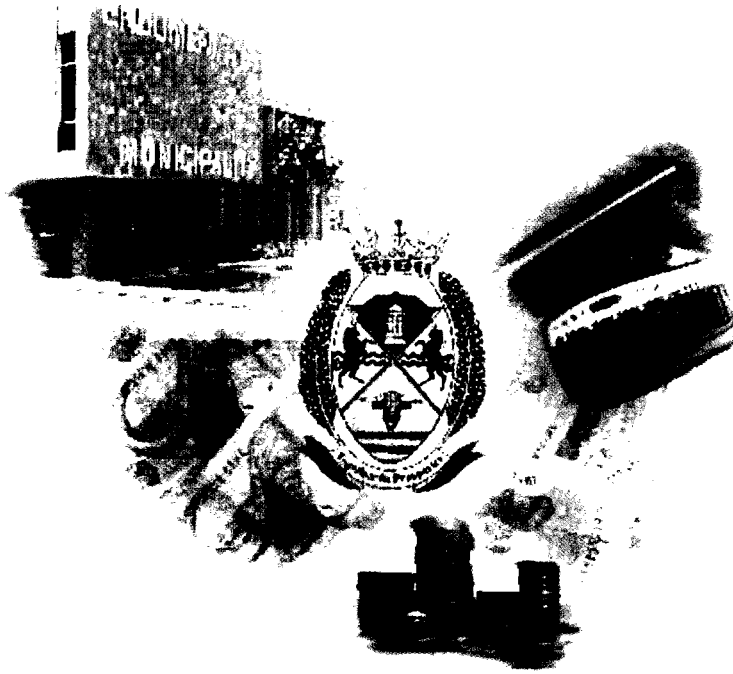


# *Endumeni Municipality*



## *Financial Statements*

2010/2011

**ENDUMENI MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS**

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

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 57, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
\_\_\_\_\_  
**PG MABILISA**  
**MUNICIPAL MANAGER - ACTING**

31 August 2011  
Date

**ENDUMENI MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

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**ENDUMENI MUNICIPALITY  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011**

	Note	2011 R	2010 R Restated
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>142 062 318</b>	<b>130 280 295</b>
Housing Operating Account	2	3 672 323	3 536 108
Reserves	7	1 025 573	380 073
Accumulated surplus		137 364 422	126 364 114
<b>Non-current liabilities</b>		<b>44 088 559</b>	<b>32 293 517</b>
Long-term liabilities	3	12 350 591	14 917 450
Retirement benefits	4	27 500 592	13 503 331
Non-current provisions	5	4 237 376	3 872 736
<b>Current liabilities</b>		<b>33 067 379</b>	<b>36 652 796</b>
Consumer deposits	6	2 428 842	2 335 909
Creditors	8	22 869 602	23 767 328
Unspent conditional grants and receipts	9	4 568 572	5 102 618
Value Added Taxation	10	1 808 545	1 383 911
Current portion of non-current liabilities	3	1 391 818	4 063 030
<b>Total Net Assets and Liabilities</b>		<b>219 218 256</b>	<b>199 226 608</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>162 342 402</b>	<b>153 038 385</b>
Property, plant and equipment	11	149 597 930	139 418 777
Intangible assets	12	388 513	374 470
Investment properties	13	11 871 966	11 871 966
Investments	14	15 200	15 200
Long-term receivables	15	468 793	1 357 972
<b>Current assets</b>		<b>56 875 854</b>	<b>46 188 223</b>
Inventories	16	3 521 657	4 247 045
Consumer debtors	17	9 285 716	19 298 836
Other debtors	18	19 301 825	5 160 244
Current investments	19	23 293 714	12 664 692
Bank balances and cash	20	1 356 155	4 713 519
Current portion of long-term receivables	15	116 787	103 887
<b>Total Net Assets and Liabilities</b>		<b>219 218 256</b>	<b>199 226 608</b>

**ENDUMENI MUNICIPALITY  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 R	2010 R Restated
<b>REVENUE</b>			
Property rates	21	41 532 055	39 574 979
Property rates - penalties imposed and collection charges		6 530 714	6 377 020
Service charges	22	77 103 785	63 352 481
Rental of facilities and equipment		1 082 906	1 169 324
Interest earned		981 460	868 113
Fines		1 153 359	1 016 166
Licences and permits		3 509 116	3 219 974
Government grants and subsidies	23	37 673 991	29 487 137
Other income	29	1 395 557	1 066 185
Gain on fair value of assets	11	2 310 579	-
<b>Total Revenue</b>		<b>173 273 522</b>	<b>146 131 379</b>
<b>EXPENDITURE</b>			
Employee related costs	24	60 712 420	53 308 628
Remuneration of councillors	25	2 541 744	2 482 624
Collection costs		2 265 384	1 845 643
Amortisation	12	159 539	501
Depreciation	11	7 017 413	5 280 492
Repairs and maintenance		7 000 724	4 714 259
Finance costs	26	2 347 958	2 425 539
Bulk purchases	27	41 676 361	32 334 741
Contracted services		1 547 270	1 237 114
Retirement and long services benefits		10 261 824	4 756 849
General expenses	28	27 008 074	26 840 181
Adjustments to bad debt provision	17	( 5 274 536)	4 637 715
Adjustments to landfill site provision		364 640	383 785
Impairment loss on inventory		394 189	-
Impairment on property, plant and equipment		569 299	-
Less: Recharges		( 978 377)	( 988 830)
<b>Total Expenditure</b>		<b>157 613 926</b>	<b>139 259 241</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>15 659 596</b>	<b>6 872 138</b>

**ENDUMENI MUNICIPALITY  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2011**

	<u>Insurance Reserve</u> R	<u>Housing Operating Account</u> R	<u>Accumulated Surplus</u> R	<u>Total</u> R
<b>2009/2010</b>				
<b>Balance at 30 June 2010</b>	<b>400 000</b>	<b>25 846 364</b>	<b>90 009 746</b>	<b>116 256 110</b>
Surplus for the year - restated in Note 38.9	-	-	6 872 138	6 872 138
Prior year adjustments	( 19 927)	-	70 170	50 243
Prior year adjustments - from audit query	-	-	( 30 000)	( 30 000)
Recognition of retirement benefits	-	-	( 3 735 437)	( 3 735 437)
Change in accounting policy - depreciation 2009 (Note 38.2)	-	-	13 492 060	13 492 060
Change in accounting policy - transfer of housing inventory (Note 38.5)	-	( 17 714 500)	-	( 17 714 500)
Change in accounting policy - straight lining of leases (Note 38.7)	-	-	566 061	566 061
Change in accounting policy - unbundling of accounts - reclassification of assets (Note 38.1, 38.2 & 38.5)	-	( 1 126 251)	137 329	( 988 922)
Change in accounting policy - unbundling of accounts - transfer of houses (Note 38.1, 38.2 & 38.5)	-	( 3 723 530)	( 94 821)	( 3 818 351)
Change in accounting policy - unbundling of accounts - transfer of houses not on valuation roll (Note 38.1 & 38.2)	-	-	( 326 016)	( 326 016)
Change in accounting policy - unbundling of accounts - transfer of sale of houses creditor from prior years (Note 38.8)	-	-	3 956 246	3 956 246
Change in accounting policy - unbundling of accounts - reclassification of investment properties (Note 38.1, 38.2 & 38.3)	-	-	( 187 573)	( 187 573)
Change in accounting policy - unbundling of accounts - previously not recognised investment properties (Note 38.3)	-	-	11 871 966	11 871 966
Change in accounting policy - unbundling of accounts - reversal of depreciation on fully depreciated assets (Note 38.2 & 38.4)	-	-	3 762 245	3 762 245
Housing operating account - current year transactions	-	254 025	-	254 025
<b>Restated balance at 30 June 2010</b>	<b>380 073</b>	<b>3 536 108</b>	<b>126 364 114</b>	<b>130 280 295</b>
Prior year adjustments	-	-	( 923 851)	( 923 851)
<b>Restated balance at 1 July 2010</b>	<b>380 073</b>	<b>3 536 108</b>	<b>125 440 263</b>	<b>129 356 444</b>
<b>2010/11</b>				
Surplus (deficit) for the year	-	-	15 659 596	15 659 596
Transactions for the current year	645 500	136 215	-	781 715
Recognition of retirement benefits	-	-	( 3 735 437)	( 3 735 437)
<b>Balance at 30 June 2011</b>	<b>1 025 573</b>	<b>3 672 323</b>	<b>137 364 422</b>	<b>142 062 318</b>

**ENDUMENI MUNICIPALITY  
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 R	2010 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		169 981 483	131 947 006
Cash paid to suppliers and employees		<u>( 140 641 045)</u>	<u>( 113 519 460)</u>
Cash generated from operations	31	29 340 438	18 427 546
Interest received		981 460	868 113
Finance costs		( 2 347 958)	( 2 425 539)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<u><u>27 973 940</u></u>	<u><u>16 870 120</u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		( 15 455 286)	( 16 648 709)
Purchase of intangible assets		( 173 582)	-
Proceeds on disposal of property, plant and equipment		-	-
(Increase) / Decrease in non-current receivables		71 724	53 932
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<u><u>( 15 557 144)</u></u>	<u><u>( 16 594 777)</u></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised		-	1 690 000
Loans repaid		( 5 238 071)	( 1 244 004)
Increase / (Decrease) in consumer deposits		92 933	141 819
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<u><u>( 5 145 138)</u></u>	<u><u>587 815</u></u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>7 271 658</u>	<u>863 159</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<u>17 378 211</u>	<u>16 515 053</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	32	<u><u>24 649 869</u></u>	<u><u>17 378 211</u></u>

# ENDUMENI MUNICIPALITY

## ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

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### 1.1 BASIS OF ACCOUNTING

#### 1.1.1 BASIS OF PREPARATION

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).

Accounting policies for material transactions, events or conditions not covered by the 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.

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

The following GRAP standards have been approved but are not yet effective or effective at a date later than that of the financial statements have not been early adopted by the municipality. Application of all of the GRAP standards noted below will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

GRAP 21	Impairment of Non-Cash-generating-assets - issued March 2009
GRAP 23	Revenue from Non-Exchange Transactions - issued February 2008 – effective date from 1 July 2012
GRAP 24	Presentation of Budget Information - issued November 2007 – effective date from 1 July 2012
GRAP 26	Impairment of Cash-generating-assets - issued March 2009
GRAP 103	Heritage Assets - issued July 2008 – effective date from 1 July 2012

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

GRAP 18	Segment Reporting - issued March 2005
GRAP 20	Related Party Disclosures - issued June 2011
GRAP 25	Employee Benefits – issued March 2009
GRAP 104	Financial Instruments - issued October 2009

Management have considered all of the above-mentioned GRAP standards approved or issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

### 1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the

# ENDUMENI MUNICIPALITY

## ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

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formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

### ***1.2.1 Debtors and Loans Receivable***

The municipality assesses its debtors and loans receivable for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

### ***1.2.2 Property, Plant and Equipment***

Management estimates the remaining useful lives and condition of significant items of property, plant and equipment on an annual basis. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a significant impairment of the respective asset.

### ***1.2.3 Post Retirement Benefits***

The present value of post retirement medical benefits is determined by actuarial valuation.

## **1.3 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

## **1.4 GOING CONCERN ASSUMPTION**

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

## **1.5 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 in a note to the financial statements.

Where accounting errors or a change in accounting policy 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.

## **1.6 PROPERTY, PLANT AND EQUIPMENT**

### ***1.6.1 Initial and Subsequent Measurement***

Property, plant and equipment is stated at cost or fair value less accumulated depreciation. 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.

The cost of an item of property, plant and equipment comprises purchase price, import duties, non-refundable purchase taxes and directly attributable costs of bringing the asset to working condition for its intended use, such as site preparation, initial delivery, handling, installation and professional fees. Where items of property, plant and equipment 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.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets is

## ENDUMENI MUNICIPALITY ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

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measured at its fair value. If the acquired item cannot be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Items of property, plant and equipment which are acquired for no cost or for a nominal cost are recognised at their fair values.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

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

### **1.6.2 Depreciation and Impairment**

The cost or fair value of property, plant and equipment is depreciated using the straight line method over the period of the estimated useful lives of the assets. Depreciation on new acquisitions is charged to the Statement of Financial Performance in the financial year that economic benefits accrue to Council.

The annual depreciation rates are based on the following estimated asset lives:-

<u>DETAILS</u>	<u>YEARS</u>	<u>DETAILS</u>	<u>YEARS</u>
<i>Infrastructure</i>		<i>Other</i>	
Roads	3 – 100	Machinery and equipment	3 - 20
Water	5 - 100	Furniture and equipment	3 - 50
Electricity	3 - 80	Motor vehicles	4 - 20
Sewerage	10 - 60	Buildings	5 - 30
Other	10 - 30		

The estimated useful lives and residual values of property, plant and equipment are periodically reviewed and adjusted where necessary.

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.

### **1.6.3 Derecognition**

The carrying amount of items of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

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.

## **1.7 INTANGIBLE ASSETS**

### **1.7.1 Initial and Subsequent Measurement**

Intangible assets are initially recognised at cost.

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.

## ENDUMENI MUNICIPALITY ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

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Cost associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique products controlled by the Municipality, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

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.

Expenditure that enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

### **1.7.2 Amortisation**

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:

<u>DETAILS</u>	<u>YEARS</u>
Computer software	2 - 5

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.

### **1.7.3 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.

## **1.8 INVESTMENT PROPERTIES**

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

## ENDUMENI MUNICIPALITY ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

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Based on management's judgment, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases; and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of investment property and shall be classified as property, plant and equipment, inventory or non-current assets held for sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

Investment property is subsequently measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

### 1.9 LEASES

#### 1.9.1 *The 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 asset's 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.

## ENDUMENI MUNICIPALITY ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

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Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the Statement of Financial Performance accrued on a straight-line basis over the term of the relevant lease.

### **1.9.2 The municipality as Lessor**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

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

## **1.10 INVENTORIES**

Inventories comprising consumable stores and current assets held for sale are valued at the lower of average cost, determined on the first in first out method, and net realisable value.

