

**UMZINYATHI UMASIPALA WESIFUNDA  
UMZINYATHI DISTRICT MUNICIPALITY**



**FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 30 JUNE 2012**

**UMZINYATHI DISTRICT MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

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**UMZINYATHI DISTRICT MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2012**

**GENERAL INFORMATION**

Speaker	Clr. B.S. Chambule
His Worship The Mayor	Clr. J.M. Mihethwa
Deputy Mayor	Clr. F.S. Mkhize
Exco Members	Clr. L.D. Ngubane Clr. M.I. Sithole Clr. M.S. Yengwa
Council Members	Clr. N.C. Khanyile Clr. I. Bedassi Clr. N.P. Zulu Clr. X.S. Xaba Clr. P.M. Ngobese Clr. T. Mahaye Clr. J. Mfeka Clr P.G. Mavundla Clr. A.M. Shaik Clr. V.B. Ntombela Clr. I.T. Nhlebela Clr. F.J. Skhakhane Clr. B.P. Ngcobo Clr. E.N. Molefe Clr. M. Mnguni Clr.M. Mkhwanazi Clr. B.N. Zondi Clr. L.G. Mabaso Clr. R.N. Ngubane

**Grading of Municipality**

Grade 4 (in terms of Government Notice R1224 dated 1 December 2006)

**Auditors**

The Auditor-General  
Private Bag X9034  
PIETERMARITZBURG  
3200

**UMZINYATHI DISTRICT MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2012**

**GENERAL INFORMATION** (continued)

**Bankers**

ABSA Bank Limited, Current Account, Dundee (Operating account)

**Registered office**

Princess Magogo Building  
39 Victoria Street  
DUNDEE  
3000

P O Box 1965  
DUNDEE  
3000

Tel: (034) 219 1500

Fax: (034) 218 1940

E-mail: registry@umzinyathi.gov.za

**Acting Municipal Manager**

Thami R Malunga  
B Tech Quantity Surveying

**Chief Financial Officer**

Bongani B. Mdletshe  
N. Dipl Acc, CIBM (SA), MBA, SAIPA & IMFO

UMZINYATHI DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	2012 R	2011 R
<b>ASSETS</b>			
<b>NON- CURRENT ASSETS</b>			
Property, Plant and Equipment	4	24,306,390	23,112,647
Investment property	4	864,155	903,555
Intangible asset	4	6,478	(0)
Investments	5	0	8,831,589
Uthukela Water Investment	2	1,030,786,020	969,544,697
		<b>1,055,963,044</b>	<b>1,001,488,933</b>
<b>CURRENT ASSETS</b>			
Debtors	6	18,155,746	165,707
Vat	6	4,971,134	6,065,538
Other Debtors	6	221,392	0
Call Investment Deposits	4	435,894	36,664,300
Bank Balance and Cash	16	9,092,043	11,441,361
		<b>32,876,208</b>	<b>54,336,906</b>
<b>TOTAL ASSETS</b>		<b>1,088,839,252</b>	<b>1,055,825,839</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Accumulated Surplus/ (Deficit)	1	1,000,569,654	926,878,776
<b>TOTAL EQUITY</b>		<b>1,000,569,654</b>	<b>926,878,776</b>
<b>NON CURRENT LIABILITIES</b>			
Post Retirement Benefit	18	7,769,169	12,565,797
		<b>7,769,169</b>	<b>12,565,797</b>
<b>CURRENT LIABILITIES</b>			
Unspent Conditional Grant and Receipts	31	24,748,808	38,751,670
Creditors	7	55,751,621	77,629,596
Current Portion of Long-term Liabilities	3	0	0
		<b>80,500,428</b>	<b>116,381,266</b>
<b>TOTAL LIABILITIES</b>		<b>88,269,597</b>	<b>128,947,063</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,088,839,252</b>	<b>1,055,825,839</b>

**UMZINYATHI DISTRICT MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE YEAR ENDED 30 JUNE 2012**

	Note	Actual 2012 R	Actual 2,011 R
<b>REVENUE</b>			
Rental of Facilities and equipment		237,517	237,287
Interest Earned - External Investment	10	3,433,593	5,741,698
Interest Earned - Outstanding Debtors		0	0
Government and Provincial grants and subsidies	17	394,054,151	279,592,556
Other		640,665.73	403,506
Proceeds on Sale of Assets		0	0
Puplic Contribution and Donations		0	0
Gains on Disposal of Property, Plant and Equipment			
<b>TOTAL REVENUE</b>		<b>398,365,926</b>	<b>285,975,046</b>
<b>EXPENDITURE</b>			
Employee Related Costs	7	31,760,597	22,722,496
Remuneration of Councillors	7	3,247,060	2,085,872
Depreciation		3,832,508	3,660,773
Post Retirement benefit	18	0	3,703,476
General expenses	22	74,474,866	45,584,944
Agency fees	23	64,405,032	93,846,105
Repairs and maintenance		5,800,255	5,694,355
Interest Paid	10	795	0
Grant Expenditure	24	112,056,485	156,484,168
Loss on Disposal of Property,Plant and Equipment		194,361	
<b>Total Expenditure</b>		<b>295,771,959</b>	<b>333,782,189</b>
<b>(DEFICIT)</b>		<b>102,593,967</b>	<b>(47,807,143)</b>
Interest in Joint Venture		(21,646,829)	(19,866,625)
<b>(DEFICIT) FOR THE YEAR</b>		<b>80,947,138</b>	<b>(67,673,768)</b>

UMZINYATHI DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

	Pre-GRAP GAMAP Accum Funds	Pre-GRAP GAMAP Reserves	Pre-GRAP GAMAP External Loan Lease	Pre-GRAP GAMAP Internal Loan CDF	Pre-GRAP GAMAP Loans Redeemed Capital (Receipt)	Total Pre-GRAP GAMAP Reserve	Government Grant Reserve	Donation and Public Contribution Reserve	Revaluation Reserve	Accumulated Surplus/ Deficit	Uthukela Water Joint Venture Investment	Total
	R	R	R	R	R	R	R	R	R	R	R	R
Balance at 1 July 2010							0	0	5,800,000	(658,777)	877,687,396	882,828,619
Surplus/(deficit) for the year							0	0	0	(47,807,143)	(19,866,625)	(67,673,768)
Appropriations for the year							0	0	(5,800,000)	5,800,000	0	0
Funds Utilised During the Year							0	0	0	0	0	0
Uthukela Capitalisation							0	0	0	0	111,723,926	111,723,926
PPE purchased							0	0	0	0	0	0
Revaluation of Property							0	0	0	0	0	0
Insurance Claim Proceeded							0	0	0	(0)	0	(0)
Asset transferred to LMS							0	0	0	0	0	0
Asset Disposal							0	0	0	0	0	0
Offsetting of Depreciation							0	0	0	0	0	0
<b>Balance as at 30 June 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(42,665,921)</b>	<b>969,544,697</b>	<b>926,878,776</b>
Correction of error (note 34)												0
Change in accounting policy (note 34)												0
<b>Restated Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(42,665,921)</b>	<b>969,544,697</b>	<b>926,878,776</b>
Balance at 1 July 2011							0	0	0	(42,665,921)	969,544,697	926,878,776
Surplus/(deficit) for the year							0	0	0	102,593,967	(21,646,829)	80,947,138
Funds Utilised During the Year							0	0	0	0	0	0
Uthukela Capitalisation							0	0	0	0	0	0
PPE purchased							0	0	0	0	0	0
Revaluation of Property							0	0	0	323,907	0	323,907
Prior year adjustment							0	0	0	(12,362,807)	0	(12,362,807)
Prior year accruals							0	0	0	4,782,649	0	4,782,649
Adjustment to post retirement benefit							0	0	0	52,671,787	947,897,868	1,000,569,654
<b>Balance as at 30 June 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>52,671,787</b>	<b>947,897,868</b>	<b>1,000,569,654</b>

