Services		
Cleaning Service		
Total	2,444,020	564,466

	2009	2008
29 GRANTS AND SUBSIDIES PAID	813,167	709,639
Grants/subsidy to Local Municipalities		
Total	813,167	709,639

	2009	2008
30 GENERAL EXPENSES	215,817	2,333,525
Advertising	367,539	1,000,073
Audit fees	1,000,073	120,607
Bank charges	120,607	77,105
Cleaning	77,105	4,446
Conferences and delegations	4,446	315,623
Entertainment	315,623	361,688
Connection charges	361,688	3,529,067
Fuel and oil	3,529,067	1,616,579
Insurance	1,616,579	44,414
Membership fees	44,414	110,766
License fees	110,766	298,645
Membership fees	298,645	78,881
Postage	78,881	406,255
Printing and stationery	406,255	2,533,127
Professional fees	2,533,127	142,417
Rental of buildings	142,417	120,443
Rental of office equipment	120,443	222,976
Other rentals	222,976	1,575,813
Security costs	1,575,813	401,333
Accrued leave adjustment account	401,333	250,555
Skills development levies	250,555	747,930
Stocks and material	747,930	2,024,928
Telephone cost	2,024,928	1,343,403
Subscription & publication	1,343,403	62,490,637
Training	62,490,637	4,335,085
Community & social expenditure	4,335,085	309,920
Travel and subsistence	309,920	13,868,592
Uniforms & overalls	13,868,592	23,871,411
Grants expenditure	23,871,411	182,621,709
Other	182,621,709	-
Total	215,817	2,333,525

Included in general expenses are the following -

30.1 GAIN / (LOSS) ON SALE OF ASSETS

	2009	2008
Property, plant and equipment	60,897	-
Total gain / (loss) on sale of assets	60,897	-

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
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31 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	123,972,714	5,928,592
Adjustment for:-		
Depreciation and amortisation	30,028,894	-
(Gain) / loss on sale of assets	(60,897)	-
Contribution to provisions - non-current	-	222,235
Contribution to provisions - current	3,391,489	1,109,240,791
Finance costs	832,563	-
Interest earned	(21,194,644)	(17,617,716)
Appropriation for the year	(5,787,552)	1,101,166,391
Operating surplus before working capital changes:	127,791,079	1,101,166,391
Working Capital	(40,077,178)	(9,081,667)
Increase in trade and other receivables from exchange transactions	4,561,737	1,061,068
Increase in other receivables from non-exchange transactions	(3,060,668)	10,635,052
Increase in current portion of receivables	63,831	69,822
Increase in prepayments	(1,630,454)	1,175,245
(Increase)/decrease in VAT receivable	(31,722,632)	(8,452,123)
Increase in inventory	(904,467)	-
Increase in non-current receivables	(4,358)	(1,511)
Increase in trade and other payables from exchange transactions	(4,358)	(1,511)
Increase in trade and other payables from non-exchange transactions	6,032,426	1,984,292
Increase in current provisions	2,234,298	(517,968)
Increase/(decrease) in consumer deposits	2,234,298	(517,968)
Increase in current portion of unspent conditional grants and receipts	137,394	(13,687,006)
Increase in current financial liabilities	3,829,329	(1,348,538)
Appropriation for the year	-	-
(Increase)/decrease in inventories	-	-
Cash generated by/(utilized in) operations	87,713,901	1,092,083,724

31.1 Cash receipts from consumers, government and other

Total revenue per statement of financial performance	391,276,604	304,166,557,50
Adjusted for items disclosed separately	(21,194,644)	4,487,653
Interest received	(31,066,676)	(21,194,644)
Adjusted for working capital	(31,066,676)	4,487,653
Increase in trade and other receivables from exchange transactions	4,561,737	1,061,068,00
Increase in other receivables from non-exchange transactions	(3,060,668)	10,635,052,00
Increase in current portion of receivables	63,831	69,822,00
Increase in current provisions	(1,630,454)	1,175,245,00
(Increase)/decrease in VAT receivable	(31,722,632)	(8,452,123)
Increase in inventory	(904,467)	1,175,245,00
Increase in non-current receivables	(4,358)	(1,511,00)
Cash receipts from consumers, government and other	339,015,385	308,654,111