Where inventories are held for distribution or consumption in the provision for services at no charge or for a nominal charge, they shall be measured at the lower of cost and current replacement costs.

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.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

## **1.11 FINANCIAL INSTRUMENTS**

Financial instruments are initially measured at fair value. The subsequent measurement of financial instruments is dealt with below and in the absence of an approved GRAP Standard, is in accordance with IAS 39.

### **1.11.1 INVESTMENTS**

Financial instruments, which include unlisted, reciprocal municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks are stated in the annual financial statements at the lower of cost or fair value. No impairments are required as the cost values equate to their cash values.

## **ENDUMENI MUNICIPALITY ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011**

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Where investments have been impaired, the carrying values are adjusted by the impairment losses, which are recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net proceeds on disposal and the carrying amount is charged or credited to the Statement of Financial Performance.

### **1.11.2 CONSUMER AND OTHER RECEIVABLES**

Consumer 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. 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.

Bad debts are written off during the year in which they are identified.

An impairment or bad debt loss is recognised when it is probable that the Municipality will not be able to collect all amounts due (principal and interest) according to the contractual terms of the accounts receivable. The assessment of objective indicators of impairment for accounts receivable is carried out at each balance sheet date.

### **1.11.3 CASH AND CASH EQUIVALENTS**

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

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded at the current value of the utilisation of approved facilities from the Municipality's bankers. 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.

### **1.11.4 FINANCIAL LIABILITIES: ACCOUNTS PAYABLE**

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discounts or premiums on settlement. Gains and losses are recognised in net income or loss when liabilities are impaired as well as through the amortisation process.

Accounts payable are stated in the annual financial statements at the amounts due to trade and other creditors for goods or services received. The liabilities are generally settled within a period of 30 days, accordingly impairments, if any, are considered to be immaterial.

## **1.12 REVENUE RECOGNITION**

### **1.12.1 Revenue from Exchange Transactions**

Service charges relating to electricity are based on consumption by consumers as is recorded on each consumer's meter. Meters are read each month and revenue is recognised in the period that invoices are raised. Provisional estimates of consumption are made in periods

## ENDUMENI MUNICIPALITY

### ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

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when meter readings have not been able to be made. The revenue from provisional estimates of consumption is recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised in the period in which cash is received.

Service charges relating to refuse removal are raised and recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements, the category of property usage and the number of refuse containers on each property regardless of whether or not containers are emptied during the month.

Interest 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 and the fee has been charged or licences and permits have been issued.

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.

Revenue from the sale of consumables and sundry items is recognised when the risk is passed to the consumer.

Revenue from public contributions 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 is brought into use. Where public contributions have been received but the municipality has not met the conditions, a liability is recognised.

#### ***1.12.2 Revenue from non-exchange transactions***

Revenue from assessment rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts have been raised and are legally enforceable. Penalty interest is raised on unpaid rates after the due date for payment and is recognised on a time proportion basis.

Revenue from the collection of spot fines and summonses is recognised when payment is received together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised when cash is received or when property, plant and equipment are brought into use.

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

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.

# ENDUMENI MUNICIPALITY

## ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

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### 1.13 CONDITIONAL GRANTS AND RECEIPTS

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder or detailed in the memorandum of agreement it is recorded as part of the liability otherwise it is recognised as interest earned in the Statement of Financial Performance.

### 1.14 PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as it occurs.

### 1.15 RETIREMENT BENEFITS

The Municipality operates various pension schemes. These schemes are funded through trustee administered funds. The Municipality has both defined benefit and defined contribution plans.

#### **1.15.1 Defined Contribution Plans**

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

#### **1.15.2 Defined Benefit Plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The municipality and its employees contribute to the Natal Joint Municipal Pension Fund which is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Natal Joint

## ENDUMENI MUNICIPALITY

### ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

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Superannuation & Retirement Funds are defined benefit funds. The Natal Joint Provident Fund is a defined contribution funds.

The schemes are funded through payments to fund administrator or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.

Defined benefit plans have been accounted for as defined contribution plans in accordance with the requirements on multi-employer plans where sufficient information is not available to account for such plans as defined benefit plans. As the fund administrators do not have sufficient information available to allocate the shortfall on liabilities to individual employers, no liability is recognised for any shortfall of fund asset as compared to fund liabilities. Any surcharges that may be levied by the fund from time to time in order to compensate for shortfalls, are recognised as expenses in the period in which they become payable to the fund. As surcharges are advised long in advance, based on actuarial valuations of the fund as a whole, the necessary provision for the payment thereof is made in the course of the municipality's normal budgeting processes.

For defined contribution plans, the Municipality pays contributions to fund administrators. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### **1.15.3 Post-Retirement Health Care Benefits**

The liability recognised in the Statement of Financial Position is in respect of defined benefit plan for post employment health care benefits. The fund is actuarially valued each year using the discounted cash flow method. Any deficits identified by the actuary are recovered from the municipality in the form of surcharges added to the contributions which are recognised as an expense in the Statement of Financial Performance in the year that they become payable. Valuations of these obligations are carried out every year by independent qualified actuaries.

The liability for the defined benefit plan is being recognised in the Statement of Financial Position over a 5 year period per the transitional provisions afforded to the Municipality in terms of IAS 19, paragraph 155(b).

#### **1.16 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so.

The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

#### **1.17 DEPOSITS**

Deposits received from consumers are based on a set tariff for prepaid electricity meters and conventional electricity meters. The deposit for domestic and business customers using conventional electricity meters may be increased based on consumption. In the event of a disconnection of service for non payment, the value of the deposit is reviewed and adjusted in terms of the Council's consumer deposits policy. No interest is paid on deposits held.

# **ENDUMENI MUNICIPALITY**

## **ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011**

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### **1.18 HOUSING OPERATING ACCOUNT**

The Housing Operating Account was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to the Housing Operating Account. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Operating Account.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Operating Account. Monies standing to the credit of the Housing Operating Account can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

### **1.19 INSURANCE RESERVE**

An insurance reserve is maintained to cover the excess on claims that may occur. Insurance premiums are not charged to the reserve. Contributions are made on an ad hoc basis depending on the status of the reserve.

The balance of the self-insurance fund is fully cash backed and is invested in call accounts.

### **1.20 UNAUTHORISED EXPENDITURE**

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

### **1.21 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 Bearer's 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.

### **1.22 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.

### **1.23 RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES**

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

## ENDUMENI MUNICIPALITY ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

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Risks and exposure are disclosed as follows:

### **1.23.1 Credit Risk:**

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

### **1.23.2 Liquidity Risk**

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.

- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in the notes to the annual financial statements.

### **1.23.3 Interest Risk**

Interest rate risk originates from the uncertainty about the fair value or future cash flows of a financial instrument which fluctuate because of changes in market interest rates.

- Borrowings issued at variable rates expose the municipality to cash flow interest rate risk.
- Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

Management has assessed the impact of interest rate risk on the operations of the municipality and considers the risk to be negligible.

### **1.23.4 Market Risk**

Owing to legislative restrictions the municipality has no exposure to market risk.

**ENDUMENI MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

2011  
R

2010  
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**2. HOUSING OPERATING ACCOUNT**

Housing Operating Account	<u>3 672 323</u>	<u>3 536 108</u>
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The Housing Operating Account is represented by the following assets and liabilities:

Fixed Assets	1 247 481	1 247 481
Debtors	2 201 378	2 034 602
Cash at bank	223 464	254 025
<b>Total Housing Operating Account Assets and Liabilities</b>	<u><b>3 672 323</b></u>	<u><b>3 536 108</b></u>

The prior year comparatives have been restated to accommodate the transitional provisions for GRAP which have now expired.

**3. LONG-TERM LIABILITIES**

Local Registered Stock Loans	15 200	3 915 200
Annuity Loans	<u>13 727 209</u>	<u>15 065 280</u>
Sub-total	13 742 409	18 980 480
Less: Current portion transferred to current liabilities	1 391 818	4 063 030
Local Registered Stock Loans	8 000	3 908 000
Annuity Loans	<u>1 383 818</u>	<u>155 030</u>
<b>Total External Loans</b>	<u><b>12 350 591</b></u>	<u><b>14 917 450</b></u>

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

**Local registered stock**

Bear interest at rate of 10% per annum (2010: 10% and 16.9%) and is repayable over two years.

**Annuity loans**

Bear interest at rates between 6.75% and 17% per annum, are being redeemed in monthly instalments, including interest, over varying periods until 2018.

**Security**

The long term liabilities for local registered stock and annuity loans are not secured against any assets of the municipality.

**4. RETIREMENT BENEFITS**

**Post-employment medical benefits**

The municipality operates on 5 accredited medical aid schemes, namely Bonitas, Hosmed, Keyhealth, La Health and Samwu. Pensioners continue on the option they belonged to on the day of their retirement.

The independent valuers, PricewaterhouseCoopers Actuarial and Insurance Management Solutions (2010: ARCH actuarial consulting), carried out a statutory valuation on 30 June 2011.

The principal actuarial assumptions used were as follows:

Discount rate per annum	9%	9%
Health care cost inflation rate	7.7%	7%
Net effective discount rate	1.21%	2%
Benchmark inflation (equal to salary inflation)	6%	6%
Average retirement age	63	65
Proportion continuing membership at retirement	95%	95%
Proportion of retiring members who are married	90%	90%
Mortality during employment	SA 85-90 light	SA 85-90 ultimate
Mortality post-retirement	PA 90 ultimate	PA 90 ultimate
(Allow for 1% per annum mortality improvements from 2011)		
Percentage of in-service members withdrawing before retirement:		
Age 20	27%	30%
Age 30	22%	25%
Age 40	12%	12%
Age 50	6%	4%
Age 55+	0%	0%

**ENDUMENI MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**2011  
R**                      **2010  
R**

**4. RETIREMENT BENEFITS (Continued)**

The amounts recognised in the Statement of Financial Position were determined as being the present value of the obligation:

<b>27 500 592</b>	<b>13 503 331</b>
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Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	13 503 331	5 011 045
Current service cost	946 795	613 856
Interest cost	2 232 793	1 800 687
Benefit payments	( 1 061 627)	( 856 284)
Actuarial gains/(losses)	8 143 863	3 198 590
Recognition of previously unrecognised defined benefit liability	3 735 437	3 735 437
<b>Balance at end of year</b>	<b>27 500 592</b>	<b>13 503 331</b>

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost	946 795	613 856
Interest cost	2 232 793	1 800 687
Benefit payments	( 1 061 627)	( 856 284)
Actuarial gains/(losses)	8 143 863	3 198 590
<b>Total expense</b>	<b>10 261 824</b>	<b>4 756 849</b>

ENDUMENI has taken advantage of the transitional provisions afforded to the Municipality in terms of IAS 19, paragraph 155(b).

**5. NON CURRENT PROVISIONS**

Landfill site rehabilitation	3 872 736	3 488 951
Unwinding discounting	364 640	383 785
<b>Total non current provision</b>	<b>4 237 376</b>	<b>3 872 736</b>

The provision created for the rehabilitation of the landfill site is based on Anderson Vogt Consulting Engineers assessment of the rehabilitation costs of the Glencoe dumpsite. A study will be done to determine the cost estimate in the near future.

The provision is calculated in line with the consulting engineers assessment as determined by discounting the present value of the estimate as at 24 November 2010. Council intends commencing spending against this provision within 14 years.

**6. CONSUMER DEPOSITS**

Electricity	<b>2 428 842</b>	<b>2 335 909</b>
Guarantees held in lieu of electricity deposits	104 310	109 310

**7. RESERVES**

Insurance reserve	<b>1 025 573</b>	<b>380 073</b>
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**8. CREDITORS**

Trade creditors	6 704 879	4 281 375
Deposits - other	55 022	66 557
Staff leave	3 851 622	3 464 579
Payments in advance	1 116 139	1 249 018
Retention creditors	1 748 725	1 381 306
Other creditors	9 393 215	13 324 493
<b>Total Creditors</b>	<b>22 869 602</b>	<b>23 767 328</b>

**ENDUMENI MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**2011  
R**                      **2010  
R**

**9. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

**Conditional Grants from other spheres of Government**

Seta Grant	790 099	633 881
Museum subsidy	196 239	196 239
Khiphopkuhle Sewing Club	6 830	6 895
Siyamema Pecan Nut Grant	112	112
Finance Management Grant	189 448	111 050
MSIG	77 924	202 952
Inter Departmental Monitoring	21 527	63 579
Repairs to 43 Houses	69 902	66 665
Dev. Planning Capacity Building	23 604	39 463
Dev. Info Systems Grant	23 419	23 419
Spatial Planning	64 410	69 616
Municipal Finance Man. Act	23	23
PMS	65 304	65 304
Man.Assist. Programme	13 965	13 965
Transfer / Buyback Centre	19 256	307 200
LED Strategy	1 906	1 818
MIG Funding	-	660 560
DBSA Grant	323 635	5 405
Sibongile Lib. Internet Grant	165 301	110 812
Comm. Dev. Worker Programme	1	1
Sports Project	275 917	1 317 049
Craigside Development	14 256	29 075
Sibongile Sewer Upgrading	256 938	265 891
Upgrade Sibongile Hostel	483 179	486 463
Upgrade Sithembile Hostel	280 336	373 881
Capacity Building	51 300	51 300
Training of councillors	150 000	-
Pound Grant	1 003 737	-
<b>Total Conditional Grants and Receipts</b>	<b>4 568 572</b>	<b>5 102 618</b>

See Note 23 for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilized.