UMZINYATHI DISTRICT MUNICIPALITY

CASH FLOW STATEMENT

FOR THE PERIOD ENDING 30 JUNE 2012

	Note	2012 R	2011 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated by operations	12	84,321,057	(82,871,251)
Cash contributions from the Public and State		0	0
Cash Receipt From Rate Payers, Government and Other			
Cash Paid to Suppliers and Employees	13	(66,653,743)	26,105,882
Cash generated from /(Utilised in) Operations		17,667,314	(56,765,369)
Interest Received	10	3,433,593	5,741,698
Interest Paid	10	(795)	0
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>21,100,112</b>	<b>(51,023,671)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property,Plant and Equipment	5	(5,778,145)	(2,079,508)
Proceed on Disposal of Property, Plant and Equipment			
Increase in Uthukela Investment	2	(58,850,822)	19,866,626
Decrease in non Current Receivables	17	0	0
Increase in non-current investment	18	45,059,995	36,234,425
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(19,568,972)</b>	<b>54,021,543</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New Loans Raised / (Repaid)			
Increase in Consumer Deposits			
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>0</b>	<b>0</b>
<b>NETT DECREASE IN CASH AND CASH CASH EQUIVALENT</b>	19	<b>40,669,084</b>	<b>2,997,872</b>
	19	<b>2,349,318</b>	<b>(2,997,870)</b>
Cash and Cash Equivalents at the Beginning of the Year		11,441,361	8,443,491
Cash and Cash Equivalents at the End of the Year		9,092,043	11,441,361



UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2012

	2012 R	2011 R
<b>1 Accumulated Surplus / (Deficit)</b>		
Balance at the beginning of the year	926,878,777	882,828,619
Surplus/ (Deficit) for the year	80,947,138	-67,673,768
Increase in Uthukela Water Pty Ltd Investment - Capital Additions	0	111,723,926
Prioy year accruals	(12,362,807)	
Prior year adjustment	323,907	
Retirement benefits	4,782,649	
Accumulated surplus/(Deficit) of the year	1,000,569,663	926,878,777
Accumulated surplus has been restated to include the increase of Uthukela Water Investment as result of additions of Water Services assets funded by Municipal Infrastructure Grant.		
For more details refer to the statement of net changes in assets.		

	Restated	Previously stated
	2011	2011
<b>2 INVESTMENT IN UTHUKELA WATER (PTY) LTD JOINT VENTURE</b>		
	Uthukela Water AFS Reference	
Share capital	Note 5	33
Partners contributions- Projects	Note 6	340,331,043
Partners contributions- Projects MIG	Note 6	111,723,926
Partners contributions- Shortfall funding	Note 6	268,086,956
Accumulated surplus	Note 6	249,402,739
		<u>969,544,697</u>

Uthukela Water (Pty) Ltd Joint Venture Investments has been accounted for using equity method as prescribed in GRAP 8.

	Restated	Previously stated
	2012	2012
	Uthukela Water AFS Reference	
Share capital	Note 5	33
Partners contributions- Projects	Note 6	331,738,366
Partners contributions- Projects MIG	Note 6	194,612,078
Partners contributions- Shortfall funding	Note 6	360,830,820
Accumulated surplus	Note 6	143,604,724
		<u>1,030,786,020</u>

	2012	2011
	R	R
<b>3 LONG-TERM LIABILITIES</b>		
DBSA Loan	0	0
	0	0
Less: Current portion of Long- Term Liabilities	0	0

ANNUITY AND OTHER LOANS

Bear interest at rates of between 7.5% per annum and 16.85% and will be fully redeemed in 2019.

	2012 R	2011 R
<b>4 FIXED ASSETS</b>		
Fixed assets (cost)	37,282,727	37,282,728
Adjustments		
Impairments	(10,855)	
Depreciation	(3,832,508)	-3,969,228
Depreciation on disposal	1,489,926	-
Disposal	(1,684,287)	
Acquisitions	3,864,953	
Work in progress	2,237,149	
	<u>39,347,105</u>	<u>33,313,500</u>
Less : Accumulated Depreciation	(14,170,082)	-10,200,853
Net fixed assets	<u>25,177,023</u>	<u>23,112,646</u>

The opening balances have been reclassified to take into account the correct asset classifications in terms of GRAP.

## UMZINYATHI DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2012

## 5 INVESTMENTS

	2012 R	2011 R
Unlisted :		
Long term deposits	0	8,831,589
Call deposits	435,894	36,664,300
Total investments	<u>435,894</u>	<u>45,495,889</u>
Managements' valuation of unlisted investments.	<u>435,894</u>	<u>45,495,889</u>
Average gross rate of return on investments	36%	10%

Local authorities are required to invest funds which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate to meet commitments.

Institution	R	R
First National Bank	148,272	2,243,640
Investec	44,098	15,164,783
ABSA	99,268	9,634,631
Nedbank	122,702	9,621,246
Rand Merchant Bank	21,555	8,831,589
Total	<u>435,894</u>	<u>45,495,889</u>

## 6 DEBTORS

	R	R
Debtors	18,155,746	165,707
Debtor - Interest Accrued	131,934	165,707
District Games 2009	488,379	-
General Suspense	0	-
Debtors Control	0	-
Sundry Debtors Deposits Cont	40,000	-
LGSETA : Training Grant	0	-
iNdllovu DM Distribution Debt	0	-
CMIP-Makhabeleni Water Schem	0	-
CMIP-Borehole Rehab Programm	0	-
Isandlwana Water Scheme.	0	-
CMIP-Sithembile Bulk Sewer	0	-
CMIP - Nquthu Sewer Rehabili	0	-
CMIP-Sibongile/Dundee Phase2	0	-
CMIP-Sibongile/Dundee Phase3	0	-
Deposits	0	-
MIG Debtor	17,495,434	-
Inter-authority debtors	0	-
Other Debtors	221,392	0
Debtor-Grader	221,392	-
MS Yengwa Credit Card Suspen	0	-
Pensioners Medical Aid Contr	0	-
Salaries Suspense	0	-
Salary Advances Suspense	0	-
Short-term portion of long-term debtors	0	-
Receiver of Revenue - Value Added Tax	4,971,134	6,065,538
Vat Input Control	116,914,614	113,733,930
Vat Input Control Public Works	0	-
Vat Output Control	(453,131)	-398,823
Vat Outp Control CMIP Projec	0	-
Vat Control	<u>(111,490,349)</u>	<u>-107,269,569</u>

## 7 CREDITORS

Trade Creditors and accruals	55,751,621	77,629,596
Deposit Clearing Account	0	-
Creditor - Endumeni	0	11,769,408
Inter-DC Direct Deposits Sus	0	-
Insurances Suspense	0	-
Retentions Held Suspense	12,148,406	13,563,282
Unknown Deposit Suspense	0	-
Creditors Control	1,140,985	-
Leave pay	2,505,577	1,578,438
Accruals Suspense Account	34,179,173	12,402,204
Unclaimed Wages	0	-
Prepaid Income	0	-
Municipal funded projects	4,732,863	-
Cash Suspense Account	0	-
Creditor - uThukela water	<u>1,044,617</u>	<u>38,316,266</u>

CONSUMER DEPOSITS

There were no guarantees in lieu of deposits.