31.2 Cash paid to employees, suppliers and other

Total expenses as per statement of financial performance	(267,364,786)	298,237,966,03
Adjusted for non-cash items:	24,241,242	1,109,463,026
Depreciation	30,028,894	-
Appropriations for the year	(5,787,552)	222,235,00
Contribution to provisions - current	-	1,109,240,791,00
Other adjustments	-	-
Adjusted for items disclosed separately	832,563	-
Finance Costs	832,563	-
Adjusted for working capital	(9,010,603)	(13,569,220)
Increase in prepayments	(1,630,454)	-
Increase in trade and other payables from exchange transactions	6,032,426	1,984,292,00
Increase in current portion of unspent conditional grants and receipts	137,394	(13,687,006)
Increase/(decrease) in consumer deposits	2,234,298	(517,968)
Increase in current financial liabilities	3,829,329	(1,348,538)
Decrease in other current financial liabilities	3,829,329	-
Cash paid to employees, suppliers and other	(261,301,484)	1,394,131,772



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ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
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	2009	2008	Note
<b>32 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash	166,113,783	164,499,905	
Bank overdrafts	(1,613,878)	-	
<b>Net cash and cash equivalents (net of bank overdrafts)</b>	<b>164,499,905</b>	<b>164,499,905</b>	
<b>33 CHANGE IN ACCOUNTING POLICY</b>			
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies, implementation of GRAP and changes to existing policies:			
<b>33.1 Reserves</b>			
Balance previously reported: -			
Project Development Fund	7,505,703	7,505,703	
MIG	37,220,192	37,220,192	
DWAF	37,290,645	37,290,645	
Municipal Development Information services	1,000,000	1,000,000	
Gumbi Land Settlement	500,000	500,000	
LSSETA	141,961	141,961	
Building for Sport and Recreation	747,478	747,478	
Municipal Systems Improvement	1,179,548	1,179,548	
Grant: Infrastructure Backlog Studies	1,656,444	1,656,444	
Grant: Transport plan	627,418	627,418	
Grant: IDP	80,000	80,000	
Grant: DPLG GIS Capacity	14,066	14,066	
KZN Infrastructure Grant	450,000	450,000	
Gijima KZN	2,699	2,699	
Ulundi Airport	210,618	210,618	
Ulundi Airport Resurfacing	1,854,350	1,854,350	
P700 Infrastructure	427,656	427,656	
Ulundi Tourism Hub	1,378,868	1,378,868	
Project Consolidate: Nongoma	1,746,768	1,746,768	
Shared Services	253,651	253,651	
Cengeni Development	2,759,500	2,759,500	
Other reserves	2,108,260	2,108,260	
Loans redeemed and other capital receipts	-	-	
<b>Total</b>	<b>99,157,826</b>	<b>99,157,826</b>	
Implementation of GRAP	44,725,895	44,725,895	
Transferred to accumulated surplus/(deficit)	-	-	
Transferred to unspent conditional grants	54,431,932	54,431,932	
<b>33.2 Provisions and Reserves</b>			
Balance previously reported	138,889	138,889	
Staff Bursary Reserve	-	-	
Leave Provision	2,380,033	2,380,033	
<b>Total</b>	<b>2,518,922</b>	<b>2,518,922</b>	
Implementation of GRAP	-	-	
Transferred to accumulated surplus/(deficit)	-	-	
Balance previously reported	980,605,233	980,605,233	
<b>Total</b>	<b>980,605,233</b>	<b>980,605,233</b>	
<b>33.4 Property, plant and equipment</b>			
Balance previously reported	985,078,120	985,078,120	
Implementation of GRAP	-	-	
Finance lease asset previously not recorded	550,000	550,000	
<b>Total</b>	<b>985,628,120</b>	<b>985,628,120</b>	