**10. VALUE ADDED TAXATION**

**1 808 545**                      **1 383 911**

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS

ENDUMENI MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

11. PROPERTY, PLANT & EQUIPMENT

30 June 2011

Reconciliation of Carrying Value	Land	Buildings	Infrastructure Electricity	Infrastructure Roads	Assets Under Construction	Infrastructure Other	Machinery & Equipment	Furniture & Equipment	Motor Vehicles	Leased assets	Housing - Letting schemes	Total
	R	R	R	R	R	R	R	R	R	R	R	R
Carrying Values at 30 June 2010	26 074 703	11 369 922	23 370 071	64 063 385	-	3 918 508	4 092 507	2 241 182	3 041 019	-	1 247 481	139 418 777
Cost	26 074 703	20 339 645	34 772 520	86 367 067	-	5 760 783	8 354 635	7 209 734	6 651 535	-	1 247 481	196 778 103
Accumulated depreciation	-	(8 969 723)	(11 402 449)	(22 303 682)	-	(1 842 275)	(4 262 128)	(4 968 552)	(3 610 516)	-	-	(57 359 325)
Acquisitions	-	188 339	1 530 928	1 319 382	10 432 040	150 432	1 303 224	530 941	-	-	-	15 455 286
Fair value	-	-	-	-	-	2 183	1 087 703	708 594	501 631	10 468	-	2 310 579
Depreciation	-	(681 355)	(935 341)	(2 495 033)	-	(508 792)	(1 269 664)	(755 819)	(371 409)	-	-	(7 017 413)
Impairment	-	-	-	(566 259)	-	-	(2 286)	(754)	-	-	-	(569 299)
Carrying Value of disposals	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Carrying Values at 30 June 2011	26 074 703	10 876 906	23 965 668	62 321 475	10 432 040	3 562 331	5 211 484	2 724 144	3 171 241	10 468	1 247 481	149 597 930
Cost	26 074 703	20 527 984	36 303 448	87 686 449	10 432 040	5 913 398	10 745 562	8 449 269	7 153 166	10 468	1 247 481	214 543 968
Accumulated impairment	-	-	-	(566 259)	-	-	(2 286)	(754)	-	-	-	(569 299)
Accumulated depreciation	-	(9 651 078)	(12 337 790)	(24 798 715)	-	(2 351 067)	(5 531 792)	(5 724 371)	(3 981 925)	-	-	(64 376 738)

Included in property, plant and equipment are assets that are to be considered by Council for disposal.

ENDUMENI MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

11. PROPERTY, PLANT & EQUIPMENT (Continued)

30 June 2010

Reconciliation of Carrying Value	Land	Buildings	Infrastructure Electricity	Infrastructure Roads	Assets Under Construction	Infrastructure Other	Machinery & Equipment	Furniture & Equipment	Motor Vehicles	Leased assets	Housing - Letting schemes	Total
	R	R	R	R	R	R	R	R	R	R	R	R
Carrying Values at 1 July 2009	2 949 849	15 889 547	18 930 127	56 778 864	-	4 474 166	2 223 923	1 172 205	5 219 937	-	23 870 648	109 423 345
Cost	2 949 432	36 604 019	33 967 292	73 772 753	-	5 897 218	7 927 686	6 895 645	4 825 247	-	5 739 496	178 578 768
Accumulated depreciation	-	(20 714 472)	(15 037 165)	(16 993 889)	-	(1 423 052)	(5 703 763)	(5 723 440)	(3 559 662)	-	-	(69 155 443)
Reclassification of Assets	23 501 371	(16 472 928)	-	-	-	(314 079)	(63 519)	(10 796)	-	-	(768 485)	5 871 564
Cost	23 501 371	(16 600 311)	-	-	-	(136 435)	(63 536)	(10 830)	-	-	(768 485)	5 921 774
Accumulated depreciation	-	127 383	-	-	-	(177 644)	17	34	-	-	-	(50 210)
Adjustment to prior years depreciation	-	12 280 091	4 547 822	(3 335 853)	-	67 574	1 807 919	-	-	-	-	16 900 019
Cost	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated amortisation	-	12 280 091	4 547 822	(3 335 853)	-	67 574	1 807 919	1 092 086	440 380	-	-	16 900 019
Transfer of houses sold	(376 100)	(44 737)	-	-	-	-	-	-	-	-	(3 723 530)	(4 144 367)
Cost	(376 100)	(267 773)	-	-	-	-	-	-	-	-	(3 723 530)	(4 367 403)
Accumulated depreciation	-	223 036	-	-	-	-	-	-	-	-	-	223 036
Restated carrying values at 1 July 2009	26 074 703	11 651 973	23 477 949	53 443 011	-	4 227 661	3 968 323	649 515	675 674	-	5 739 496	128 050 561
Cost	26 074 703	19 735 935	33 967 292	73 772 753	-	5 760 783	7 864 150	6 884 815	4 825 247	-	1 247 481	180 133 159
Accumulated depreciation	-	(8 083 962)	(10 489 343)	(20 329 742)	-	(1 533 122)	(3 895 827)	(4 631 320)	(3 119 282)	-	-	(52 082 598)
Acquisitions	-	603 710	805 228	12 594 314	-	-	490 537	324 936	1 829 984	-	-	16 648 709
Depreciation	-	(885 761)	(913 106)	(1 973 940)	-	(309 153)	(366 353)	(337 249)	(494 930)	-	-	(5 280 492)
Carrying Value of disposals	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	52	17	3 696	-	-	3 765
Accumulated depreciation	-	-	-	-	-	-	(52)	(17)	(3 696)	-	-	(3 765)
Carrying Values at 30 June 2010	26 074 703	11 369 922	23 370 071	64 063 385	-	3 918 508	4 092 507	2 241 182	3 041 019	-	1 247 481	139 418 777
Cost	26 074 703	20 339 645	34 772 520	86 367 067	-	5 760 783	8 354 635	7 209 734	6 651 535	-	1 247 481	196 778 103
Accumulated depreciation	-	(8 969 723)	(11 402 449)	(22 303 682)	-	(1 842 275)	(4 262 128)	(4 968 552)	(3 610 516)	-	-	(57 359 325)

ENDUMENI MUNICIPALITY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>12. INTANGIBLE ASSETS</b>		
<b>Carrying value opening balance</b>	<b>374 470</b>	<b>20 685</b>
Cost	1 222 803	1 222 803
Accumulated Amortisation	( 848 333)	( 1 202 118)
Reversal of depreciation		354 286
<b>Restated opening balance</b>	<b>-</b>	<b>374 971</b>
Cost	-	1 222 803
Accumulated Amortisation	-	( 847 832)
Additions	173 582	-
Amortisation	( 159 539)	( 501)
<b>Carrying value closing balance</b>	<b>388 513</b>	<b>374 470</b>
Cost	1 396 385	1 222 803
Accumulated Amortisation	( 1 007 872)	( 848 333)

The carrying value of intangible assets disclosed relate to computer software of R370 332, servitudes of R300 and patents and licences of R17 881.

**13. INVESTMENT PROPERTIES**

Carrying Value Opening Balance - at 30 June	11 871 966	7 048 025
Transfer to property, plant and equipment	-	(7048 025)
Previously not recognised properties	-	11 871 966
Restated Carrying Value Opening Balance - at 30 June	<u>11 871 966</u>	<u>11 871 966</u>
Revaluation	-	-
Carrying Value Closing Balance - at 30 June	<u>11 871 966</u>	<u>11 871 966</u>
The fair value of these properties as valued by Councils valuer at 30 June amounts to	<u>11 871 966</u>	<u>11 871 966</u>
Rental income derived from these properties amount to	<u>1030 589</u>	<u>1120 033</u>

No amounts were expensed towards repairs and maintenance costs for income generating investment properties.

Details of investment properties are included in a register which is available for inspection at the municipal offices.

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	2011 R	2010 R
<b>14. INVESTMENTS</b>		
<u>Unlisted</u>		
Local registered stock - Uthukela District Municipality	<u>15 200</u>	<u>15 200</u>
Council's valuation of unlisted investments	<u>15 200</u>	<u>15 200</u>
Average rate of return on investments could not be calculated.		
<b>15. LONG-TERM RECEIVABLES</b>		
Housing - Selling scheme loans	1 157 097	1 203 257
Housing - Sibongile	645 177	671 504
Housing - Individual selling scheme loans	<u>225 126</u>	<u>237 263</u>
	2 027 400	2 112 024
Less : Provision for housing receivables	<u>( 1 441 820)</u>	<u>( 650 165)</u>
	585 580	1 461 859
Less: Current portion transferred to current receivables	<u>( 116 787)</u>	<u>( 103 887)</u>
Total Receivables	<u>468 793</u>	<u>1 357 972</u>
<b>HOUSING SELLING SCHEME LOANS</b>		
Loans have been granted to individuals who qualified in terms of the KwaZulu-Natal Department of Human Settlements programme. The loans are repayable over terms ranging from 5 to 30 years at interest rates varying between 11.25% and 13.5%		
<b>16. INVENTORIES</b>		
Electricity	2 666 220	3 249 142
Water	-	257 181
Consumable stores	622 486	517 087
Mechanical spares	40 888	45 604
Fuel and oils	192 063	178 031
Total Inventories	<u>3 521 657</u>	<u>4 247 045</u>
Write down of inventory	<u>1 033</u>	<u>1 137</u>
Inventory has been impaired for redundant and obsolete items.		
Periodically, physical stock counts are carried out and any obsolete and redundant items are identified and written off under Council authority. The stock write down for the current year is still subject to Council approval.		
<b>17. CONSUMER DEBTORS</b>		
Rates	28 624 932	35 911 887
Electricity	4 044 496	2 827 507
Refuse	10 532 365	9 150 383
Debtors for Value Added Taxation	2 320 091	1 941 126
Estate	81 550	78 625
Interest	7 618 493	6 985 372
Refund	62 309	68 071
Penalties	17 127 078	15 612 620
Spare	900	900
Deposit Housing	801	966
Deposit Electricity	9 523	53 239
Receipt	<u>( 2 156 592)</u>	<u>( 382 083)</u>
Housing Levy	173 177	188 393
Legal Fees	155 220	160 984
Collection Fees	1 816 748	2 282 011
Sundry Adjustments	574 028	592 548
Total service debtors	<u>70 985 119</u>	<u>75 472 549</u>
Less provision for bad debts	<u>( 61 699 403)</u>	<u>( 56 173 713)</u>
Total	<u>9 285 716</u>	<u>19 298 836</u>

ENDUMENI MUNICIPALITY  
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	2011 R	2010 R
<b>17. CONSUMER DEBTORS (Continued)</b>		
<b><u>Rates: Ageing</u></b>		
Current (0 – 30 days)	2,159,900	2 504 533
31 - 60 Days	532,227	1 117 197
61 - 90 Days	433,833	850 235
91 - 120 Days	388,976	977 976
Greater than 120 days	25,109,996	30 461 946
<b>Total</b>	<b><u>28 624 932</u></b>	<b><u>35 911 887</u></b>
<b><u>Electricity: Ageing</u></b>		
Current (0 – 30 days)	2,993,670	2 086 776
31 - 60 Days	118,978	155 661
61 - 90 Days	146,582	36 950
91 - 120 Days	98,295	45 752
Greater than 120 days	686,971	502 368
<b>Total</b>	<b><u>4 044 496</u></b>	<b><u>2 827 507</u></b>
<b><u>Refuse: Ageing</u></b>		
Current (0 – 30 days)	794,379	711 197
31 - 60 Days	300,275	303 558
61 - 90 Days	251,223	268 973
91 - 120 Days	240,868	224 939
Greater than 120 days	8,945,620	7 641 716
<b>Total</b>	<b><u>10 532 365</u></b>	<b><u>9 150 383</u></b>
<b><u>Debtors for Value Added Taxation: Ageing</u></b>		
Current (0 – 30 days)	516,424	398 231
31 - 60 Days	67,393	76 277
61 - 90 Days	59,354	59 439
91 - 120 Days	50,241	51 305
Greater than 120 days	1,626,679	1 355 874
<b>Total</b>	<b><u>2 320 091</u></b>	<b><u>1 941 126</u></b>
<b><u>Estate: Ageing</u></b>		
Current (0 – 30 days)	1,406	1 341
31 - 60 Days	671	617
61 - 90 Days	618	617
91 - 120 Days	527	617
Greater than 120 days	78,328	75 433
<b>Total</b>	<b><u>81 550</u></b>	<b><u>78 625</u></b>
<b><u>Interest: Ageing</u></b>		
Current (0 – 30 days)	112 678	97 097
31 - 60 Days	110 297	93 960
61 - 90 Days	106 625	86 844
91 - 120 Days	104 931	79 582
Greater than 120 days	7 183 962	6 627 889
<b>Total</b>	<b><u>7 618 493</u></b>	<b><u>6 985 372</u></b>
<b><u>Refund: Ageing</u></b>		
Current (0 – 30 days)	2 156	15 585
31 - 60 Days	4 968	( 2 156)
61 - 90 Days	3 573	987
91 - 120 Days	3 326	( 3 386)
Greater than 120 days	48 286	57 041
<b>Total</b>	<b><u>62 309</u></b>	<b><u>68 071</u></b>

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	2011 R	2010 R
<b>17. CONSUMER DEBTORS (Continued)</b>		
<b><u>Penalties: Ageing</u></b>		
Current (0 – 30 days)	252 668	321 371
31 - 60 Days	253 681	327 239
61 - 90 Days	249 995	324 132
91 - 120 Days	250 912	325 320
Greater than 120 days	16 119 822	14 314 558
<b>Total</b>	<b>17 127 078</b>	<b>15 612 620</b>
<b><u>Spare: Ageing</u></b>		
Current (0 – 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
Greater than 120 days	900	900
<b>Total</b>	<b>900</b>	<b>900</b>
<b><u>Deposit Housing: Ageing</u></b>		
Current (0 – 30 days)	601	666
31 - 60 Days	100	100
61 - 90 Days	50	50
91 - 120 Days	50	50
Greater than 120 days	-	100
<b>Total</b>	<b>801</b>	<b>966</b>
<b><u>Deposit Electricity: Ageing</u></b>		
Current (0 – 30 days)	3 258	40 915
31 - 60 Days	637	( 410)
61 - 90 Days	( 102)	( 1 034)
91 - 120 Days	1 045	103
Greater than 120 days	4 685	13 665
<b>Total</b>	<b>9 523</b>	<b>53 239</b>
<b><u>Add back credits included above: Ageing</u></b>		
Current (0 – 30 days)	( 206 148)	( 186 447)
31 - 60 Days	( 573 166)	( 52 336)
61 - 90 Days	( 1 045 644)	( 22 943)
91 - 120 Days	( 12 093)	( 20 395)
Greater than 120 days	( 319 541)	( 99 962)
<b>Total</b>	<b>( 2 156 592)</b>	<b>( 382 083)</b>
<b><u>Housing Levy: Ageing</u></b>		
Current (0 – 30 days)	34 872	32 813
31 - 60 Days	22 980	12 217
61 - 90 Days	5 960	9 744
91 - 120 Days	6 149	8 594
Greater than 120 days	103 216	125 025
<b>Total</b>	<b>173 177</b>	<b>188 393</b>
<b><u>Legal Fees: Ageing</u></b>		
Current (0 – 30 days)	333	( 24)
31 - 60 Days	( 53)	-
61 - 90 Days	-	160
91 - 120 Days	-	-
Greater than 120 days	154 940	160 848
<b>Total</b>	<b>155 220</b>	<b>160 984</b>