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UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2012

8 REMUNERATION

COUNCILLORS' REMUNERATION

	2012	2011
Mayor's allowance	545,517	287,322
Deputy Mayor's allowance	363,634	87,399
Speaker's allowance	287,345	249,745
Members' allowances	1,273,939	1,159,307
Executive committee allowances	516,120	142,921
Local Authority attendance fees	39,698	21,305
Medical aid contributions	45,070	15,452
Pension fund contributions and other allowances	175,738	122,421
	<b>3,247,060</b>	<b>2,085,872</b>

EMPLOYEE RELATED COSTS

Employee related costs : Salaries and Wages	23,288,953	11,972,704
Employee related costs : Contribution for UIF, Pension and Medical Aid	3,899,238	2,930,567
Travel, Motor Car, Accommodation, Subsistence and other allowances	1,491,160	1,276,505
Housing Benefit and Allowances	849,855	644,114
Overtime Payments	226,023	442,976
Bonuses	2,005,367	5,455,630
Less : Employee costs capitalised		
Less : Employee costs included in other expenses		
<b>Total Employee Related Costs</b>	<b>31,760,597</b>	<b>22,722,496</b>

There were no advances and loans issued to employees

Remuneration of the Municipal Manager

<b>Total Package</b>	<b>1,309,657</b>	<b>1,102,405</b>
Structured as follows : Annual Remuneration	1,070,894	885,695
<b>Total</b>	<b>1,070,894</b>	<b>885,695</b>

Remuneration of the Chief Financial Officer

<b>Total Package</b>	<b>1,285,962</b>	<b>831,497</b>
Structured as follows : Annual Remuneration	1,198,870	831,497
<b>Total</b>	<b>1,198,870</b>	<b>831,497</b>

EXECUTIVE MANAGER'S REMUNERATION

	Executive Manager Mayor's Office	Executive Manager Technical Services	Exec Manager Corporate Services	Exec Manager Planning and Social Dev
<b>30 June 2012</b>				
<b>Total Package</b>	935,441	935,441	935,441	935,441
Structured as follows : Annual Remuneration	389,607	691,929	835,885	710,658
Acting Allowance	12,538	108,902		-
<b>Total</b>	<b>402,143</b>	<b>800,831</b>	<b>835,885</b>	<b>710,658</b>

	Executive Manager Mayor's Office	Executive Manager Technical Services	Exec Manager Corporate Services	Exec Manager Planning and Social Dev
<b>30 June 2011</b>				
<b>Total Package</b>		787,408	787,408	787,408
Structured as follows : Annual Remuneration		631,777	562,903	631,777
Performance Bonuses		0	0	-
Leave Pay				
Acting Allowance		34,703		
Car Allowance		0	0	-
UIF, Medical & Pension Fund		0	0	-
<b>Total</b>		<b>666,480</b>	<b>562,903</b>	<b>631,777</b>

MIDDLE MANAGER'S REMUNERATION

Manager Communication Services	399,284	466,168
Manager Legal Services	382,121	628,585
Manager IDP/PMS	383,102	466,168
Manager GIS	586,456	534,756
Chief Planner Specialist	583,258	
	<b>1,351,679</b>	<b>1,629,509</b>

Remuneration: Other Staff	29,038,840	19,600,507
<b>Total Salaries, Wages and Allowances</b>	<b>35,007,657</b>	<b>24,808,368</b>

Managements' Remuneration as a percentage of total remuneration	7%	8%
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MANAGER'S PERFORMANCE BONUSES

Municipal Manager	160,835	76,634
Dep Municipal Manager	0	-
Executive Manager: Corporate Services	171,391	-
Manager: Communications	50,000	50,000
Manager: IDP PMS	50,000	50,000
Executive Manager: Development Planning	114,879	56,513
Executive Manager: Technical Services	114,879	56,513
Manager Legal services	50,000	50,000
<b>Total</b>	<b>711,984</b>	<b>339,660</b>

9 AUDITORS' REMUNERATION

Audit fees	<u>1,676,268</u>	<u>1,698,462</u>
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11

10 FINANCE TRANSACTIONS

Total external interest earned or paid

Interest earned	<u>3,433,593</u>	<u>5,741,698</u>
Interest paid	<u>795</u>	<u>-</u>

Capital charges debited to operating account

Interest :	<u>795</u>	<u>-</u>
Redemption :	<u>0</u>	<u>-</u>
Prior year adjustment :	<u>0</u>	<u>-</u>
	<u>795</u>	<u>-</u>

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UMZINYATHI DISTRICT MUNICIPALITY

	2012 R	2011 R
<b>11 Appropriation account</b>		
Accumulated surplus / (deficit) at the beginning of the year	796,626,111	877,028,620
Operating surplus / (deficit) for the year	6,910,534	-80,402,509
Appropriations for the year	0	-
Prior year adjustments - Appropriation Movement	0	0
Government Grant Reserve Written Off	0	-
Donation and Public Contribution Written Off	0	-
Revaluation Reserve Written Off	0	-
Revaluation of PPE recognised	0	-
Correction of Depreciation for prior year	0	-
Write-back of prior year accruals	0	-
Correcting of incorrect allocations	0	-
Refund of levies iro prior year	0	-
Prior year revenue reversed/Written off	0	-
Prior year expenditure	0	-
VAT corrections	0	-
Accumulated surplus at the end of the year	<b>803,536,646</b>	<b>796,626,111</b>
<b>Operating account</b>		
Capital expenditure (PPE)	4,417,816	10,242,868
Contributions to provisions	0	196,948
Maintenance provision	0	-
Leave pay	0	196,948
Contribution to Consolidated Capital Development Fund	0	-
Depreciation and renewals Fund	0	-
	<b>4,417,816</b>	<b>10,439,816</b>
<b>The Prior year adjustments - other is made up of the following adjustments:</b>		
Prior year expenditure	0	-
System errors	0	-
Correction of expenditure allocations	0	-
<b>Total</b>	<b>0</b>	<b>-</b>

12 CASH GENERATED BY OPERATIONS

	2012 R	2011 R
Surplus / (deficit) for the year	80,947,138	-80,402,509
Adjustments in respect of:		
Previous years' operating transactions		-387,817
Appropriations charged against income:	5,121,070	3,660,773
Leave Provision	0	-
Impairment	1,277,707	-
Depreciation	10,855	-
	3,832,508	3,660,773
	0	-
Capital charges :	1,685,082	-
Interest Paid	0	-
Disposal of assets	795	-
Redemption of Loan	1,684,287	-
	0	-
	0	-
Investment income (operating account)	(3,433,593)	-5,741,698
Outstanding cheques	(3,740.8)	-
Non-operating expenditure :		
Capital Expenditure	0	-
Petty cash and cash float	5,100	-
	<b>84,321,057</b>	<b>(82,871,251)</b>