ZULULAND DISTRICT MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2009

	2009	2008
<b>33.5 Accumulated Depreciation</b>		
Balance previously reported	3 667 636	67 170 991
Implementation of GRAP	67 170 991	7 178 873
Backlog depreciation: land and buildings		110 000
Backlog depreciation: infrastructure		1 233 620
Backlog depreciation: other		79 361 120
Amortisation of intangible asset		
Total (debited to accumulated surplus/deficit))		
<b>33.6 Accumulated Surplus/(Deficit)</b>		
Balance previously reported	49 242 304	980 605 233
Implementation of GRAP		138 889
Adjustments to loans redeemed and other capital receipts (see 33.3 above)		(69 403)
Excessive provisions and reserves no longer permitted (see 33.2 above)		44 725 896
Finance charges on finance lease previously not recognised		151 956
Transferred from statutory funds (see 33.1 above)		(79 361 120)
Finance lease instalments previously expensed		
Backlog depreciation (see 33.5 above)		896 433 753
<b>34 MANAGEMENT ACT</b>		
<b>34.1 Contributions to organised local government</b>		
Opening balance	298 645	-
Membership Fees		
Balance unpaid (included in payables)		
<b>34.2 Audit fees</b>		
Amount paid - current year	871 712	1 000 073
Balance unpaid (included in payables)		
<b>34.3 VAT</b>		
VAT input receivables and VAT output payables are shown in note 11. Not all VAT returns were submitted by the due date throughout the year but corrective measures are now in place		
<b>34.4 PAYE and UIF</b>		
Opening balance	8 859 329	7 456 708 99
Current year payroll deductions		
Amount paid - current year	(8 859 329)	(7 456 709)
Amount paid - previous years		
Balance unpaid (included in payables)		
<b>34.5 Pension and Medical Aid Deductions</b>		
Opening balance	11 403 966	8 894 803 24
Current year payroll deductions and Council Contributions		
Amount paid - current year	(11 403 966)	(8 894 803)
Amount paid - previous years		
Balance unpaid (included in payables)		

ZULULAND DISTRICT MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2009

Note 2009 2008 R R

34.6 Councilors' arrear consumer accounts

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

as at	Councilor	Arrear Consumer Accounts	Highest Outstanding Amount R	Ageing Days
as at 30 June 2009	Cllr V Z Kagwaza-Msibi	251	251	90 days
	Cllr S E Nkwanana	2,399	92	90 days
	Cllr S E Nkwanana	2,307,00	92	90 days
	<b>Total Councilor Arrear Consumer Accounts</b>	<b>2,651</b>	<b>343</b>	
as at 30 June 2008	Cllr V Z Magwaza	324	218	90 days
	Cllr S E Nkwanana	1,713	78	90 days
	Cllr S E Nkwanana	1,634,65	296	90 days
	<b>Total Councilor Arrear Consumer Accounts</b>	<b>2,037</b>	<b>296</b>	

During the year the following Councilors had arrear accounts outstanding for more than 90 days:

35 CAPITAL COMMITMENTS

35.1 Commitments in respect of capital expenditure

	2009	2008
- Approved and contracted for infrastructure	148,870,973	99,157,827,00
<b>Total</b>	<b>148,870,973</b>	<b>99,157,827,00</b>
This expenditure will be financed from:		
- Government Grants	148,870,973	99,157,827,00
	148,870,973	99,157,827,00

35.2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

	2009	2008
Operating leases - lessee	59,538	51,628
Within one year	59,538	51,628
In the second to fifth year inclusive	-	-
<b>Total</b>	<b>59,538</b>	<b>51,628</b>

36 RELATED PARTIES

Members of key management (refer to note 22)

Compensation to councilors and other key management (refer to note 22 & 23)

37 CORRECTION OF ERROR

During the year ended 30 June 2008, fuel and oil for the 07/08 financial year erroneously recorded as an expense in the 2008/2009 financial year.