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17. CONSUMER DEBTORS (Continued)

Collection Fees: Ageing

Current (0 – 30 days)	34 777	82 524
31 - 60 Days	34 496	86 336
61 - 90 Days	33 572	92 038
91 - 120 Days	33 163	107 719
Greater than 120 days	1 680 740	1 913 394
<b>Total</b>	<b>1 816 748</b>	<b>2 282 011</b>

Sundry Adjustments: Ageing

Current (0 – 30 days)	12 168	8 670
31 - 60 Days	2 856	3 024
61 - 90 Days	2 746	3 055
91 - 120 Days	7 305	3 137
Greater than 120 days	548 953	574 662
<b>Total</b>	<b>574 028</b>	<b>592 548</b>

Included in the consumer debtors balances are the amounts owed by other spheres of Government:

Other spheres of Government: Ageing

Current (0 – 30 days)	723 203	1 094 532
31 - 60 Days	( 296 858)	781 852
61 - 90 Days	( 810 562)	696 669
91 - 120 Days	184 231	668 744
Greater than 120 days	3 778 139	8 341 074
<b>Total</b>	<b>3 578 153</b>	<b>11 582 871</b>

Reconciliation of the Bad Debt Provision

Balance at beginning of the year	81 650 333	77 022 617
Consumer debtors	56 173 713	52 888 226
Long term receivables	650 165	605 165
Umzinyathi District Municipality - Water & Sanitation Transfer	5 694 737	6 216 612
Other debtors	19 131 718	17 312 614
Contribution to provision	( 5 304 845)	10 844 328
Consumer debtors	5 525 690	3 285 487
Long term receivables	791 655	45 000
Umzinyathi District Municipality - Water & Sanitation Transfer	( 368 715)	5 694 737
Other debtors	( 11 253 475)	1 819 104
Consumer debtors	61 699 403	56 173 713
Non-current receivables (including provision for discount scheme)	1 441 820	650 165
Umzinyathi District Municipality - Water & Sanitation Transfer	5 326 022	5 694 737
Other debtors	7 878 243	19 131 718
<b>Balance at end of year</b>	<b>76 345 488</b>	<b>81 650 333</b>
Bad debts written off against the provision	<b>30 309</b>	-

18. OTHER DEBTORS

Other debtors	2 758 978	3 360 030
Umzinyathi District Municipality - Other	18 198 155	17 070 634
Umzinyathi District Municipality - Water & Sanitation Transfer	5 326 022	5 694 737
Operating leases	599 348	587 287
Department of Health - Subsidy (Refer to Note 21)	3 678 138	1 763 802
DLGTA - Sithembile roads and stormwater (Refer to Note 21)	66 371	66 371
KZN Housing - Sibongile bufferstrip (Refer to Note 21)	1 747 592	1 317 576
KZN Housing - Ext 18 (Refer to Note 21)	131 486	126 262
	32 506 090	29 986 699
less provision for bad debts	( 13 204 265)	( 24 826 455)
<b>Total Other Debtors</b>	<b>19 301 825</b>	<b>5 160 244</b>

The prior year figure for the Umzinyathi District Municipality - Other and Other Debtors have been restated. The prior year total balance was not affected by the reallocation.

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	2011 R	2010 R
<b>19. CURRENT INVESTMENTS</b>		
Investments - Current Account	18 359 991	7 359 991
Investments - Museum Trust Fund	51 274	74 854
Investments - Government Grants and Subsidies	4 882 449	5 229 847
	<u>23 293 714</u>	<u>12 664 692</u>
<b><i>ACCOUNT DESCRIPTION - Investments (MFMA requirement)</i></b>		
<b>Investment Current Account</b>		
<i>Absa Bank Account - Dundee Branch</i>		
<i>Account Number 9072089566 : Call Account</i>		
Bank statement balance at the beginning of the year	6 000 000	6 000 000
Bank statement balance at the end of the year	<u>6 000 000</u>	<u>6 000 000</u>
<b>Investment Current Account</b>		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62113431390 : Money Market Account</i>		
Bank statement balance at the beginning of the year	1 359 991	2 559 991
Bank statement balance at the end of the year	<u>12 359 991</u>	<u>1 359 991</u>
<b>TOTAL INVESTMENTS (CURRENT ACCOUNT) :</b>	<u>18 359 991</u>	<u>7 359 991</u>
<b>Investment Museum Trust Fund</b>		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62127781236 : Money Market Account</i>		
Bank statement balance at the beginning of the year	74 854	64 592
Bank statement balance at the end of the year	<u>51 274</u>	<u>74 854</u>
<b>TOTAL INVESTMENT (MUSEUM TRUST FUND) :</b>	<u>51 274</u>	<u>74 854</u>
<b>Investment Projects</b>		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62047254941 : Call Account</i>		
Bank statement balance at the beginning of the year	1 237 966	2 063 882
Bank statement balance at the end of the year	<u>1 612 772</u>	<u>1 237 966</u>
<b>Investment Sibongile Hostel</b>		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62045928069 : Call Account</i>		
Bank statement balance at the beginning of the year	486 462	470 771
Bank statement balance at the end of the year	<u>483 178</u>	<u>486 462</u>
<b>Investment Finance Management Grant 6</b>		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62299206104 : Call Account</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>201 442</u>	<u>-</u>
<b>Investment Municipal Systems Improvement Grant</b>		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62299200180 : Call Account</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>97 126</u>	<u>-</u>
<b>Investment Municipal Pound Grant</b>		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62310957131 : Call Account</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>1 003 737</u>	<u>-</u>
<b>Investment Finance Management Grant 5</b>		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62234289131 : Call Account</i>		
Bank statement balance at the beginning of the year	149 459	-
Bank statement balance at the end of the year	<u>-</u>	<u>149 459</u>

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19. CURRENT INVESTMENTS (continued)

**Investment Sithembile Hostel**

*First National Bank Account - Dundee Branch  
Account Number 62063967718 : Call Account*

Bank statement balance at the beginning of the year	373 880	352 842
Bank statement balance at the end of the year	<u>280 335</u>	<u>373 880</u>

**Investment Ext 18**

*First National Bank Account - Dundee Branch  
Account Number 62070053865 : Call Account*

Bank statement balance at the beginning of the year	1 200	1 132
Bank statement balance at the end of the year	<u>-</u>	<u>1 200</u>

**Investment Development of Property Valuation Roll**

*First National Bank Account - Dundee Branch  
Account Number 62071854791 : Call Account*

Bank statement balance at the beginning of the year	-	6 394
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>

**Investment Municipal Systems Improvement Grant 3**

*First National Bank Account - Dundee Branch  
Account Number 62234292895 : Call Account*

Bank statement balance at the beginning of the year	237 351	-
Bank statement balance at the end of the year	<u>-</u>	<u>237 351</u>

**Investment Training of Councillors**

*First National Bank Account - Dundee Branch  
Account Number 62310958098 : Call Account*

Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>150 000</u>	<u>-</u>

**Investment Electrification Ext 18**

*First National Bank Account - Dundee Branch  
Account Number 62078172849 : Call Account*

Bank statement balance at the beginning of the year	-	1 818
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>

**Investment 43 Houses Sithembile (Repairs)**

*First National Bank Account - Dundee Branch  
Account Number 62081707998 : Call Account*

Bank statement balance at the beginning of the year	66 666	62 925
Bank statement balance at the end of the year	<u>69 903</u>	<u>66 666</u>

**Investment Municipal Infrastructure Grant Funding 2010/2011**

*First National Bank Account - Dundee Branch  
Account Number 62270655502 : Call Account*

Bank statement balance at the beginning of the year	650 000	-
Bank statement balance at the end of the year	<u>-</u>	<u>650 000</u>

**Investment Development Planning Capacity Building**

*First National Bank Account - Dundee Branch  
Account Number 62095624352 : Call Account*

Bank statement balance at the beginning of the year	39 137	131 288
Bank statement balance at the end of the year	<u>23 277</u>	<u>39 137</u>

**Investment Development Administration Capacity Building 2**

*First National Bank Account - Dundee Branch  
Account Number 62134845364 : Call Account*

Bank statement balance at the beginning of the year	-	36 554
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>

**Investment Development Info System Grant**

*First National Bank Account - Dundee Branch  
Account Number 62126662627 : Call Account*

Bank statement balance at the beginning of the year	23 421	51 890
Bank statement balance at the end of the year	<u>23 421</u>	<u>23 421</u>

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<b>19. CURRENT INVESTMENTS (continued)</b>		
<b>Investment Spatial Planning</b>		
<i>First National Bank Account - Dundee Branch Account Number 62095674282 : Call Account</i>		
Bank statement balance at the beginning of the year	69 615	65 695
Bank statement balance at the end of the year	<u>64 409</u>	<u>69 615</u>
<b>Investment Uniform Billing &amp; Development of Valuation Roll</b>		
<i>First National Bank Account - Dundee Branch Account Number 62117743022 : Call Account</i>		
Bank statement balance at the beginning of the year	-	50 388
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
<b>Investment Performance Management Systems 2</b>		
<i>First National Bank Account - Dundee Branch Account Number 62150803742 : Call Account</i>		
Bank statement balance at the beginning of the year	65 304	69 407
Bank statement balance at the end of the year	<u>65 304</u>	<u>65 304</u>
<b>Investment Electrification Bufferstrip</b>		
<i>First National Bank Account - Dundee Branch Account Number 62118099614 : Call Account</i>		
Bank statement balance at the beginning of the year	-	10 004
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
<b>Investment Sibongile Bufferstrip (HB)</b>		
<i>First National Bank Account - Dundee Branch Account Number 62120274890 : Call Account</i>		
Bank statement balance at the beginning of the year	-	2 509
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
<b>Investment Valuation Roll Grant</b>		
<i>First National Bank Account - Dundee Branch Account Number 62121723309 : Call Account</i>		
Bank statement balance at the beginning of the year	-	49 201
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
<b>Investment Sithembile Roads &amp; Stormwater Phase 1</b>		
<i>First National Bank Account - Dundee Branch Account Number 62126131820 : Call Account</i>		
Bank statement balance at the beginning of the year	-	1 132
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
<b>Investment Management Assistance Programme</b>		
<i>First National Bank Account - Dundee Branch Account Number 62130399282 : Call Account</i>		
Bank statement balance at the beginning of the year	-	4 082
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
<b>Investment Transfer / Buyback Centre</b>		
<i>First National Bank Account - Dundee Branch Account Number 62130398903 : Call Account</i>		
Bank statement balance at the beginning of the year	307 200	289 973
Bank statement balance at the end of the year	<u>19 255</u>	<u>307 200</u>
<b>Investment Municipal Infrastructure Grant Funding 2008/2009</b>		
<i>First National Bank Account - Dundee Branch Account Number 62185375964 : Call Account</i>		
Bank statement balance at the beginning of the year	-	250 950
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
<b>Investment LED Strategy</b>		
<i>First National Bank Account - Dundee Branch Account Number 62137545276 : Call Account</i>		
Bank statement balance at the beginning of the year	1 819	26 683
Bank statement balance at the end of the year	<u>1 907</u>	<u>1 819</u>

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<b>19. CURRENT INVESTMENTS (continued)</b>		
<b>Investment Dbsa It Grant</b> <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62173639926 : Call Account</i>		
Bank statement balance at the beginning of the year	5 403	5 103
Bank statement balance at the end of the year	<u>323 633</u>	<u>5 403</u>
<b>Investment Sibongile Library Internet</b> <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62173631948 : Call Account</i>		
Bank statement balance at the beginning of the year	110 814	6 405
Bank statement balance at the end of the year	<u>165 303</u>	<u>110 814</u>
<b>Investment Interdepartmental Monitoring</b> <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62080151758 : Call Account</i>		
Bank statement balance at the beginning of the year	8 900	8 400
Bank statement balance at the end of the year	<u>8 900</u>	<u>8 900</u>
<b>Investment Interdepartmental Monitoring 2</b> <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62100280627 : Call Account</i>		
Bank statement balance at the beginning of the year	54 679	51 605
Bank statement balance at the end of the year	<u>12 628</u>	<u>54 679</u>
<b>Investment Finance Management Grant 4</b> <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62190979884 : Call Account</i>		
Bank statement balance at the beginning of the year	-	288 224
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
<b>Investment Municipal Systems Improvement Grant 2</b> <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62190980162 : Call Account</i>		
Bank statement balance at the beginning of the year	-	539 317
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
<b>Investment Municipal Infrastructure Grant Funding 2009/2010</b> <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62228321246 : Money Market Account</i>		
Bank statement balance at the beginning of the year	23 522	200 000
Bank statement balance at the end of the year	<u>-</u>	<u>23 522</u>
<b>Investment Management Assistance Programme 2</b> <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62192602392 : Call Account</i>		
Bank statement balance at the beginning of the year	-	108 036
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
<b>Investment Sports Project</b> <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62228322294 : Money Market Account</i>		
Bank statement balance at the beginning of the year	1 317 049	375 000
Bank statement balance at the end of the year	<u>275 919</u>	<u>1 317 049</u>
<b>TOTAL INVESTMENTS (GOVERNMENT GRANTS AND SUBSIDIES) :</b>	<u>4 882 449</u>	<u>5 229 847</u>
<b>TOTAL CURRENT INVESTMENTS</b>	<u>23 293 714</u>	<u>12 664 692</u>