13 (INCREASE) / DECREASE IN WORKING CAPITAL

(Increase) / Decrease in inventory	0	0
(Increase) / Decrease in debtors	(17,117,026)	1,826,475
Increase / (Decrease) in creditors	(49,536,717)	24,279,407
(Increase) / Decrease in long-term debtors	0	0
Increase / (Decrease) in consumer deposits	0	0
Increase / (Decrease) in short-term portion of long-term liabilities	0	0
	<b>(66,653,743)</b>	<b>26,105,882</b>

14 INCREASE / (DECREASE) IN LONG-TERM LOANS (EXTERNAL)

Loans raised		
Loans redeemed	0	0
Post Retirement Benefit		-
	<b>0</b>	<b>-</b>

UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2012

	2012 R	2011 R
<b>15 (INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENTS</b>		
Investments made	0	-
Investments realised	45,059,995	36,234,425
	<u>45,059,995</u>	<u>36,234,425</u>
<b>16 (INCREASE) / DECREASE IN CASH ON HAND AND AT BANK</b>		
Cash Book balance: beginning of the year	11,441,361	8,443,491
Less: Cash Book balance end of the year	9,092,043	11,441,361
Cash Floats;	0	-
Petty Cash;	4,000	4,000
Petty Cash;	0	-
Cash Floats,	100	100
General Bank Account FNB Account No. 82358106279	1,000	
General Bank Account ABSA Account No. 405 0280 759	9,086,943	11,437,261
	<u>2,349,318</u>	<u>(2,997,870)</u>
Bank Statement Balance at beginning of the year	11,437,261	8,439,391
Bank Statement Balance at end of the year	9,086,943	11,437,261
<b>17 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable Share	160,451,000	132,014,356
Finance Management Grant	0	1,000,000
DWAF Operating Subsidy	0	450,000
Casino Tax Levy		30,652
Grant expenditure	194,944,637	133,368,856
	<u>355,395,637</u>	<u>266,863,864</u>

In terms of the Constitution, the equitable share is used to subsidise the provision of basis services. FMG is funding the implementation of MFMA, DWAF operational subsidy is used to fund operations and maintenance on water schemes previously owned by the Department of Water Affairs and Contract Services are grant allocated by Provincial and National Treasury to fund community infrastructure projects and capacity building programs as listed below

**18 RETIREMENT BENEFITS OBLIGATION**

**18.1. Defined benefit plan**

**Statement of Financial Position obligation for :**

Post-employment medical benefits	7,769,169	12,565,797
Pension benefits	0	-
<b>Balance at the end of year</b>	<b>7,769,169</b>	<b>12,565,797</b>

**Statement of Financial Performance obligation for :**

Post-employment medical benefits	0	3,703,476
Pension Benefits	0	-
Defined Benefit Funds	0	-
Defined Contribution funds	0	-
<b>Total, included in employee benefits expense</b>	<b>0</b>	<b>3,703,476</b>

**17.1.1. Post-Retirement Medical Aid plan**

The municipality operates on 6 accredited medical aid schemes, namely Key health, Discovery, Hosemed, Bonital, Samwumed and LA Health. Pensioners continue on the option they belonged to on the day on their retirement.

**Movement in the defined benefit obligation is as follows :**

Balance at the beginning of the year	12,565,797	8,867,012
Current service cost	0	3,703,476
Interest costs	0	-
Actuarial (gains) losses	(4,788,904)	-
Benefit payments	(7,724)	-4,691
<b>Balance at end of year</b>	<b>7,769,169</b>	<b>12,565,797</b>

UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2012

18 RETIREMENT BENEFITS OBLIGATION (continued)

Net Expense recognised in the Statement of Financial performance

Current service cost	0	-
Interest costs	0	-
Actuarial (gains) losses	0	-
Benefit payments	0	-
<b>Total, included in employee benefits expense</b>	<b>0</b>	<b>0</b>

Key assumptions used

The principal actuarial assumptions used will be as follows

Discount rates used	8.0%	8.8%
General increase in contributions	8.0%	15.0%
Salary Inflation	8.0%	8.0%
Expected retirement age(NRA)	63	63
Proportion continuing membership at retirement	100%	100%
Proportion of retiring members who are married	90%	90%

Other assumption :

Age of spouse - Husbands 5 years older than wives

Mortality of in-service members - In accordance with the SA 85 - 90 (Light) ultimate table (rated down 3 years for females).

Mortality of pensioners - In accordance with the PA (90) ultimate male and female tables

(No explicit assumption was made about additional mortality or health care costs due to AIDS)

Percentage of in-service members withdrawing before retirement :

age 20	7.85%	7.85%
age 25	5.67%	5.67%
age 30	4.20%	4.20%
age 35	3.31%	3.31%
age 40	2.23%	2.23%
age 45	1.21%	1.21%
age 50	0.55%	0.55%
age 55+	0.00%	0.00%

18 RETIREMENT BENEFITS OBLIGATION (continued)

All Councillors and Employees belong to the following funds within the Natal Joint Municipal Pension fund which provides retirement benefits to such employees.

The retirement plan is subject to the Pension Funds Act, 1956

In accordance with the regulations governing the Fund and in compliance with Section 16 of the Pension Funds Act, 1956 (Act No. 24 of 198) the financial position of the Fund is examined and reported upon but the Valuator at intervals not exceeding three years.

In practice the Valuator conducts a statutory valuation on a triennial basis and an interim on an annual basis

Interim Valuations of the Fund as at 31 March 2006 and Report on the Operations of the Memorandum Account for the Year Ended 31 March 2006

In respect of Service to 31 March 2006 the actuarial value of the total assets was R121,7 million more than the actuarial value of the liabilities for the service of members to that date and for pensioners, made up as follows:

- surplus of R210,0 million in respect of pensioners (funding level 119,4%)
- deficit of R88,3 million in respect of members (funding level 95,0%) of which deficit
- about R49,0 million was attributable to salary increases being higher than expected (the average salary increased by 9,7% over the three years which is substantially in excess of inflation).

The Fund was thus 104,3% funded. The Fund did not hold an investment reserve

UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2012

Statutory Valuations of the Fund as at 31 March 2006 and Report on the Operations of the Memorandum Account for the Year Ended 31 March 2006.

In respect of Service to 31 March 2006 the actuarial value of the total assets was R140,9 million less than the actuarial value of the liabilities for the service of members to that date and for pensioners, made up as follows:

- surplus of R63,4 million in respect of pensioners (funding level 116,2%)
- deficit of R204,3 million in respect of members (funding level 73,0%) attributed to salary increases being higher than expected (the average salary increased by 11,1% over the three year period which is substantially in excess of inflation).

The Fund was thus 87,7% funded. The Fund did not hold an investment reserve.