The comparative amount has been restated as follows:

	2009	2008
Corrections of prior year fuel and oil recorded as an expense in the current year	479,518	479,518
Decrease in Fuel and Oil	479,518	479,518
Net effect on surplus/(deficit) for the year	479,518	479,518
Net effect on accumulated surplus opening balance	(479,518)	(479,518)

38 APPROPRIATIONS FOR THE YEAR

Appropriation for the year is used to record transactions that affect the accumulated surplus. These include prior year cheques not cancellable/ issuable against the line item from which it was issued. Journals.

**ZULULAND DISTRICT MUNICIPALITY**  
**APPENDIX A**  
**SCHEDULE OF EXTERNAL LOANS**  
as at 30 June 2009

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2008	Received during the period	Redeemed / written off during the period	Balance at 30 June 2009	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R	R	R	R	R	R
LONG-TERM LOANS-INCA LOAN@12.91%		31/03/2013	6,278,328	-	1,030,975	5,247,353		
Total long-term loans			6,278,328	-	1,030,975	5,247,353		
<b>TOTAL EXTERNAL LOANS</b>			<b>6,278,328</b>	<b>-</b>	<b>1,030,975</b>	<b>5,247,353</b>		

ZULULAND DISTRICT MUNICIPALITY  
APPENDIX B  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT  
as at 30 June 2009

	Cost / Revaluation				Accumulated Depreciation								
	Opening Balance R	Additions R	Disposals R	Under Construction R	Closing Balance R	Opening Balance R	Depreciation R	Disposals R	Impairment loss/Reversal of Impairment loss R	Closing Balance R	Transfers R	Other movements R	Carrying Value R
Land	400,000	70,000	-	-	470,000	-	-	-	-	-	-	-	470,000
Buildings	30,592,666	-	-	-	30,592,666	(3,667,636)	(992,381)	-	-	(4,660,017)	-	-	25,932,649
Infrastructure	639,375,026	2,529,492	-	17,038,667	659,043,185	(44,346,346)	(17,177,674)	-	-	(61,524,020)	-	-	597,519,165
Water & Sewerage Inst	301,006,295	61,684,391	-	103,952,828	466,645,514	(22,824,645)	(9,557,236)	-	-	(32,381,881)	-	-	434,263,633
Community Assets	940,383,321	64,313,884	-	120,991,494	1,125,688,699	(67,170,991)	(26,734,910)	-	-	(93,905,901)	-	-	1,031,782,798
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artefacts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	971,375,987	64,383,884	-	120,991,494	1,156,751,365	(70,838,627)	(27,727,291)	-	-	(98,565,916)	-	-	1,058,185,447

ZULULAND DISTRICT MUNICIPALITY  
APPENDIX B  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT  
as at 30 June 2009

	Cost / Revaluation				Accumulated Depreciation								
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of Impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Total brought forward</b>	971,375,987	64,383,894	-	120,991,494	1,156,751,365	(70,838,627)	(27,727,291)	-	-	(98,565,918)	-	-	1,058,185,447
<b>Other Assets</b>													
Office Equipment	982,365	216,771	-	-	1,199,136	(551,994)	(134,870)	-	-	(686,864)	-	-	512,272
Furniture & Fittings	253,391	23,865	-	-	277,256	(182,863)	(25,547)	-	-	(208,410)	-	-	68,846
Emergency Equipment	139,475	-	-	-	139,475	(14,674)	(13,948)	-	-	(28,622)	-	-	110,853
Motor vehicles	8,678,671	6,869,723	(461,367)	-	15,087,027	(4,331,529)	(1,386,467)	257,414	-	(5,460,582)	-	-	9,626,445
Computer Equipment	2,686,649	1,411,948	-	-	4,097,597	(1,856,023)	(367,724)	-	-	(2,223,747)	-	-	1,873,850
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	962,582	-	-	-	962,582	(241,790)	(45,193)	-	-	(286,983)	-	-	675,599
<b>Finance Lease Assets</b>													
Office Equipment	13,702,133	8,522,306	(461,367)	-	21,763,072	(7,178,873)	(1,973,749)	257,414	-	(8,895,208)	-	-	12,867,864
Other Assets	550,000	-	-	-	550,000	(110,000)	(110,000)	-	-	(220,000)	-	-	330,000
<b>Total</b>	985,628,120	72,906,190	(461,367)	120,991,494	1,179,064,437	(76,127,500)	(29,811,040)	257,414	-	(107,581,126)	-	-	1,071,383,311