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20. BANK BALANCES AND CASH

The Municipality has the following main bank accounts:  
ACCOUNT DESCRIPTION - Bank account (MFMA requirement)

Primary Bank Account

First National Bank Account - Dundee Branch  
 Account Number 62025460651 : Cheque Account

Cash book balance at the beginning of the year	4 702 509	2 297 950
Cash book balance at the end of the year	<u>1 339 845</u>	<u>4 702 509</u>
Bank statement balance at the beginning of the year	4 702 509	2 297 950
Bank statement balance at the end of the year	<u>1 339 845</u>	<u>4 702 509</u>
Petty cash and cash on hand	16 310	11 010
<b>TOTAL BANK BALANCES AND CASH:</b>	<b><u>1 356 155</u></b>	<b><u>4 713 519</u></b>

21. PROPERTY RATES

Actual

Agriculture properties used for agricultural purposes	359 761	703 860
Agricultural properties used for other business and commercial purposes	111 978	110 080
Smallholding used for agricultural/residential purposes	246 779	227 956
Smallholding used for business/commercial/industrial purposes	10 860	10 050
Business and Commercial properties(with residential usage)	1 697 616	1 534 168
Business and Commercial properties	6 989 509	6 390 629
Industrial properties	2 778 781	2 565 355
Informal settlements	-	-
Industrial properties (with residential usage)	77 983	95 678
Land reform properties	-	-
Mining properties	278 812	258 017
Municipal properties	-	-
Public Benefits Organisation	54 570	-
Public service infrastructure	47 628	448 226
Privately owned town serviced by the owner	-	-
Residential Properties	20 511 159	18 893 816
Schools	3 175 838	3 670 172
State owned properties	3 602 940	3 164 792
Vacant Land (other than residential)	395 906	360 728
Vacant Land zoned residential	1 191 935	1 141 452
Public worship	-	-
Worship Residential	-	-
Total Assessment Rates	<u>41 532 055</u>	<u>39 574 979</u>

21. PROPERTY RATES (Continued)

Property Valuations

Agriculture properties used for agricultural purposes	283 113 000	281 558 000
Agricultural properties used for other business and commercial purposes	9 000 000	13 140 000
Smallholding used for agricultural/residential purposes	41 827 000	41 827 000
Smallholding used for business/commercial/industrial purposes	600 000	600 000
Business and Commercial properties(with residential usage)	53 462 000	51 077 000
Business and Commercial properties	215 824 000	212 374 000
Cemetery (Private)	101 000	-
Industrial properties	85 344 000	84 834 000
Informal settlements	298 000	298 000
Industrial properties (with residential usage)	2 367 000	3 162 000
Land reform properties	80 171 000	77 821 000
Mining properties	7 702 000	7 702 000
Municipal properties	100 792 000	98 965 000
Public Benefits Organisation	51 584 000	40 939 000
Public service infrastructure	20 010 000	20 010 000
Privately owned town serviced by the owner	3 815 000	3 815 000
Residential Properties	1 811 149 000	1 800 785 000
Schools (Private and State)	77 271 000	96 621 000
State owned properties	88 934 000	83 284 000
Vacant Land (other than residential)	4 979 000	4 697 000
Vacant Land zoned residential	13 951 000	14 579 000
Public worship	37 570 000	32 149 000
Worship Residential	10 052 000	10 932 000
Total Property Valuations	<u>2 999 916 000</u>	<u>2 981 169 000</u>
Non rateable	-	-



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<b>23. GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable share	19 788 151	13 854 819
Municipal infrastructure grant	8 532 560	8 130 854
Financial management grant	1 121 602	933 535
Library subsidy	1 113 078	-
SETA grant	11 701	19 159
Health subsidy	3 991 336	3 478 235
Khiphophule sewing club	65	653
Performance management systems grant	-	10 367
Interdepartmental monitoring systems grant	42 051	-
Valuation roll grant	-	57 977
Municipal systems improvement grant	875 028	1 091 120
Admin capacity	15 859	135 498
Department of Environmental Affairs grant	296 916	-
Local economic development grant	-	25 851
Community development workers	-	166
Development information systems grant	-	30 462
Development Bank of South Africa	-	6
Spatial planning grant	5 206	-
Municipal finance management act	-	110
Uniform billing systems grant	-	53 019
Municipal assistance programme grant	-	104 043
Sibongile library internet grant	130 153	84 792
Department of sports grant	1 079 045	1 855
Museum subsidy	74 000	-
Department of local government and traditional affairs - Sithembile	-	208 727
Department of local government and traditional affairs - Sibongile	8 953	384 591
KZN Housing - Sibongile hostel	26 726	8 667
KZN Housing - Ext 18	5 224	82 103
KZN Housing - Sithembile hostel	111 502	-
KZN Housing - Sibongile bufferstrip	430 016	790 529
KZN Housing - Craigsidde development	14 819	-
<b>Total Government Grant and Subsidies</b>	<b>37 673 991</b>	<b>29 487 137</b>
<b>22.1 Equitable Share</b>		
Balance unspent at beginning of year	-	-
Current year receipts	19 788 151	13 854 819
Conditions met – transferred to revenue	( 19 788 151)	( 13 854 819)
Conditions still to be met	-	-
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>23.2 Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	660 560	888 400
Current year receipts	7 872 000	7 903 014
Conditions met - transferred to revenue	( 8 532 560)	( 8 130 854)
Conditions still to be met-transferred to liabilities (see note 9)	-	660 560
This grant was used for road infrastructure as part of upgrading of informal settlements. No funds were withheld.		
<b>23.3 Financial Management Grant</b>		
Balance unspent at beginning of year	111 051	286 175
Current year receipts	1 200 000	758 411
Conditions met - transferred to revenue	( 1 121 602)	( 933 535)
Conditions still to be met-transferred to liabilities (see note 9)	189 449	111 051
This grant was used for implementation of MFMA, finance reforms and payment of intern's salaries. No funds were withheld.		

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	2011 R	2010 R
<b>23. GOVERNMENT GRANTS AND SUBSIDIES (Continued)</b>		
<b>23.4 Library subsidy</b>		
Balance unspent at beginning of year	-	-
Current year receipts	1 113 078	-
Conditions met - transferred to revenue	( 1 113 078)	-
Conditions still to be met-transferred to liabilities (see note 9)	<u>-</u>	<u>-</u>
This grant is in respect of the municipal library services.		
<b>23.4 SETA grant</b>		
Balance unspent at beginning of year	633 881	458 740
Current year receipts	167 919	194 300
Conditions met - transferred to revenue	( 11 701)	( 19 159)
Conditions still to be met-transferred to liabilities (see note 9)	<u>790 099</u>	<u>633 881</u>
This grant is in respect of training municipal staff. No Funds were withheld		
<b>23.5 Health subsidy</b>		
Balance unspent at beginning of year	( 1 763 802)	( 648 698)
Current year receipts	2 077 000	2 363 131
Conditions met - transferred to revenue	( 3 991 336)	( 3 478 235)
Balance owing transferred to debtors ( Refer to note 18)	<u>( 3 678 138)</u>	<u>( 1 763 802)</u>
The grant has been used exclusively to fund clinic services. The conditions of the grant have been met. There are no delays or withholding of the subsidy.		
<b>23.6 Khiphopkühle sewing club grant</b>		
Balance unspent at beginning of year	6 895	7 109
Current year receipts	-	439
Conditions met - transferred to revenue	( 65)	( 653)
Conditions still to be met-transferred to liabilities (see note 9)	<u>6 830</u>	<u>6 895</u>
This grant is for the sewing projects. No funds were withheld.		
<b>23.7 Performance Management Systems Grant</b>		
Balance unspent at beginning of year	65 304	71 597
Current year receipts	-	4 074
Conditions met - transferred to revenue	-	( 10 367)
Conditions still to be met-transferred to liabilities (see note 9)	<u>65 304</u>	<u>65 304</u>
This grant is for the development of performance management contracts. No funds were withheld.		
<b>23.8 Interdepartmental Monitoring Systems Grant</b>		
Balance unspent at beginning of year	63 579	60 005
Current year receipts	-	3 574
Conditions met - transferred to revenue	( 42 051)	-
Conditions still to be met-transferred to liabilities (see note 9)	<u>21 528</u>	<u>63 579</u>
The grant was to be used for administrative capacity building. No funds were withheld.		

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	2011 R	2010 R
<b>23. GOVERNMENT GRANTS AND SUBSIDIES (Continued)</b>		
<b>23.9 Siyamema pecan nut grant</b>		
Balance unspent at beginning of year	112	112
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (see note 9)	<u>112</u>	<u>112</u>
This grant is in respect of the maintaining of the pecan nut trees. No funds were withheld.		
<b>23.10 Valuation roll grant - Department of local government and traditional affairs</b>		
Balance unspent at beginning of year	-	55 597
Current year receipts	-	2 380
Conditions met - transferred to revenue	-	( 57 977)
Conditions still to be met-transferred to liabilities (see note 9)	<u>-</u>	<u>-</u>
This grant is used for the development of the valuation roll in terms of the Property Rates Act. No funds were withheld.		
<b>23.11 Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year	202 952	538 372
Current year receipts	750 000	755 700
Conditions met - transferred to revenue	( 875 028)	( 1 091 120)
Conditions still to be met-transferred to liabilities (see note 9)	<u>77 924</u>	<u>202 952</u>
This grant is used for electrification projects as part of upgrading of informal settlement areas. No funds were withheld.		
<b>23.12 Admin Capacity</b>		
Balance unspent at beginning of year	39 463	166 685
Current year receipts	-	8 276
Conditions met - transferred to revenue	( 15 859)	( 135 498)
Conditions still to be met-transferred to liabilities (see note 9)	<u>23 604</u>	<u>39 463</u>
This grant is used for capacity building. No funds were withheld.		
<b>23.13 Department of environment affairs grant</b>		
Balance unspent at beginning of year	307 200	289 973
Current year receipts	8 972	17 227
Conditions met - transferred to revenue	( 296 916)	-
Conditions still to be met-transferred to liabilities (see note 9)	<u>19 256</u>	<u>307 200</u>
This grant is for improvement in public participation. No funds were withheld.		
<b>23.14 Local Economic Development Grant</b>		
Balance unspent at beginning of year	1 818	26 682
Current year receipts	88	987
Conditions met - transferred to revenue	-	( 25 851)
Conditions still to be met-transferred to liabilities (see note 9)	<u>1 906</u>	<u>1 818</u>
This grant is used for local economic development. No funds were withheld.		

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23. GOVERNMENT GRANTS AND SUBSIDIES (Continued)

**23.15 Community Development Workers Grant**

Balance unspent at beginning of year	1	167
Current year receipts	-	-
Conditions met - transferred to revenue	-	( 166)
Conditions still to be met-transferred to liabilities (see note 9)	<u>1</u>	<u>1</u>

This grant is used to pay for community development workers.  
 No funds were withheld.

**23.16 KZN Housing grant**

Balance unspent at beginning of year	66 665	62 925
Current year receipts	3 238	3 740
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (see note 9)	<u>69 903</u>	<u>66 665</u>

This grant was used for the repairs of 43 houses.  
 No funds were withheld.

**23.17 Department of mineral and energy**

Balance unspent at beginning of year	( 1)	11 820
Adjustments and transfers	1	( 12 348)
Current year receipts	-	527
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (see note 9)	<u>-</u>	<u>( 1)</u>

This grant was used for the electrification of extension 18 and the  
 electrification of Bufferstrip. No funds were withheld.

**23.18 Development information systems grant**

Balance unspent at beginning of year	23 419	51 888
Current year receipts	-	1 993
Conditions met - transferred to revenue	-	( 30 462)
Conditions still to be met-transferred to liabilities (see note 9)	<u>23 419</u>	<u>23 419</u>

This grant is for the development of information systems.  
 No funds were withheld.

**23.20 Development Bank of South Africa**

Balance unspent at beginning of year	5 405	5 104
Current year receipts	318 230	307
Conditions met - transferred to revenue	-	( 6)
Conditions still to be met-transferred to liabilities (see note 9)	<u>323 635</u>	<u>5 405</u>

This grant was used for the implementation of financial software.  
 No funds were withheld.

**23.21 Spatial planning grant**

Balance unspent at beginning of year	69 616	65 696
Current year receipts	-	3 920
Conditions met - transferred to revenue	( 5 206)	-
Conditions still to be met-transferred to liabilities (see note 9)	<u>64 410</u>	<u>69 616</u>

This grant was used for the spatial planning as part of the integrated  
 development plan.  
 No funds were withheld.

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23. GOVERNMENT GRANTS AND SUBSIDIES (Continued)

**23.22 Municipal Finance Management Act grant**

Balance unspent at beginning of year	23	133
Current year receipts	-	-
Conditions met - transferred to revenue	-	( 110)
	<u>23</u>	<u>23</u>

Conditions still to be met-transferred to liabilities (see note 9)

This grant was used for the implementation of the MFMA.  
No funds were withheld.

**23.23 Uniform billing systems grant**

Balance unspent at beginning of year	( 1)	50 387
Adjustments and transfers	1	-
Current year receipts	-	2 631
Conditions met - transferred to revenue	-	( 53 019)
	<u>-</u>	<u>( 1)</u>

Conditions still to be met-transferred to liabilities (see note 9)

This grant was used for the implementation of the financial software for  
the billings system.  
No funds were withheld.

**23.24 Municipal Assistance Programme**

Balance unspent at beginning of year	13 966	112 117
Current year receipts	-	5 892
Conditions met - transferred to revenue	-	( 104 043)
	<u>13 966</u>	<u>13 966</u>

Conditions still to be met-transferred to liabilities (see note 9)

This grant is for credit control and GRAP/GAMAP implementation.  
No funds were withheld.

**23.25 Sibongile library internet grant**

Balance unspent at beginning of year	110 812	6 403
Current year receipts	184 642	189 201
Conditions met - transferred to revenue	( 130 153)	( 84 792)
	<u>165 301</u>	<u>110 812</u>

Conditions still to be met-transferred to liabilities (see note 9)

This grant is for the internet at the Sibongile library.  
No funds were withheld.