## UMZINYATHI DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2012

## 19 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:	0	-
Approved and contracted for	1,123,971,861	51,480,410
Approved but not yet contracted for		
	<u>1,123,971,861</u>	<u>51,480,410</u>

This expenditure will be financed from	0	-
Internal sources	4,732,863	7,118,145
External sources	1,119,238,998	44,362,266
	<u>1,123,971,861</u>	<u>51,480,410</u>

## 20 MUNICIPAL ENTITIES

During the 2004/05 financial year the water and sanitation services assets were transferred to uThukela Water (Pty) Ltd in terms of a thirty year WSP agreement entered into by uThukela Water (Pty) Ltd and the three WSA's being uMzinyathi District Municipality, Amajuba District Municipality and Newcastle Local Municipality

Since Uthukela Water has not submitted annual financial statements since inception, no audit was conducted on the figures used.

uMzinyathi District Municipality holds 33% shares in uThukela Water (Pty) Ltd.

The overall operating results for the year ended 30 June 2007 are as follows:

uThukela Water (Pty) Ltd	(78,793,657)	-101,493,329
Income generated by water sales	0	3,233,514
Sundry Income	0	-
Water Services Expenditure incl uThukela Water (Pty) Ltd	(78,793,657)	-104,726,843
uMzinyathi District Municipality	44,926,080	63,816,891
Funding from Equitable Shares	44,926,080	63,366,891
Operational Subsidy	0	450,000
Direct Expenditure	0	-
Provision for Bad Debt	0	-
Surplus / (Deficit) for the year	(33,867,577)	-37,676,439

Transfer of powers and functions in respect of the water and sanitation services transferred from uMzinyathi District Municipality to uThukela Water (Pty) Ltd.



## UMZINYATHI DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2012

GENERAL EXPENSES CONTINUED		
POST RETIREMENT BENEFIT	0	
LEGAL COSTS	653,018	262,393
ENTERTAINMENT & REFRESHMENTS	167,973	167,766
BOOKS AND PUBLICATION	4,288	14,187
CATERING MEETINGS	239,032	212,655
COMPUTER PROGRAMMS	31,125	19,492
RENTAL OFFICE EQUIPMENT	0	0
FUEL AND OIL	1,078,000	505,663
CLEANING MATERIALS	49,831	24,593
RENTAL OFFICE MACHINES	714,655	599,344
CONSUMABLES	0	0
CHEMICALS	0	0
CLEANING SERVICES	51,549	73,636
CCC OPERATOR CO	8,748	0
PRINTING AND STATIONERY	227,748	168,587
RAILAGE & CARTAGE	0	0
POSTAGE	7,180	5,316
TELEPHONE	851,222	823,728
BANK CHARGES	52,316	40,486
SAMPLE OF FOOD & MILK	17,538	24,271
INVENTORY - LOG	5,261	358
SMALL TOOLS	0	0
ELECTRICITY	577,254	484,361
LOCAL COUNCILS	496,072	461,776
INSURANCE	409,006	415,676
SECURITY	1,575,335	220,359
ISWIP	10,855	0
YOUTH AND GENDER	616,806	461,707
SEMI URBAN WATER SUPP PROG	0	0
PLAN-PEOPLE WIT	428,905	105,467
SAFTEY	738,693	(420,813)
PROFESSIONAL SERVICES	0	0
PLANNING	138,630	1,081
TRANSLATION / INTERPRETATION	128,950	0
MEETING : STATIONARY	95,904	0
MEETING : SUBS / TRAVEL	1,870,259	0
CONFERENCE AND SEMINAR	106,487	187,432
MEMBERSHIP FEES	234,668	198,175
SUBSISTENCE & TRAVELLING	2,838,881	2,875,274
OFFICE RELOCATION COSTS	0	0
PARKING EXPENSES	0	1,776
CORPORATE MATERIAL	183,096	71,915
PROMOTION	200	(1,577)
PROMOTION , BERG, BUSH & BATTLE	0	1,577
RECRUITMENT OF STAFF	105,941	104,533
OCCUPATIONAL HEATH AND SAFTEY	0	0
TRANSPORT OFFICIAL VEHICLE	181,902	347,252
RENTAL OFFICE	92,664	72,321
PUBLIC CONSULTATION	107,360	0
TRAINING DIRECT	763,375	694,655
SKILLS DEVELOPMENT LEVY	290,540	179,818
DEPARTMENTAL COSTS	0	0
WATER ANALYSIS	0	0
WATER PURCHASES	0	0
WATER RESEARCH	0	0
WATER RESOURCES	0	1,905,006
ECONOMIC REGENE	0	0
DAYS OF NATIONAL IMPORTANCE	0	0
PROMOTION OF DEMOCRAY	0	0
PROMOTION OF AGRICULTURE	0	0
DECADE OF DEMOCRACY CELEBRATION	0	0
ELDERLY AND WIDOW PROGRAMS	0	0
MAYORAL SPORTS TOURNAMENT	446,391	298,179
DROUGHT RELIEF	0	0
KWANALOGA GAMES	674,028	0

## UMZINYATHI DISTRICT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2012

GENERAL EXPENSES CONTINUED		
SPORT AND CULTURE	2,428,706	4,283,614
FAN PARKS	0	
DISTRICT CULTURAL EVENT	459,304	400,721
RURAL HORSE RIDGING	704,779	137,015
WARD SPORT DEVELOPMENT	240,343	100,571
DISASTER MANAGEMENT	582,406	519,025
PROMOTION OF TOURISM	192,869	1,210,038
SHOWS, EXHIBITS	36,421	82,896
LED PROJECT - CO FUNDING	0	2,000
SIGNAGE KZN TOURISM	20,914	0
MAYOR'S FORUM	0	0
DROUGHT RELIEF	16,433,129	7,702,928
MAYORAL PROJECTS	4,145,972	1,873,695
MAYORAL IMBIZO	952,829	1,001,337
MAYORS DISCRETIONARY FUND	0	0
DISASTER RELIEF	768,433	0
IDP SECTOR PLAN	385,758	0
JOB EVALUATION	0	0
MARKETING AND PROMOTIONS	1,647,319	1,814,177
DUNDEE TLC UNPRO	148,045	0
PUAPER BURIALS	259,684	109,518
HIV AIDS PROGRAMMES	854,349	438,899
ELDERLY AND WIDOW PROGRAMS	441,122	634,219
GIS TOOLS	435,530	0
EQUITABLE SHARE - CAPACITY BUILDING	0	0
EQUITABLE SHARE - CAPITAL	0	19,416
HUMAN RESOURCES	0	0
2010 PUBLIC VIEWING AREAS	0	3,316,074
OVERGROWN STANDS	7,343	0
LEAVE EXPENSES	1,277,707	468,304
GENERAL EXPENSES	60,534,266	45,584,994

## 23 AGENCY FEES

Uthukela Water Pty Ltd payment for provision of water services	64,405,032	93,846,105
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## 24 GRANT EXPENDITURE