ZULULAND DISTRICT MUNICIPALITY  
APPENDIX B  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT  
as at 30 June 2008

	Cost / Revaluation				Accumulated Depreciation							Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers		
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land	400,000	-	-	-	400,000	-	-	-	-	-	-	-	400,000
Buildings	27,307,666	3,285,000	-	-	30,592,666	(2,752,169)	(915,468)	-	-	(3,667,636)	-	-	26,925,030
Infrastructure	484,624,669	154,750,357	-	-	639,375,026	(29,906,943)	(14,439,403)	-	-	(44,346,346)	-	-	595,028,680
Water & Sewerage Inst	222,636,537	79,371,758	-	-	301,008,295	(15,317,514)	(7,507,131)	-	-	(22,824,645)	-	-	278,183,650
Community Assets	707,261,206	233,122,115	-	-	940,383,321	(45,224,457)	(21,946,534)	-	-	(67,170,991)	-	-	873,212,330
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Parlours & Artefacts	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total carried forward</b>	<b>734,968,872</b>	<b>236,407,115</b>	<b>-</b>	<b>-</b>	<b>971,375,987</b>	<b>(47,976,625)</b>	<b>(22,862,002)</b>	<b>-</b>	<b>-</b>	<b>(70,838,627)</b>	<b>-</b>	<b>-</b>	<b>900,537,360</b>



ZULULAND DISTRICT MUNICIPALITY  
APPENDIX B  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT  
as at 30 June 2008

	Cost / Revaluation				Accumulated Depreciation								
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of Impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Total brought forward</b>	<b>734,968,872</b>	<b>236,407,115</b>	-	-	<b>971,375,987</b>	<b>(47,976,825)</b>	<b>(22,882,002)</b>	-	-	<b>(70,898,627)</b>	-	-	<b>900,537,360</b>
<b>Other Assets</b>													
Office Equipment	727,259	255,106	-	-	982,365	(438,946)	(113,048)	-	-	(51,994)	-	-	430,371
Furniture & Fixings	235,337	18,054	-	-	253,391	(156,361)	(26,482)	-	-	(182,863)	-	-	70,528
Bins and Containers	-	-	-	-	-	(650)	(14,024)	-	-	(14,674)	-	-	124,801
Emergency Equipment	139,475	-	-	-	139,475	(3,168,243)	(1,163,286)	-	-	(4,331,529)	-	-	4,347,142
Motor vehicles	8,678,671	-	-	-	8,678,671	-	-	-	-	-	-	-	-
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	2,258,641	427,007	-	-	2,685,649	(1,520,627)	(335,396)	-	-	(1,856,023)	-	-	829,626
Computer Software (part of computer equipment)	1,714,635	90,806	(1,805,441)	-	-0,00	(950,297)	(283,323)	1,233,620	-	-	-	-	(0)
Other Assets	982,582	-	-	-	982,582	(187,269)	(54,532)	-	-	(241,790)	-	-	720,792
<b>Finance Lease Assets</b>	<b>14,716,601</b>	<b>790,974</b>	<b>(1,805,441)</b>	-	<b>13,702,133</b>	<b>(6,422,402)</b>	<b>(1,990,091)</b>	<b>1,233,620</b>	-	<b>(7,178,873)</b>	-	-	<b>6,523,260</b>
Office Equipment	-	550,000	-	-	550,000	-	(110,000)	-	-	(110,000)	-	-	440,000
Other Assets	-	550,000	-	-	550,000	-	(110,000)	-	-	(110,000)	-	-	440,000
<b>Total</b>	<b>749,685,473</b>	<b>237,748,088</b>	<b>(1,805,441)</b>	-	<b>985,628,120</b>	<b>(54,399,027)</b>	<b>(24,962,093)</b>	<b>1,233,620</b>	-	<b>(78,127,500)</b>	-	-	<b>907,500,620</b>