**23.26 Department of Sports grant**

Balance unspent at beginning of year	1 317 050	375 000
Current year receipts	37 914	943 905
Expenditure claimed in accordance with grant conditions	( 1 079 045)	( 1 855)
	<u>275 919</u>	<u>1 317 050</u>

Conditions still to be met-transferred to liabilities (see note 9)

This grant is intended for the building of a sports facility.  
No funds were withheld.

**23.27 Capacity Building - DBSA**

Balance unspent at beginning of year	51 300	51 300
Current year receipts	-	-
Expenditure claimed in accordance with grant conditions	-	-
	<u>51 300</u>	<u>51 300</u>

Conditions still to be met-transferred to liabilities (see note 9)

This grant was received from the DBSA for capacity building.  
No funds were withheld.

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23. GOVERNMENT GRANTS AND SUBSIDIES (Continued)

**23.28 Musuem subsidy**

Balance unspent at beginning of year	196 239	127 239
Current year receipts	74 000	69 000
Expenditure claimed in accordance with grant conditions	( 74 000)	-
	<u>196 239</u>	<u>196 239</u>

Conditions still to be met-transferred to liabilities (see note 9)

This grant is to fund museum services. No funds were withheld.

**23.29 Department of local government and traditional affairs**

Balance unspent at beginning of year	-	206 626
Current year receipts	-	2 101
Expenditure claimed in accordance with grant conditions	-	( 208 727)
	<u>-</u>	<u>-</u>

Conditions still to be met-transferred to liabilities (see note 9)

This grant is for the Sithembile sewer pump station.  
 No funds were withheld.

**23.30 Department of local government and traditional affairs - Sibongile**

Balance unspent at beginning of year	265 891	643 939
Current year receipts	-	6 543
Expenditure claimed in accordance with grant conditions	( 8 953)	( 384 591)
	<u>256 938</u>	<u>265 891</u>

Conditions still to be met-transferred to liabilities (see note 9)

This grant is for the Sithembile sewer upgrade. No funds were withheld.

**23.31 KZN Housing - Sibongile hostel**

Balance unspent at beginning of year	486 463	467 522
Current year receipts	23 442	27 608
Expenditure claimed in accordance with grant conditions	( 26 726)	( 8 667)
	<u>483 179</u>	<u>486 463</u>

Conditions still to be met-transferred to liabilities (see note 9)

This grant is for the upgrade of the Sibongile hostel.  
 No funds were withheld.

**23.32 KZN Housing - Ext 18 housing project**

Balance unspent at beginning of year	( 126 262)	( 44 226)
Current year receipts	-	67
Expenditure claimed in accordance with grant conditions	( 5 224)	( 82 103)
	<u>( 131 486)</u>	<u>( 126 262)</u>

Balance owing transferred to debtors ( Refer to note 17)

This grant is for the upgrade of the Extension 18 housing project.  
 No funds were withheld.

**23.33 KZN Housing - Upgrade of Sithembile Hostel**

Balance unspent at beginning of year	373 881	352 843
Current year receipts	17 957	21 038
Expenditure claimed in accordance with grant conditions	( 111 502)	-
	<u>280 336</u>	<u>373 881</u>

Conditions still to be met-transferred to liabilities (see note 9)

This grant is for the upgrade of Sithembile hostel.  
 No funds were withheld.

**23.34 KZN Housing - Sibongile Bufferstrip**

Balance unspent at beginning of year	( 1 317 575)	( 527 110)
Current year receipts	-	64
Expenditure claimed in accordance with grant conditions	( 430 016)	( 790 529)
	<u>( 1 747 591)</u>	<u>( 1 317 575)</u>

Balance owing transferred to debtors ( Refer to note 18)

This grant is for the Sibongile Bufferstrip housing.  
 No funds were withheld.

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23. GOVERNMENT GRANTS AND SUBSIDIES (Continued)

**23.35 Department of Cooperative Governance and Traditional Affairs  
 - Sithembile Roads and Storm water**

Balance unspent at beginning of year	( 66 370)	( 66 397)
Current year receipts	-	27
Expenditure claimed in accordance with grant conditions	-	-
	<u>( 66 370)</u>	<u>( 66 370)</u>

Balance owing transferred to debtors ( Refer to note 18)

This grant is for the Sithembile roads and storm water.  
 No funds were withheld.

**23.35 Department of Cooperative Governance and Traditional Affairs  
 - Training of Councillor Grant**

Balance unspent at beginning of year	-	-
Adjustments and transfers	-	-
Current year receipts	150 000	-
Expenditure claimed in accordance with grant conditions	-	-
	<u>150 000</u>	<u>-</u>

Balance owing transferred to debtors ( Refer to note 18)

This grant is for the training of Councillors.  
 No funds were withheld.

**23.35 Department of Cooperative Governance and Traditional Affairs  
 - Pound Grant**

Balance unspent at beginning of year	-	-
Current year receipts	1 003 737	-
Expenditure claimed in accordance with grant conditions	-	-
	<u>1 003 737</u>	<u>-</u>

Balance owing transferred to debtors ( Refer to note 18)

This grant is for the establishment of a municipal pound.  
 No funds were withheld.

**23.36 KZN Housing craigside development**

Balance unspent at beginning of year	29 075	27 357
Current year receipts	-	1 718
Expenditure claimed in accordance with grant conditions	( 14 819)	-
	<u>14 256</u>	<u>29 075</u>

Conditions still to be met-transferred to liabilities (see note 9)

This grant is for the development of craigside housing.  
 No funds were withheld.

24. EMPLOYEE RELATED COSTS

Employee related costs - salaries and wages	38 186 658	33 879 682
Contributions to UIF, medical, pension benefits, WC and levies	11 124 614	9 790 745
Housing benefits and allowances	1 223 637	829 509
Overtime, standby and rations payments	4 682 131	4 345 635
Protective clothing and uniforms	132 127	127 856
Leave	1 539 449	1 095 266
Other	394 105	1 023 526
Performance and other bonuses	3 429 700	2 216 409
	<u>60 712 420</u>	<u>53 308 628</u>

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24. EMPLOYEE RELATED COSTS

Included in the employee related costs are the following:

*Remuneration of the Municipal Manager*

Annual Remuneration	-	813 216
Car Allowance	-	96 000
Contributions to UIF, Medical and Pension Funds	-	1 542
Total	-	<u>910 758</u>

The position of Municipal Manager became vacant in June 2010. The Technical, Corporate Services and Communications manager were acting in this position for the financial year.

*Remuneration of the Chief Finance Officer*

Annual Remuneration	984 856	821 043
Car Allowance	3 500	14 500
Contributions to UIF, Medical and Pension Funds	168 412	251 457
Total	<u>1 156 768</u>	<u>1 087 000</u>

*Remuneration of Section 57 Managers:*

Manager Corporate Services

Annual Remuneration	970 041	804 754
Car Allowance	-	40 000
Contributions to UIF, Medical and Pension Funds	109 521	101 648
Total	<u>1 079 562</u>	<u>946 402</u>

The above remuneration includes an acting allowance for the position of Municipal Manager.

Manager Technical Services

Annual Remuneration	1 254 813	773 248
Car Allowance	5 500	32 000
Contributions to UIF, Medical and Pension Funds	214 127	163 495
Total	<u>1 474 440</u>	<u>968 743</u>

The above remuneration includes an acting allowance for the position of Municipal Manager.

25. REMUNERATION OF COUNCILLORS

Mayor	320 115	327 692
Deputy Mayor	264 178	254 871
Councillor Exco	250 870	239 608
Speaker	256 222	254 871
Councillors	1 110 982	1 072 582
Travel Allowances	339 377	333 000
Total Councillors' Remuneration	<u>2 541 744</u>	<u>2 482 624</u>

**In-kind Benefits**

The Mayor and Speaker are part-time and have an office and secretarial support for the Mayor at the cost of the Council.  
 The Mayor has the use of a Council vehicle for official duties and one permanent bodyguard and one permanent driver.

26. FINANCE COSTS

Non-current liabilities	2 347 958	2 425 539
Short-term borrowings	-	-
	<u>2 347 958</u>	<u>2 425 539</u>

27. BULK PURCHASES

Electricity	<u>41 676 361</u>	<u>32 334 741</u>
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<b>28. GENERAL EXPENSES</b>		
Included in general expenses is the following: -		
Valuation Reduction	6 055 017	5 614 267
Transport Cost	3 256 815	2 696 847
Audit Fees & Internal Audit Fees	2 125 100	1 189 145
Indigent Support	1 820 188	1 565 126
Security	1 689 579	1 616 985
Legal Expenses	919 428	310 634
Printing & Stationery	882 809	800 983
Bank Charges	700 410	257 390
Subsistence & Travelling	622 436	545 101
Telephone	595 686	600 944
Sport, Youth, Arts And Culture	592 259	356 126
Valuation Fees	532 540	28 380
Special Projects	511 308	1 963 600
Staff Training	510 546	437 604
Illegal Connect Outsourced Fee	439 829	494 554
Insurance	361 702	311 928
Materials	333 105	293 032
Postages	332 454	311 621
Led Projects	324 615	86 078
Prodiba - Payments	301 176	204 089
Promotion Of Endumeni	289 607	316 835
Membership Fees Kwanaloga	279 880	243 505
Advertising	251 430	99 907
New Connections	234 003	533 071
H I V Aids	189 398	111 948
Rural Horse Riding Event	148 213	95 508
Lease Payments	123 393	137 120
Traffic Control	104 628	100 441
Meter Reading Fees	97 374	104 897
Audit Committee	85 380	71 000
Service Of Process	58 140	52 969
National Cleanest Town Compet	57 451	40 831
Amendments To Acts & Ord.	55 661	51 601
Other General Expenses	2 126 513	5 196 114
	<u>27 008 075</u>	<u>26 840 181</u>
<b>29. OTHER INCOME</b>		
Included in other income is the following: -		
Sundry Income	809 070	666 826
Burial fees	30 998	35 008
Discount received	20 546	33 548
Uthukela receipts	38 465	68 098
Other Income	496 478	241 479
	<u>1 395 557</u>	<u>1 044 959</u>
<b>30. FRUITLESS AND WASTEFUL EXPENDITURE</b>		
Radio repairs	-	342

No fruitless and wasteful expenditure was incurred for the year ended 30 June 2011. Expenditure was incurred for the repairs of a radio without an authorised order in the year ended 30 June 2010. The amount was recovered from the official in the month of June 2010.

ENDUMENI MUNICIPALITY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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	2011 R	2010 R
<b>31. CASH GENERATED BY OPERATIONS</b>		
(Deficit) / surplus for the year	15 659 596	6 872 138
Adjustment for: -		
Amortisation: Intangible assets	159 539	501
Gain on fair value of assets	( 2 310 579)	-
Non cash items under other income	( 541 673)	-
Sundry adjustments		10 245
Housing operating account revenue		254 025
Depreciation: property, plant and equipment	7 017 413	5 280 492
Contribution to retirement benefit obligation	10 261 824	4 756 849
Contribution to landfill site provision	364 640	383 785
Contribution to bad debt provision	( 5 274 536)	4 637 715
Straight lining of leases	( 12 061)	( 21 226)
Impairment of property, plant and equipment	569 299	-
Impairment loss on inventory	394 189	-
Interest earned	( 981 460)	( 868 113)
Finance costs	2 347 958	2 425 539
Operating surplus before working capital changes:	<u>27 654 149</u>	<u>23 731 950</u>
(Increase)/Decrease in inventories	725 388	797 998
(Increase)/Decrease in consumer debtors	4 487 430	( 12 659 719)
(Increase)/Decrease in other debtors	( 2 519 391)	( 2 877 507)
(Decrease)/Increase in conditional grants and receipts	( 534 046)	( 365 295)
(Decrease)/Increase in creditors	( 897 726)	9 783 308
(Decrease)/Increase in VAT receivable	424 634	16 811
Cash generated by operations	<u><u>29 340 438</u></u>	<u><u>18 427 546</u></u>

**32. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Bank balances and cash	1 356 155	4 713 519
Call investment deposits	23 293 714	12 664 692
Total cash and cash equivalents at the end of the year	<u><u>24 649 869</u></u>	<u><u>17 378 211</u></u>

The municipality does not have overdraft facilities.

**33. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**33.1 Contributions to organised local government**

Opening balance	-	-
Council subscriptions	284 380	260 689
Amount paid - current year	( 284 380)	( 260 689)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u><u>-</u></u>	<u><u>-</u></u>

**33.2 Audit fees**

Opening balance	119 320	119 320
Current year audit fee	950 480	974 222
Amount paid - current year	( 950 480)	( 974 222)
Amount paid - previous years	( 119 320)	-
Balance unpaid (included in creditors)	<u><u>-</u></u>	<u><u>119 320</u></u>

**33.3 VAT**

Vat received for the year	<u><u>11 251 024</u></u>	<u><u>9 710 162</u></u>
VAT paid for the year	<u><u>10 129 117</u></u>	<u><u>8 701 467</u></u>

VAT inputs receivable and VAT outputs payable are shown in note 8. All VAT returns have been submitted by the due date throughout the year.

ENDUMENI MUNICIPALITY  
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 FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>33. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)</b>		
<b><u>33.4 PAYE and UIF</u></b>		
Opening balance	-	-
Current year payroll deductions	7 908 770	6 271 063
Amount paid - current year	( 7 908 770)	( 6 271 063)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<b><u>33.5 Pension and Medical Aid Deductions</u></b>		
Opening balance	-	-
Current year payroll deductions and Council	13 659 921	12 126 759
Amount paid - current year	( 13 659 921)	( 12 126 759)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<b><u>33.6 Councillor's arrear consumer accounts</u></b>		
The following Councillors had arrear accounts outstanding for more than 90 days as at:		
<b><u>Outstanding more than 90 days</u></b>		
Councillor: SW Dlamini (Agreement signed to pay R500 per month)	1 992	-
Councillor: TM Mahaye (Agreement signed to pay R1000 per month)	8 223	-
Councillor: HSB Ngobese (Stop order signed to pay R1000 per month)	20 645	-
Councillor: MH Zwane (Amounts have subsequently not been paid)	30 067	-
Councillor: RT Nukani (Amounts have subsequently been paid)	-	268
Total Councillor Arrear Consumer Accounts	<u>60 927</u>	<u>268</u>
<b><u>33.7 Distribution losses</u></b>		
Units lost (kilowatts)	<u>21 113 786</u>	<u>17 520 331</u>
Units lost (sales price per kilowatts - rands)	<u>15 387 198</u>	<u>9 953 294</u>
Units lost due to normal distribution losses (purchase price per kilowatts - rands [2011:R0.3399, 2010:R0.2646])	<u>2 497 434</u>	<u>2 527 763</u>
Units lost due to theft (purchase price per kilowatts - rands [2011:R0.3399, 2010:R0.2646])	<u>4 678 755</u>	<u>4 398 706</u>
Units lost due to normal distribution losses (percentage)	16%	16%
Units lost due to theft (percentage)	37%	29%
Although units per kilowatts were lost in distribution, the electricity service experienced a surplus of R19 million (2009: R13 million).		