MiG Grant	161,942,000	106,875,236
Umsinga Poultry Plan	0	104,666
uMvoti Sports Complex - DSRS	0	-
Solid Waste Management	0	300,000
Makhabeleni Sports Complex	0	-
Nondweni Sportfield Upgrade	0	-
Nquthu Sport Stadium	0	-
Umsinga Poultry Plan	0	-
Fan Parks	0	-
Grant Funding Intergovernmental	0	-
Solid Waste Management	0	-
Reserves: Transitional Grant	0	-
GRANT-EMANDLENI GRAZING CAMP	0	-
Shared Services	1,603,133	1,117,604
Reserves: General Grants ;Integratred Transport Plan	0	-
Reserves: General Grants ;Finance Management Grant	1,250,000	1,000,000
Reserves: General Grants ;Gijima - Agriculture Development Strategy	0	31,180
Reserves: General Grants ;Gijima - Led Strategy	0	3,600
Grant: IDP and Capacity Building	0	-
Municipal support Grant	361,000	99,664
Reserves: LGTA Municipal (ICS) Grant,	0	42,380
NLDTF : Dundee Arts & Craft	15,886	252,155
Growth Development Summit	0	-
Reserves: GIS System Grant,	530,186	139,686
Reserves: Municipal Systems Improvement Grant	790,000	719,778
Halodi Gravel Access Road	0	-
Bhambatha Stadium;	0	-
Rural Settlement	335,776	64,969
LED Msinga Agriculture Packhouse Project	0	-
LED Msinga Stone Crushing Plan	0	63,000
LED Msinga Bee&Mushroom Farming	0	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2012

## CONTRACTED FEES CONTINUED:

LED Nquthu Eqhude Agribusiness	0	29,193
Disaster Management Grant	151,820	-66,069
LED Corridor Development	0	900,000
Development Planning IDP Capacity Building	0	-590
Disaster Management Plan/Centre	0	93,011
DTLGA;WSDP 06/07	0	4,218
DTLGA;S78 06/07	44,619	16,023
DTLGA;TECH SUP 06/07	0	204,072
DTLGA;BACKLOG 06/07	0	80,326
DTLGA;ENERGY 06/07	0	24,561
DTLGA;CAPACITY BUILDING 06/0	0	-
DTLGA;CAPACITY IDP 2007	0	-
Greytown Bulk Water	10,238,269	9,652,820
Soya Bean Project	0	-
Contractor Incubator Project	0	1,842,356
Decommiss Nquthu Sewer	0	2,032,293
Msinga Asisukume Maize	(190,618)	-
CMIP Dundee Bulk Water	0	-
Massification of Bulk Water	12,950,522	3,329,072
Enseleni Community Hall1 Greytown	0	-
Enkamba Community Hall1 Msinga	0	-
Othame Sanitation	719,878	-
EPWP Incentives	0	-
Drought Relief	0	137,243
Msinga Maize Mill and Silos	0	-
Urban Settlement Dev Grant	0	-
Road Assessment Mngt Systems	0	-
KZN ACIP WWTW	3,330,069	-
KZN COGTA - Government Support	557,026	-
Msinga Community Hall	1,200,000	-
<b>MUNICIPAL FUNDED PROJECTS</b>		
Decommiss Nquthu Sewer	1,264,037	928,199
Halodi Gravel Access Road	1,040,342	-
Qhudeni Maxhili Sanitation	4,724,751	483,981
Othame Sanitation	816,776	3,218,149
Ndaya Regional Water	1,002,121	-317,206
Enseleni Community Hall1 Greytown	0	-
Enkamba Community Hall1 Msinga	0	-
Development of 2 landfill Sites	0	-
Enseleni Community Hall1 Greytown	282,764	95,857
Enkamba Community Hall1 Msinga	0	15,469
Development of 2 landfill Sites	300,000	-180,200
Pomeroy complex	1,564,491	1,090,756
Contributions to capital outlay		22,115,313
Infrastructural Projects	13,940,600	
<b>TOTAL</b>	<b>236,515,150</b>	<b>156,484,169</b>

## 25 IRREGULAR EXPENDITURE

Balance at the beginning of the year	264,060	505,423
Irregular expenditure recovered	0	241,363
Irregular expenditure written-off		
Irregular expenditure incurred	2,018,397	707,188
	<b>2,282,457</b>	<b>971,248</b>

An amount of R505 423 00 has been identified as irregular expenditure on the 21 October 2009. An internal investigation was conducted between the 21 to 26 October 2009 and the report was submitted to the Municipal Manager on the 27 October 2009. The Municipal Manager appointed the Forensic Auditor on the 4 November 2009 and the investigation is in progress. The journal disclosing this amount as irregular expenditure was processed on the 4 November 2009. Further accounting treatments will be informed by the finalisation of the investigation.

A civil case and a criminal case was instituted against former employee.

A court order was granted on the 25<sup>th</sup> February 2010 for the attachment and removal of the assets of former employee by the sheriff. On the 23 August 2010 a summary judgment application was granted against former employee for the sale of the assets and the repossession of the pension fund monies due to former employee.

R241363 has been recovered from the sale of assets and pension pay-out.

During the financial year, the municipality incurred irregular expenditure amounting to R2018396.96 due to the municipality not following SCM processes for the appointment of Blackwatch Security Services.

## 26 DEVIATION OF SUPPLY CHAIN MANAGEMENT POLICY

## 27 OPERATING LEASE LIABILITY

Amounts payable under operating leases

Within one year	0	1,244,233
Within five years	1,624,733	1,244,233
Less: Amount due for settlement within 12 months (current portion)	(637,317)	-349,105
	<b>987,416</b>	<b>895,128</b>

The Municipality is leasing 10 copiers from Xerox and monthly rental expense has been accounted for in the statement of financial performance. The average lease term is 5 years and the average escalation rate is 10%. The escalation is fixed for the duration of the contract. No arrangements have been entered into for contingent net Obligation under operating lease are secured by the lessor's title to the leased asset.

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UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2012

28 CONTINGENT LAIBILITIES

Claim for damage - Endumeni Municipality

The municipality recieved correspondence dated 25 October 2010 copied to the Auditor-General, MEC for Local Government Provincial and National Treasury from Endumeni Municipality serving a notice items of section 41 (2) of the Intergovernmental relations framework Act 13 of 2005 relating to the failure of Umzinyathi to facilitate the transfer of assets and liabilities to the value of R 6 626 612 and final demand for payment of an outstanding amount of R17 068 623.59 for operational expenditure incurred by endumeni Municipality on behalf of umzinyathi DM for water services function. Endumeni Municipality intend to take legal actions should this matter remain unresolved.

Umzinyathi District Municipality has always been willing to resolve this matter but was waiting for the supporting documents from Endumeni Municipality for their claim which was submitted on the 22 October 2010. Umzinyathi District Municipality resolved to investigate and verify the claim by Endumeni Municipality and present final findings EXCO for approval.

R11 769 407.51 has been paid to Endumeni Municipality and R4 227 407.51 still in dispute. The dispute has been resolved, however no written proof has been received from Endumeni Municipality.

Dispute with Uthukela Water

Uthukela Water had been invoicing the municipality non-cash amounts such as depreciation, provisions and debt impairment. The disputed amount is R24547175 69

29 Subsequent Event

Uncertainty With Regard Uthukel Water Pty Ltd

A Section 78 Assessment regarding the preferred mechanism for the provision of water services for Umzinyathi District Municipality and the future of Uthukela Water Pty Ltd conducted by the MEC for Co-operative Governance and Traditional Affairs has been completed with the preliminary findings which are still subject to discussion and final resolution by all the parties concerned. The preliminary findings indicate that the existing water services provider function currently being performed by uThukela Water (Pty) Ltd will change in the future. The details of the changes, and the date of change, is uncertain at this point in time.