**ZULLULAND DISTRICT MUNICIPALITY**  
**APPENDIX C**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
as at 30 June 2009

	Cost / Revaluation				Accumulated Depreciation				Carrying value R
	Opening Balance R	Additions R	Under Construction R	Disposals R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
Executive & Council	30,715,120	8,592,306		(461,367)	(7,288,873)	(2,083,749)	257,414	(9,115,208)	29,730,851
Finance & Admin	2,995,580				2,995,580			-	2,995,580
Planning & Development	3,788,992				3,788,992			-	3,788,992
Health	12,966				12,966			-	12,966
Community & Social Services	343,507				343,507			-	343,507
Public Safety	2,173,787	64,313,884	120,991,494		2,173,787	(27,727,291)		-	2,173,787
Water	945,561,140				(70,838,627)			(98,565,918)	1,032,300,600
Electricity								-	
Other	37,027							-	37,027
<b>Total</b>	<b>985,628,119</b>	<b>72,906,190</b>	<b>120,991,494</b>	<b>(461,367)</b>	<b>(78,127,500)</b>	<b>(29,811,040)</b>	<b>257,414</b>	<b>(107,681,126)</b>	<b>1,071,383,310</b>

**ZULULAND DISTRICT MUNICIPALITY**  
**APPENDIX D**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2009

2008		2008		2008		2009		2009	
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure
R	R	R		R	R	R		R	R
122,277,486	28,019,121	(28,019,121)	Executive & Council	-	30,619,095	(30,619,095)		-	41,354,947
6,534,593	10,604,583	11,672,803	Finance & Admin	150,225,287	41,354,947	108,870,340		19,001,395	26,401,290
-	1,377,437	(1,377,437)	Planning & Development	-	1,348,394	(7,399,895)		-	1,348,394
3,905,560	29,780,054	(25,874,494)	Health	2,182,289	60,720,480	(58,538,191)		5,613,775	823,823
-	665,920	(665,920)	Community & Social Services	-	823,823	(823,823)		214,314,755	4,961,653
166,042,151	209,450,989	(43,408,838)	Public Safety	-	99,535,576	652,122		-	99,535,576
5,406,789	4,527,454	879,315	Waste Management	-	1,599,527	(1,599,527)		-	1,599,527
-	2,834,964	(2,834,964)	Water	-	1,599,527	(1,599,527)		-	1,599,527
-	-	-	Other	-	-	-		-	-
<b>304,166,559</b>	<b>298,237,985</b>	<b>5,928,594</b>	<b>Total</b>	<b>391,337,501</b>	<b>287,364,786</b>	<b>123,972,715</b>		<b>391,337,501</b>	<b>287,364,786</b>
<b>304,166,559</b>	<b>298,237,985</b>	<b>5,928,594</b>	<b>Total</b>	<b>391,337,501</b>	<b>287,364,786</b>	<b>123,972,715</b>		<b>391,337,501</b>	<b>287,364,786</b>