ENDUMENI MUNICIPALITY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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	2011 R	2010 R
<b>34. DEVIATION OF SUPPLY CHAIN MANAGEMENT POLICY</b>		
Hire of marquees, chairs, tables for public viewing area	-	280 000
<p>The awarding of the tender to hire marquees, chairs and tables for the public viewing area during the FIFA soccer world cup did not follow the usual tender process. The deviation was duly authorized by the accounting officer and the council on 15 November 2010.</p>		
Calendars & desk calendars	31 915	-
<p>The awarding of the quote to purchase calendar and desk calendars did not follow the usual procurement process. Prospective suppliers could not meet the required specifications. The deviation was duly authorized by the accounting officer and the council on 31 January 2011.</p>		
Purchase of transformer	45 000	-
<p>The awarding of the quote to purchase a transformer did not follow the usual procurement process. This was due to storm damage and deemed an emergency. The deviation was duly authorized by the accounting officer and the council on 31 January 2011.</p>		
Purchase of Trycon switchgear	61 294	-
<p>The awarding of the quote to purchase Trycon switchgear, from the sole supplier within the municipal area, did not follow the usual procurement process. The deviation was duly authorized by the accounting officer and the council on 31 January 2011.</p>		
Purchase of MV switchgear	498 666	-
<p>The awarding of the tender to purchase MW switchgear, from the sole supplier within the municipal area to repair a damaged feeder switch, did not follow the usual tender process. The deviation was duly authorized by the accounting officer and the council on 28 February 2011.</p>		
Purchase of brake drums	56 139	-
<p>The awarding of the quote to purchase brake drums for the grader did not follow the usual procurement process. It was deemed beneficial to the Municipality to purchase second hand parts at a significant discount from a local supplier. The deviation was duly authorized by the accounting officer and the council on 31 January 2011.</p>		
Purchase of Trycon switchgear	66 120	-
<p>The awarding of the quote to Trycon switchgear, from the sole supplier within the municipal area, did not follow the usual procurement process. The deviation was duly authorized by the accounting officer and the council on 28 April 2011.</p>		
Purchase of Bitumen products	56 067	-
<p>The awarding of the quote to purchase Bitumen products did not follow the usual procurement process. The deviation was duly authorized by the accounting officer and the council on 28 April 2011.</p>		
Events coordination plan	80 000	-
<p>The awarding of the quote to prepare an events coordination plan, for the mayoral imbizo, did not follow the usual procurement process. The deviation was duly authorized by the accounting officer and the council on 6 December 2010.</p>		
	<u>895 201</u>	<u>280 000</u>

ENDUMENI MUNICIPALITY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2011

2011  
R

2010  
R

35. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for:

14 632 100 -

Infrastructure

14 632 100 -

Furniture and Equipment

- -

Community

- -

- Approved but not yet contracted for:

20 224 624 22 059 221

Infrastructure

13 030 119 17 785 421

Furniture and Equipment

295 035 1 012 800

Community

6 899 470 3 261 000

Total

34 856 724 22 059 221

This expenditure will be financed as follows:

Grant funded

20 487 219 12 904 874

Council funded

9 158 005 8 054 347

External Loans

5 211 500 1 100 000

Funding still to be sourced

- -

34 856 724 22 059 221

36. CONTINGENT LIABILITIES

The municipality successfully defended a claim made by the Natal Joint Municipal Pension fund. The case however, has been taken on appeal. The amount includes legal fees of approximately R 500 000.

3 000 000 2 700 000

The municipality is defending a claim by the South African Authorities Pension fund.

53 000 53 000

3 053 000 2 753 000

37. CONTINGENT ASSETS

No contingent assets were identified for the year ended 30 June 2011 or for the year ended 30 June 2010.

- -

38. CORRECTION OF PRIOR YEAR

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the change in accounting policy relating to transitional provisions with regards to the implementation of GRAP as per Directive 4 and correction of prior year errors.

38.1 Property, Plant and Equipment : Cost

Balances previously reported

195 223 732

Reclassification of assets

( 1 126 251)

Reclassification of investment properties

7 048 025

Transfer of housing sold in prior years

( 161 259)

Transfer of housing not registered in the name of the municipality

( 3 879 977)

Transfer of housing not on valuation roll

( 326 167)

Restated balance at 30 June 2010

196 778 103

ENDUMENI MUNICIPALITY  
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FOR THE YEAR ENDED 30 JUNE 2011

2011  
R

2010  
R

38. CORRECTION OF PRIOR YEAR (Continued)

38.2 Property, Plant and Equipment : Accumulated Depreciation

Balance previously reported	( 74 653 735)
Restatement of 2010 depreciation - electricity and roads	( 89 457)
Restatement of 2009 depreciation - electricity, roads and buildings	13 492 060
Reversal of depreciation on fully depreciated assets	3 407 959
Reclassification of assets - prior years	137 329
Reclassification of assets - 2010	8
Restatement of 2010 depreciation - buildings	369 159
Reclassification of investment properties - prior years	( 187 539)
Reclassification of investment properties - 2010	( 63 990)
Transfer of housing sold in prior years - prior years	24 621
Transfer of housing sold in prior years - 2010	886
Transfer of housing not registered the municipality - prior years	198 264
Transfer of housing not registered in the name of the municipality - 2010	4 959
Transfer of housing not on valuation roll - prior years	151
Restated balance at 30 June 2010	<u>( 57 359 325)</u>

38.3 Investment Properties

Balance previously reported	7 048 025
Reclassification of investment properties to property, plant and equipment	( 7 048 025)
Recognition of investment properties previously not recognised	11 871 966
Restated balance at 30 June 2010	<u>11 871 966</u>

38.4 Intangible Assets - Accumulated Amortisation

Balance previously reported	( 1 202 619)
Reversal of depreciation on fully depreciated assets	354 286
Restated balance at 30 June 2010	<u>( 848 333)</u>

38.5 Housing Operating Account

Balance previously reported	26 100 389
Transfer of housing letting schemes assets from inventory	( 17 714 500)
Reclassification of assets	( 1 126 251)
Transfer of housing not registered in the name of the municipality	( 3 723 530)
Restated balance at 30 June 2010	<u>3 536 108</u>

38.6 Inventory

Balance previously reported	21 961 545
Transfer of housing letting schemes assets to the housing operating account	( 17 714 500)
Restated balance at 30 June 2010	<u>4 247 045</u>

38.7 Other Debtors

Balance previously reported	4 572 957
Straight lining of operating leases - prior years	566 061
Straight lining of operating leases - 2010	21 226
Restated balance at 30 June 2010	<u>5 160 244</u>

38.8 Creditors

Balance previously reported	27 723 574
Transfer of the sale of houses to accumulated surplus	( 3 956 246)
Restated balance at 30 June 2010	<u>23 767 328</u>

ENDUMENI MUNICIPALITY  
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2011  
R

2010  
R

38. CORRECTION OF PRIOR YEAR (Continued)

38.9 Surplus / (Deficit) for the year

Balances previously reported	6 629 347
Restatement of 2010 depreciation	( 89 457)
Raising of rental income on straight lining of operating leases	21 226
Reclassification of assets	8
Restatement of 2010 depreciation	311 014
Restated balance at 30 June 2010	<u>6 872 138</u>

39. EVENTS AFTER THE REPORTING DATE

UMZINYATHI LOAN - WATER SERVICES RENDERED

Endumeni Municipality claimed an amount of R17 068 623 from the uMzinyathi District Municipality for rendering the water services function on their behalf. The executive committee of Umzinyathi District Municipality has accepted a portion, R 11 769 407, of the claim and recommended that their Council approve the settlement. The balance of still needs to be verified by their internal auditors.

40. RELATED PARTIES

The municipality did not have any related party transactions for the years ended 30 June 2011 and 30 June 2010. There are no related party balances as at 30 June 2011.

41. OPERATING LEASES

The future minimum lease payments payable under operating leases for the actual liability are as follows:

No later than 1 year	1 917 323	1 817 699
Later than 1 year and no later than 5 years	7 846 988	6 509 872
Later than 5 years	<u>35 411 043</u>	<u>33 038 666</u>
	<u>45 175 354</u>	<u>41 366 237</u>

The future minimum lease payments receivable under operating leases for the actual receivables are as follows:

No later than 1 year	346 986	321 547
Later than 1 year and no later than 5 years	1 176 279	1 284 430
Later than 5 years	<u>1 504 176</u>	<u>1 867 339</u>
	<u>3 027 441</u>	<u>3 473 316</u>

Operating lease payments payable relate to the hiring of office equipment, security system, cleaning agents and container rentals.

Operating lease payments receivable relate to rentals for the commonage, vacant land, airport hangers, buildings, advertising space and housing.

The prior year comparatives have been restated to accommodate the straight lining of operating leases, as the transitional provisions for GRAP have now expired.

42. FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities.

The municipality's Treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the municipality. These risks include credit risk, liquidity risk and market risk (interest rate risk).

The use of financial derivatives is governed by the municipality's policies approved by the Council, which provide written principles on interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

ENDUMENI MUNICIPALITY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2011

2011  
R

2010  
R

42. FINANCIAL RISK MANAGEMENT (Continued)

42.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit risk exposure in respect of the relevant financial instruments is as follows (domestic exposure only):

Investments	23 308 914	12 679 892
Cash and Cash Equivalents	1 356 155	4 713 519
Financial guarantees	104 310	109 310
Trade and other receivables	105 518 609	107 571 272
<b>Maximum Credit Exposure</b>	<b>130 287 988</b>	<b>125 073 993</b>

42.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<b>2011</b>	<b>1 month or less</b>	<b>1-3 months or less</b>
Long Term Borrowings	-	505 411
Trade and other payables	6 879 752	-
	<b>6 879 752</b>	<b>505 411</b>
<b>2011</b>	<b>3-12 months or less</b>	<b>1-5 years</b>
Long Term Borrowings	754 764	6 879 481
Trade and other payables	3 792 052	699 490
	<b>4 546 816</b>	<b>7 578 971</b>
<b>2010</b>	<b>1 month or less</b>	<b>1-3 months or less</b>
Long Term Borrowings	-	422 528
Trade and other payables	4 419 506	336 163
	<b>4 419 506</b>	<b>758 691</b>
<b>2010</b>	<b>3-12 months or less</b>	<b>1-5 years</b>
Borrowings	4 630 046	6 174 846
Trade and other payables	1 670 066	552 522
	<b>6 300 112</b>	<b>6 727 368</b>

ENDUMENI MUNICIPALITY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2011

2011  
R

2010  
R

42. FINANCIAL RISK MANAGEMENT (Continued)

42.3 Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

At year end, financial instruments exposed to interest rate risk were as follows:

	2011 R	2010 R
- Call deposits	23 293 714	12 664 692
- Investment deposits	15 200	15 200
- Bank balances and cash	1 356 155	4 713 519
- Long term liabilities	13 742 409	18 980 480
<b>Maximum Interest Exposure</b>	<b><u>38 407 478</u></b>	<b><u>36 373 891</u></b>

42.4 Other price risk

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

ENDUMENI MUNICIPALITY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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42. COMPARISON TO BUDGET

42.1 ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

REVENUE	Actual 2011 R	Budget 2011 R	Variance 2011 R	Variance 2011 %	Explanation of significant Variance greater than 10% versus Budget
Property rates	41 532 055	40 083 838	1 448 217	3.61%	n/a
Property rates- penalties imposed and collection charges	6 530 714	6 644 517	( 113 803)	-1.71%	n/a
Service charges	77 103 785	78 713 511	( 1 609 726)	-2.05%	n/a
Rental of facilities and equipment	1 082 906	1 081 437	1 469	0.14%	n/a
Interest earned- external investments	981 460	80 000	901 460	1126.83%	Prudent investing of surplus cash during the year has yielded additional interest revenue.
Fines	1 153 359	1 019 540	133 819	13.13%	In line with GRAP fines revenue receivable has been estimated.
Licences and permits	3 509 116	3 065 160	443 956	14.48%	Large increase in learner and drivers licences applications.
Government grants and subsidies	37 673 991	25 232 680	12 441 311	49.31%	Spending of grants as conditions are met the expenses have been transferred to revenue - in line with the integrated development plan and service delivery to the community.
Other income	1 395 557	1 181 815	213 742	18.09%	Sales of vacant property during the year.
Gain on fair value of assets	2 310 579	-	2 310 579	100.00%	A review of asproperty, plant and equipment at year end necessitated a fair value estimate of assets in line with the implementation of GRAP 17.
<b>Total Revenue</b>	<b>173 273 522</b>	<b>157 102 498</b>	<b>16 171 024</b>	<b>10.29%</b>	
<b>EXPENDITURE</b>					
Corporate Services	27 282 939	26 293 058	989 881	3.76%	n/a
Financial Services	29 846 853	15 457 269	14 389 584	93.09%	This department carries all the depreciation expenses, retirement benefits contributions, impairment losses and adjustments to the provision for bad debts.
Municipal Manager	9 593 011	11 913 829	( 2 320 818)	-19.48%	The reduction is attributed to salary savings, bonus savings, depreciation expenses allocated to finance and MSIG expenditure.
Technical Services	90 891 123	103 429 151	( 12 538 028)	-12.12%	The reduction is attributed to indigent support reduction, less repairs & maintenance, depreciation expenses allocated to finance, salary savings and loan charges reduction.
<b>Total Expenditure</b>	<b>157 613 926</b>	<b>157 093 307</b>	<b>520 619</b>	<b>0.33%</b>	
<b>NET (DEFICIT) / SURPLUS FOR THE YEAR</b>	<b>15 659 596</b>	<b>9 191</b>	<b>15 650 405</b>	<b>170279.68%</b>	

ENDUMENI MUNICIPALITY  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2011

42. COMPARISON TO BUDGET (Continued)

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

	2011	2011	2011	2011	2011	2011	2011	2011	2011	2011	Explanation of Significant Variances
	Actual	Contribution	Total Additions	Budget	Variance	Variance	Variance	%	Greater than 5% versus Budget		
	R	R	R	R	R	R	R				
Corporate Services	548 137	-	548 137	615 300	( 67 163)			-11%		Furniture and equipment not purchased.	
Financial Services	183 297	-	183 297	38 550	144 747			375%		Capital funded from previous years unspent grants.	
Municipal Manager	138 559	-	138 559	2 122 200	( 1 983 641)			-93%		Ward capital expenses purchased under Technical Services.	
Technical Services	14 758 875	-	14 758 875	19 283 171	( 4 524 296)			-23%		Capital financed by external loans, capital replacement reserve and grants not implemented.	
	15 628 868	-	15 628 868	22 059 221	( 6 430 353)			-29%			

The appendix includes additions figures for property, plant and equipment (note 11) and intangible assets (note 12) only.