The Council of Umzinyathi resolved that:

1. The dissolution of uThukela Water (PTY) LTD be approved
2. The withdrawal by uMzinyathi District Municipality's interest from uThukela water with effect from 30 June 2012 be approved
3. The decentralisation of retail and bulk function to align with the jurisdiction of uMzinyathi District Municipality be approved
4. The negotiation for decentralisation of billing for water services (one customer one municipal account) to the local Municipality be approved and Municipal Manager be authorised to sign service level agreement with LM's
5. Where bulk water sources is outside boundaries of the municipality uMzinyathi District Municipality sign a bulk water service supply agreement with the supplying WSA vice-vers be approved
6. The implementation plan for the takeover of water service function listed on listed 3.9 above be approved
7. The Technical task team proposed listed on 3.4 above be approved
8. The Provincial Strategy of establishing a Regional Bulk Utility that is being discussed with the Minister of Water and Environmental Affairs, National Treasury, DBSA and uThukela Water (PTY) LTD be given an extract of this resolution will a implementation plan.
9. The MEC for Co-operative Governance and Traditional Affairs, Department of Water Affairs, National Treasury, DBSA and uThukela Water (PTY) LTD be given an extract of this resolution will a implementation plan
10. The appointment of the Technical Expert to assist the municipality with the implentation of section 78 be approved.

30 Fruitless and wastefull expenditure

During the financial year, the municipality incurred fruitless and wastefull expenditure to the amount of R27 397.26 for penalties for early withdrawals. During the financial year, the municipality incurred fruitless and wastefull expenditure to the amount of R 403 033 for abuse of fuel cards .

31 CORRECTION OF ERROR

GOVERNMENT AND PROVINCIAL GRANTS AND SUBSIDIES	Restated	Previously Stated
	2011	2011
Government and Provincial grants and subsidies	266,863,863	266,863,863
Recognition of Vat for MIG for Prior Years	12,698,519	
Recognition of Vat for MSIG for Prior Years	30,222	
	279,592,604	266,863,863
Correction of prior year error - Vat expense for MIG not recognised on last year MIG expenditure now corrected		
GOVERNMENT AND PROVINCIAL GRANTS AND SUBSIDIES	2012	2011
Government and Provincial grants and subsidies	365,706,604	266,863,863
Correction of Prior year error on recognition of Vat for MIG	(12,698,519)	12,698,519
Correction of Prior year error on recognition of Vat for MSIG	(30,222)	30,222
Vat recognition	38,631,288	
	391,609,151	279,592,604
MUNICIPAL INFRASTRUCTURE GRANT - UNSPENT	Restated	Previously Stated
	2,011	2,011
MIG	12,698,519	12,698,519
Recognition of Vat for MIG for Prior Years	(12,698,519)	
	(0)	12,698,519
Correction of prior year error - Vat expense for MIG not recognised on last year MIG expenditure now corrected		

MUNICIPAL SYSTEM IMPROVEMENT GRANT - UNSPENT		Restated	Previously Stated
		2011	2011
MSIG		30,222	30,222
Recognition of Vat for MSIG for Prior Years		(30,222)	
		0	30,222
Correction of prior year error - Vat expense for MSIG not recognised on last year MIG expenditure now corrected			

MUNICIPAL INFRASTRUCTURE GRANT - UNSPENT		2012	2011
MIG		0	12,698,519
Recognition of Vat for MIG for Prior Years		0	-12,698,519
		0	(0)

MUNICIPAL SYSTEM IMPROVEMENT GRANT - UNSPENT			
MSIG		0	30,222
Recognition of Vat for MSIG for Prior Years		0	(30,222)
		0	0

UNSPENT CONDITIONAL GRANTS AND RECEIPTS		Restated	Previously Stated
		2011	2011
Unspent Conditional Grant and Receipts		51480510	51,480,510
Recognition of Vat for MIG for Prior Years		(12,698,618)	
Recognition of Vat for MSIG for Prior Years		(30,222)	
		38,751,670	51,480,510
Correction of prior year error - Vat expense for MIG not recognised on last year MIG expenditure now corrected			

UNSPENT CONDITIONAL GRANTS AND RECEIPTS		2,012	2,011
Unspent Conditional Grant and Receipts		0	51,480,510
Recognition of Vat for MIG for Prior Years		0	-12,698,618
Recognition of Vat for MSIG for Prior Years			-30,222
		0	38,751,670

UMZINYATHI DISTRICT MUNICIPALITY  
CONSOLIDATED GRANT CREDITORS AND PROVISIONS : 30 JUNE 2010

NOTE 32

	Opening	Current year	Conditions met	Operating	Conditions still
	Balance at		Transferred to		
	01/07/2010	Receipts	Revenue		Liabilities
	R	R	R		R
<b>Government Grants Creditors</b>					
MIG Grant	44,299,562	75,274,192	119,573,755		-
DWAF : M & E Grant	-	600,000	-		600,000
DWAF : Water Loss Management	-	1,305,006	-		1,305,006
Hermannsburg Mvoti Sportfield	-	-	-		-
Umsinga Poultry Plan	104,666	-	-		-
Grant Funding Intergovernmental	-	-	-		-
Solid Waste Management	300,000	-	300,000		-
Shared Services	2,501,737	219,000		1,117,604	1,603,133
Grants: Integrated Transport Plan	15,499	-	-		15,499
Grants: Finance Management Grant	-	1,000,000		1,000,000	-
Grants: Tourism	37,756	-	-		37,756
Grant Community Communication					
Grants: Gijima - Agriculture Dev Strategy	31,180	-	31,180		-
Grants: Gijima - Led Strategy	15,170	-	3,600		11,570
Grants: LGTA Assess of Water	-	-	-		-
LED: DISTRICT SIGNAGE PROJECT	99,664	-	99,664		-
Grant Municipal support	-	417,000	42,380		374,620
LED: KWAKOPI CURIOSHOP	0	-	-		-
Reserves: LGTA Municipal (ICS) Grant:	252,155	-	252,155		-
NLDIF : Dundee Arts & Craft	305,053	-	-		305,053
GIS System Grant:	1,139,862	-	139,686		1,000,176
Municipal Systems Improvement Grant	-	750,000	750,000		-
Endumeni Rural Horse Riding:	64,969	-	64,969		-
LED Msinga Agriculture Packhouse Project	135,298	-	-		135,298
LED Msinga Stone Crushing Plan	138,960	-	63,000		75,960
LED Msinga Bee&Mushroom Farming	20,048	-	-		20,048
LED Nquthu Ekhude Agribusiness	29,193	-	29,193		-
Disaster Management Grant	93,660	-	-66,069		159,729
LED Corridor Development	600,000	300,000	900,000		-
Development Planning IDP Capacity Building	-590	-	-590		-
Disaster Management Plan/Centre	93,011	-	93,011		-
DTLGA:WSDP 06/07					
DTLGA:S78 06/07	700,000	-	-		700,000
DTLGA:TECH SUP 06/07	204,072	-	204,072		-
DTLGA:BACKLOG 06/07	80,326	-	80,326		-
DTLGA:ENERGY 06/07	24,561	-	24,561		-
DTLGA:CAPACITY BUILDING 06/07	4,218	-	4,218		-
DTLGA:CAPACITY IDP 2007	16,023	-	16,023		-
Greytown Bulk Water	886,482	22,970,600	9,210,820		14,646,262
Contractor Incubator Project	1,842,356	-	1,842,356		-
Decommiss Nquthu Sewer	2,032,293	-	2,032,293		-
Msinga Agri-Business	1,199,759	-	-		1,199,759
Massification of Bulk Water	473,122	11,907,000	3,329,072		9,051,050
Olhame Sanitation	-	-	-		-
EPWP Incentives	270,850	259,000	137,243		392,607
Drought Relief No.3:	-	-	-		-
<b>GOVERNMENT GRANTS CREDITORS</b>	<b>58,010,915</b>	<b>115,001,798</b>	<b>126,532,844</b>	<b>2,117,604</b>	<b>31,633,525</b>
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UMZINYATHI DISTRICT MUNICIPALITY