	2009 Actual R'000	2009 Budget R'000	2009 Variance R'000	2009 Variance %	Explanation for variances
<b>REVENUE</b>					
Service Charges	18 321,998	15 835,573	2 486,425	16	Water consumed exceeded expectations.
Rental of facilities and equipment	83,345	-	83,345		Omitted from the budget
Interest earned- external investments	21 139,644	19 800,000	1 394,644	7	The level of investments and the rate fluctuated to the benefit of the district. An original budget of R12,000,000 was adjusted by R7,800,000 through the adjustments budget
Interest earned- outstanding debtors	271,592	-	271,592		Not budgeted for but effected due the implementation og GRAP.
Fines					
Licences and permits					
Government Grants & Subsidies	350 874,413	386 090,991	-35 216,577	-9	The variance primarily comprises the unspent conditional grants
Public contributions and donations	70,000	-	70,000		Not expected at budget time
Other revenue	460,612	-	460,612		This comprises mainly tender income, telephone recovered and other income that could not be determined with certainty at budget time
Gains on disposal of property, plant and equipment	60,897	250,000	-189,103	-76	Vehicles that were expected to be sold were actually not sold during the year.
<b>TOTAL REVENUE</b>	<b>391,337,501</b>	<b>421,976,563</b>	<b>-30,639,062</b>		
<b>EXPENDITURE</b>					
Employee related costs	59 638 236	59 189 793	448 443	1	Overtime actual exceeded the budgeted amount. Moreover, vacancies are budgeted for a full year and some are only filled after a few months have lapsed and as a result savings are achieved
Remuneration of Councillors	4 934 083	4 880 846	253 237	5	Annual increments were higher than budgeted.
Collection costs	297 009	190 801	106 208	56	Only an estimate at budget time.
Depreciation	30 028 894	-	30 028 894	100	Depreciation not budgeted for as council was in the process of implementing a proper assets register at budget time. However, actual depreciation had to be calculated in terms of GRAP requirements.
Repairs and maintenance	19 276,561	23 286,641	-4 010 080	-17	Expenditure qualify as assets and thus capitalised in terms of GRAP
Bulk purchases	25 189 286	31 800 340	-6 612 054	-21	Savings were achieved on the bulk maintenance contract
Contracted services	3 008 486	3 079 117	-70 631	-2	Ward requirements were not purchased but budgeted as carry-over in 2009/2010
General expenses	123 347 501	128 723 295	-5 375 794	-4	Finance lease interest expense budgeted as part of rent
Finance Cost	832 563	731 902	100 661	14	Equipment.
Grants and subsidies paid	813 167	813 167	-		
<b>TOTAL EXPENDITURE</b>	<b>267 364 786</b>	<b>252 495 902</b>	<b>14 868 884</b>		
<b>SURPLUS / -DEFICIT FOR THE YEAR</b>	<b>123,972,715</b>	<b>169,480,661</b>	<b>-45,507,946</b>		

ZULULAND DISTRICT MUNICIPALITY

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

APPENDIX E (12)

	2009 Additions R	2009 Under Construction R	2009 Total Additions R	2009 Budgeted Additions R	2009 Variance	2009 Variance
<b>Buildings</b>						
Infrastructure	2 529 492	17 038 667	19 568 159	19 868 159	-	-
Water & Sewerage Install	61 684 391	103 852 828	165 537 219	182 851 889	(17 214 680)	-9% Unspent Conditional grant
	64 313 883	120 991 495	185 305 378	202 520 058	(17 214 680)	-9%
Community Assets	-	-	-	-	-	-
Sports facilities	-	-	-	-	-	-
Township Hub	-	-	-	-	-	-
Production Centre	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Office & Computer Equipment	218 771	-	218 771	218 771	-	-
Furniture and fittings	23 865	-	23 865	23 865	-	-
Motor Vehicles	6 869 723	-	6 869 723	8 037 996	(1 168 273)	-15% Indansa vehicle, stores truck not purchased in 2009
Computer Equipment	1 411 948	-	1 411 948	1 411 948	-	-
	8 522 307	-	8 522 307	9 690 580	(1 168 273)	-12%
Finance Lease	-	-	-	-	-	-
<b>Total</b>	<b>72 836 190</b>	<b>120 991 495</b>	<b>193 827 685</b>	<b>212 210 638</b>	<b>(18 382 953)</b>	<b>-9%</b>
Capital expenditure during the year ended 30 June 2009 was restricted due to cashflow constraints						