**ENDUMENI MUNICIPALITY  
APPENDIX A: SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2011**

DESCRIPTION	Loan Number	Interest Rate %	Date Repayable	Balance at 30/06/2010 R	Received during the year R	Redeemed / Write off / (Interest Capitalised) during this period R	Balance at 30/06/2011 R
<b>Stock Loans</b>							
Estcourt Municipality	665	10.00%	30/06/2011	8 000	-	-	8 000
Estcourt Municipality	719	10.00%	30/06/2013	7 200	-	-	7 200
INCA	878	16.90%	30/06/2011	3 900 000	-	3 900 000	-
<b>Total Stock Loans</b>				<b>3 915 200</b>	<b>-</b>	<b>3 900 000</b>	<b>15 200</b>
<b>Annuity Loans</b>							
DBSA	13268/102	17.00%	31/03/2018	6 734 179	-	443 882	6 290 297
DBSA	13268/202	17.00%	31/03/2018	3 463 745	-	228 312	3 235 433
DBSA	13268/302	17.00%	31/03/2018	3 167 403	-	208 779	2 958 624
DBSA	11749/102	15.97%	31/12/2010	155 030	-	155 030	-
DBSA	102975/01	6.75%	31/03/2014	1 544 923	-	302 068	1 242 855
<b>Total Annuity Loans</b>				<b>15 065 280</b>	<b>-</b>	<b>1 338 071</b>	<b>13 727 209</b>
<b>TOTAL EXTERNAL LOANS (ENDUMENI MUNICIPALITY)</b>				<b>18 980 480</b>	<b>-</b>	<b>5 238 071</b>	<b>13 742 409</b>

ENDUMENI MUNICIPALITY  
APPENDIX B : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2011

	Opening Balance R	Cost / Revaluation Adjustments		Disposals	Transfers	Closing Balance R	Opening Balance R	Additions	Impairment	Accumulated Depreciation		Closing Balance R
		R	R							R	R	
Land	26 074 703	-	-	-	-	26 074 703	-	-	-	-	-	-
Buildings	20 339 645	188 339	-	-	-	20 527 984	(8 969 723)	( 681 355)	-	-	-	(9 651 078)
Infrastructure - Electricity	34 772 520	1 530 928	-	-	-	36 303 448	(11 402 449)	( 935 341)	-	-	-	(12 337 790)
Infrastructure - Roads	86 367 067	1 319 382	-	-	-	87 686 449	(22 303 682)	(2 495 033)	( 566 259)	-	-	(25 364 974)
Assets under construction	-	10 432 040	-	-	-	10 432 040	-	-	-	-	-	-
Infrastructure - Other	5 760 783	150 432	2 183	-	-	5 913 398	(1 842 275)	( 508 792)	-	-	-	(2 351 067)
Machinery & Equipment	8 354 635	1 303 224	1 087 703	-	-	10 745 562	(4 262 128)	(1 269 664)	( 2 286)	-	-	(5 534 078)
Furniture & Equipment	7 209 734	530 941	708 594	-	-	8 449 269	(4 968 552)	( 755 819)	( 754)	-	-	(5 725 125)
Motor Vehicles	6 651 535	-	501 631	-	-	7 153 166	(3 610 516)	( 371 409)	-	-	-	(3 981 925)
Leased assets	-	-	10 468	-	-	10 468	-	-	-	-	-	-
Housing	1 247 481	-	-	-	-	1 247 481	-	-	-	-	-	-
	196 778 103	15 455 286	2 310 579	-	-	214 543 968	(57 359 325)	(7 017 413)	( 569 299)	-	-	( 64 946 037)

ENDUMENI MUNICIPALITY  
APPENDIX C : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2011

	Opening Balance		Additions		Cost / Revaluation		Disposals		Transfers		Closing Balance		Accumulated Depreciation				Carrying Value		
	R		R		R		R		R		R		R		R		R		
Corporate Services	44 141 687		798 769		626 575		-		-		45 567 031		12 569 558	1 444 139	-	-	14 013 697	1 411	31 551 923
Financial Services	1 542 838		239 646		159 396		-		-		1 941 880		890 387	209 182	-	-	1 099 569	214	842 097
Municipal Manager	24 118 678		975 811		1 297 006		-		-		26 391 495		7 311 456	1 623 834	-	-	8 935 290	540	17 455 664
Technical Services	125 725 789		13 441 059		227 603		-		-		139 394 451		36 586 444	3 740 209	-	-	40 326 653	567 134	98 500 665
Housing Services	1 249 111		-		-		-		-		1 249 111		1 480	49	-	-	1 529	-	1 247 582
	196 778 103		15 455 286		2 310 579		-		-		214 543 968		57 359 325	7 017 413	-	-	64 376 738	569 299	149 597 930

The appendix includes figures for property, plant and equipment (note 11) only.

**ENDUMENI MUNICIPALITY  
APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011**

	2010 Actual Revenue R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R	2011 Actual Revenue R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
	( 6 947 216)	25 467 495	( 19 954 933)	( 8 320 990)	27 282 939	( 18 961 949)
	( 60 138 228)	29 331 085	24 515 009	( 66 626 760)	29 846 853	36 779 907
	( 13 334 352)	7 446 388	4 359 446	( 14 491 949)	9 593 011	4 898 938
	( 65 711 583)	77 014 274	( 3 279 004)	( 83 833 823)	90 891 123	( 7 057 300)
	<u>( 146 131 379)</u>	<u>139 259 241</u>	<u>6 872 138</u>	<u>( 173 273 522)</u>	<u>157 613 926</u>	<u>15 659 596</u>
		<b>Total</b>				

The inter-departmental charges have been allocated per segment for the current and prior years.

ENDUMENI MUNICIPALITY  
APPENDIX E: GRANTS AND SUBSIDIES RECEIVED - 2010/2011

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003

Name of Grants	Name of organ of state or municipal entity	Unspent portion 2009/2010 financial statements			Quarterly Receipts			Quarterly Expenditure			April to June	Total Expenditure	Unspent portion 2010/2011 financial statements	Grants and Subsidies delayed / withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	reason for non-compliance
		July to Sept	Oct to Dec	Jan to Mar	April to June	July to Sept	Oct to Dec	Jan to Mar	April to June								
Sets Grant	Sets	633 881	17 509	131 225	19 185	187 919	4 778	6 923	4 778	4	11 701	790 099	NO	N/A	YES	N/A	
Museum subsidy	Museum services	196 239	-	-	74 000	74 000	-	-	-	74 000	74 000	196 239	NO	N/A	YES	N/A	
Health Subsidy	Dept of Health	( 1 763 802)	519 250	-	1 557 750	2 077 000	1 092 699	1 080 885	1 042 193	775 559	3 991 336	( 3 678 130)	NO	N/A	YES	N/A	
Equitable Share	National Treasury	-	8 245 063	6 596 050	4 947 038	19 788 151	-	-	-	19 788 151	19 788 151	-	NO	N/A	YES	N/A	
Library Subsidy	Dept Arts and Culture	-	-	-	1 113 078	1 113 078	564 434	-	384 109	164 535	1 113 078	-	NO	N/A	YES	N/A	
Khithophakube Sewing Club	DPLG	6 895	-	-	-	-	65	65	-	-	65	6 830	NO	N/A	YES	N/A	
Siyamama Peaan Nur Grant	DPLG	112	-	-	-	-	-	-	-	-	-	112	NO	N/A	YES	N/A	
Finance Management Grant	National Treasury	111 050	1 200 000	-	-	1 200 000	301 464	145 829	477 201	197 108	1 121 602	189 448	NO	N/A	YES	N/A	
MSIG	Dept of Loc. Gov & Trad Aff.	202 952	750 000	-	-	750 000	214 207	25 768	214 207	635 053	875 028	77 924	NO	N/A	YES	N/A	
Inter Departmental Monitoring	Dept of Loc. Gov & Trad Aff.	63 579	-	-	-	-	-	-	-	-	42 051	21 528	NO	N/A	YES	N/A	
Repairs to 43 Houses	KZN Housing	66 665	613	859	987	3 237	-	-	-	-	-	69 902	NO	N/A	YES	N/A	
Dev. Planning Capacity Building	Dept of Loc. Gov & Trad Aff.	39 463	-	-	-	-	-	-	-	600	15 859	23 604	NO	N/A	YES	N/A	
Dev. Info Systems Grant	Dept of Loc. Gov & Trad Aff.	23 419	-	-	-	-	-	-	-	-	-	23 419	NO	N/A	YES	N/A	
Spatial Planning	Dept of Loc. Gov & Trad Aff.	69 616	-	-	-	-	-	-	-	-	5 206	64 410	NO	N/A	YES	N/A	
Municipal Finance Man. Act	Dept of Loc. Gov & Trad Aff.	23	-	-	-	-	-	-	-	-	-	23	NO	N/A	YES	N/A	
PMS	Dept of Loc. Gov & Trad Aff.	65 304	-	-	-	-	-	-	-	-	-	65 304	NO	N/A	YES	N/A	
Man. Assist. Programme	Dept of Loc. Gov & Trad Aff.	13 965	-	-	-	-	-	-	-	-	-	13 965	NO	N/A	YES	N/A	
Transfer / Buyback Centre	Dept of Loc. Gov & Trad Aff.	307 200	2 779	3 552	2 151	8 972	33 516	113 000	96 000	54 400	296 916	19 256	NO	N/A	YES	N/A	
LED Strategy	Dept of Economic Development	1 818	16	24	27	88	-	-	-	-	-	1 906	NO	N/A	YES	N/A	
MIG Funding	Dept of Loc. Gov & Trad Aff.	660 560	2 400 000	2 500 000	2 972 000	7 872 000	3 554 210	154 700	2 267 227	2 556 423	8 532 560	-	NO	N/A	YES	N/A	
DBSA Grant	Development Bank of SA	5 405	-	-	318 230	318 230	-	-	-	-	-	323 635	NO	N/A	YES	N/A	
Sibongile Lib. Internet Grant	Dept Arts, Culture and Tourism	110 812	925	1 247	80 704	164 642	24 238	24 238	37 518	44 159	130 153	165 301	NO	N/A	YES	N/A	
Comm. Oev. Worker Programme	Dept of Loc. Gov & Trad Aff.	1	-	-	-	-	-	-	-	-	-	1	NO	N/A	YES	N/A	
Sports Project	Dept of Sport	1 317 049	10 603	12 424	9 866	37 914	454 405	253 796	454 405	370 845	1 079 046	275 917	NO	N/A	YES	N/A	
Craigside Development	KZN Housing	29 075	-	-	-	-	152	14 667	-	-	14 819	14 256	NO	N/A	YES	N/A	
Sibongile Sewer Upgrading	Dept of Loc. Gov & Trad Aff.	265 891	4 400	6 332	7 257	23 442	1 775	3 259	1 498	2 421	8 953	256 938	NO	N/A	YES	N/A	
Upgrade Sibongile Hostel	KZN Housing	486 463	-	-	-	-	-	5 029	9 548	12 149	26 726	483 179	NO	N/A	YES	N/A	
Ex-18 Housing Project	KZN Housing	( 126 262)	-	-	-	-	-	-	5 224	-	5 224	( 131 486)	NO	N/A	YES	N/A	
Upgrade Sishembile Hostel	KZN Housing	373 881	3 382	4 630	5 591	17 957	152 738	197 771	901	110 601	111 502	280 336	NO	N/A	YES	N/A	
Sibongile Bufferstrip Housing	KZN Housing	( 1 317 575)	-	-	-	-	-	-	79 507	-	430 016	( 1 747 591)	NO	N/A	YES	N/A	
Sishembile Roads & Stormwater	Dept of Loc. Gov & Trad Aff.	( 66 370)	-	-	-	-	-	-	-	-	-	( 66 370)	NO	N/A	YES	N/A	
Capacity Building	DBSA	51 300	-	-	-	-	-	-	-	-	-	51 300	NO	N/A	YES	N/A	
Training of councillors	COGTA	-	-	-	150 000	150 000	-	-	-	-	-	150 000	NO	N/A	YES	N/A	
Pound Grant	COGTA	-	-	-	1 000 000	1 003 737	-	-	-	-	-	1 003 737	NO	N/A	YES	N/A	
		1 828 609	13 154 540	9 258 843	12 257 864	34 790 367	6 440 687	2 025 830	4 418 185	24 791 210	37 673 991	( 1 055 016)			YES		
						34 790 367											

Reflected in the total of other debtors - Note 18  
Unspent grants at 30 June 2010 - Note 9

Reflected in the total of other debtors - claims submitted awaiting settlement - Note 18  
Unspent grants at 30 June 2011 - Note 9

3 274 009

5 102 818

5 623 585

4 568 572