CONSOLIDATED GRANT CREDITORS AND PROVISIONS : 30 JUNE 2010

Municipal Funded Projects

	Opening	Current year	Conditions met	Operating	Conditions still
	Balance at		Transferred to		
	01/07/2010	Receipts	Revenue		Liabilities
	R	R	R		R
Decommiss Nquthu Sewer	2,500,000	-	928,199		1,571,801
Halodi Gravel Access Road	605,635	-	-		605,635
Qhudeneni Machilini Sanitation	483,981	-	483,981		-
Olhame Sanitation	4,130,642	-	3,218,149		912,493
Ndaya Regional Water	1,372,817	-	-317,206		1,690,023
Enseleni Community Hall I Greytown	95,857	-	95,857		-
Enkamba Community Hall I Msinga	15,469	-	15,469		-
Development of 2 Landfill Sites	119,800	-	-180,200		300,000
Pomeroy Complex Phase I	3,128,949	-	1,090,756		2,038,193
Dwarf Cholera Intervention					
<b>Government Grants Creditors</b>	<b>12,453,149</b>	<b>-</b>	<b>5,335,004</b>		<b>7,118,145</b>
<b>GRANTS CREDITORS AND MUNICIPAL FUNG</b>	<b>70,464,064</b>	<b>115,001,798</b>	<b>132,251,252</b>	<b>2,117,604</b>	<b>38,751,670</b>
<b>Provisions</b>					
Leave pay	1,307,082	-	-	196,948	1,110,134
<b>Provisions</b>	<b>952,323</b>	<b>435,397</b>		<b>80,638</b>	<b>1,307,082</b>
					<b>34</b>



	Cost/Revaluation						Accumulated Depreciation						Carrying Value Total
	Opening Balance	Previously written off assets		Work in Progress		Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of Impairment	Closing Balance		
		R	R	R	R							R	
Land and buildings	16,993,680	-	1,196,082	2,237,149	-	20,426,910	-2,649,353	-769,220	-	-	-3,418,573	17,008,337	
Land and buildings	16,993,680	-	1,196,082	-	-	20,426,910	-2,649,353	-769,220	-	-	-3,418,573	17,008,337	
Investment property	985,000	-	-	-	-	985,000	-81,445	-39,400	-	-	-120,845	864,155	
Investment property	985,000	-	-	-	-	985,000	-81,445	-39,400	-	-	-120,845	864,155	
Intangible assets	308,455	8,539	-	-	-	316,994	-308,455	-2,060	-	-	-	6,478	
Intangible assets	308,455	8,539	-	-	-	316,994	-308,455	-2,060	-	-	-	6,478	
Other Assets	4,657,105	54,550	-	-137,462	4,574,192	-1,832,483	-746,515	119,940	-3,232	-2,462,290	2,111,902		
Plant and Equipment	4,657,105	54,550	-	-137,462	4,574,192	-1,832,483	-746,515	119,940	-3,232	-2,462,290	2,111,902		
Furniture and office equipment	7,518,241	702,809	-	-1,139,305	7,081,745	-4,913,024	-1,069,946	1,006,434	-7,623	-5,004,158	2,077,587		
Furniture and office equipment	7,518,241	702,809	-	-1,139,305	7,081,745	-4,913,024	-1,069,946	1,006,434	-7,623	-5,004,158	2,077,587		
Motor Vehicles	6,820,246	1,902,974	-	-407,519	8,315,701	-4,385,321	-1,185,368	363,551	-	-5,207,138	3,108,563		
Motor Vehicles	6,820,246	1,902,974	-	-407,519	8,315,701	-4,385,321	-1,185,368	363,551	-	-5,207,138	3,108,563		
Total	18,995,592	3,864,953	-	-1,684,287	19,971,638	-11,130,628	-3,021,828	1,483,926	-10,655	-12,673,566	7,298,053		
Total	18,995,592	3,864,953	-	-1,684,287	19,971,638	-11,130,628	-3,021,828	1,483,926	-10,655	-12,673,566	7,298,053		
	37,282,727	-	-	-	41,700,542	-14,170,082	-3,832,508	1,489,926	-10,855	-16,213,004	25,177,023		
	37,282,727	-	-	-	41,700,542	-14,170,082	-3,832,508	1,489,926	-10,855	-16,213,004	25,177,023		

	Cost/Revaluation						Accumulated Depreciation						Carrying Value Total
	Opening Balance	Revaluation		Disposals		Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of Impairment loss	Closing Balance		
		R	R	R	R							R	
Land and buildings	17,925,680	-	-	-	-	17,925,680	-1,966,181	-750,331	-	-	-2,724,512	15,201,168	
Land and buildings	17,925,680	-	-	-	-	17,925,680	-1,966,181	-750,331	-	-	-2,724,512	15,201,168	
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	
Intangible assets	308,455	-	-	-	-	308,455	-308,455	-	-	-	-308,455	-	
Intangible assets	308,455	-	-	-	-	308,455	-308,455	-	-	-	-308,455	-	
Other Assets	3,604,208	8,624,138	-	-	12,228,346	-943,473	-754,100	-	-	-1,697,573	1,906,635		
Machinery and Equipment	3,604,208	8,624,138	-	-	12,228,346	-943,473	-754,100	-	-	-1,697,573	1,906,635		
Furniture and office equipment	8,624,138	-	-	-	8,624,138	-4,046,799	-1,007,421	-	-	-5,054,220	3,569,917		
Furniture and office equipment	8,624,138	-	-	-	8,624,138	-4,046,799	-1,007,421	-	-	-5,054,220	3,569,917		
Motor vehicles	6,820,246	-	-	-	6,820,246	-3,244,400	-1,140,921	-	-	-4,385,321	2,434,925		
Motor vehicles	6,820,246	-	-	-	6,820,246	-3,244,400	-1,140,921	-	-	-4,385,321	2,434,925		
Total	19,048,591	8,624,138	-	-	27,672,729	-2,990,572	-2,902,442	-	-	-11,137,114	7,911,478		
Total	19,048,591	8,624,138	-	-	27,672,729	-2,990,572	-2,902,442	-	-	-11,137,114	7,911,478		
	37,282,726	-	-	-	37,282,726	-10,200,853	-3,969,228	-	-	-14,170,082	23,112,645		
	37,282,726	-	-	-	37,282,726	-10,200,853	-3,969,228	-	-	-14,170,082	23,112,645		