

Mayoral committee

Executive Mayor

Cllr. J.M. Mthethwa

Mayor

Councillors

Cllr. N.J. Mbatha
Cllr. B.S. Chambule
Cllr. L.D. Ngubane
Cllr. N.C. Xaba
Cllr. M.S. Yengwa
Cllr. N.N. Khanyile
Cllr. I. Bedassi
Cllr. N.P. Zulu
Cllr. X.S. Xaba
Cllr. P.M. Ngobese
Cllr. T.M. Mahaye
Cllr. J. Mfeka
Cllr. Z.G. Ngcobo
Cllr. T Ngubane
Cllr. V.B. Ntombela
Cllr. N.S.V. Machaba
Cllr. F.J. Sikhakhane
Cllr. B.P. Ngcobo
Cllr. E.N. Molefe
Cllr. M.E. Mnguni
Cllr. M. Mkhwanazi
Cllr. B.N. Zondi
Cllr. L.G. Mabaso
Cllr. R.N. Ngubane

Deputy Mayor

Speaker

Member of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee
Member
Member Member Member Member
Member Member Member Member
Member Member Member Member
Member Member Member Member
Member Member

Grading of local authority

Grade 4

Acting Chief Finance Officer (CFO)

Acting Accounting Officer

Mr S.P. Zulu

Registered office

39 Victoria Street
Princess Magogo Building
Dundee
3000

Business address

39 Victoria Street
Princess Magogo Building
Dundee
3000

Postal address

P O Box 1965
Dundee
3000

Bankers

First National Bank

Auditors

Auditor General

Budget on Cash Basis

Figures in Rand

Approved

budget

Adjustments Final Budget Actual amounts

on comparable basis

Difference

al budget and actual

Reference

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges 38,096,070 6,905,737 **45,001,807** 40,838,544 (4,163,263) More customers

increased the number of customers billed compared with the budget.

Other revenue 11,382,060 28,269,882 **39,651,942** 30,016,905 (9,635,037) Occupation of new renovated

ence less rental flowed in.

Interest received - investment 3 800 000 -2 300 000 **1 500 000** 13 639 489 12 139 489

Fixed investment o
R15m resulte
in the
investment
return above

Total revenue from exchange transactions 53 278 130 32 875 619 86 153 749 84 494 938 -1 658 811

Revenue from non-exchange transactions

Taxation revenue

Government grants & subsidies 400,311,000 117,561,395 **517,872,395** 468,577,104 (49,295,291) Other gazetted grants were

own bulk reduced by R7m.

Total revenue 453 589 130 150 437 014 604 026 144 553 072 042 -50 954 102

Expenditure

Personnel -77 825 646 33 047 384 **-44 778 262** -43 833 193 945 069

Remuneration of councillors -3 234 697 -88 264 **-3 322 961** -3 376 560 -53 599

Finance costs 7 926 347 -7 926 347 - - -

UMZINYATHI DISTRICT MUNICIPALITY

Annual financial statements for the year ended 30 June 2015

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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UMZINYATHI DISTRICT MUNICIPALITY
Annual financial statements for the year ended 30 June 2015

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these financial statements, which are set out on pages 4 to 51, in terms 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, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 20 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

Mr S.P. Zulu
Acting Municipal Manager
31 08 2015

UMZINYATHI DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Performance as at 30 June 2015

Figures in Rand	Note(s)	2015	2014
Revenue			
Service charges	16	55 774 979	39 537 457
Rental of facilities and equipment	33	332 688	186 299
Interest received - investment	17	23 708 293	23 696 230
Government grants & subsidies	18	520 584 272	494 790 917
Gain attributed to transfer of assets		-	264 311 488
Other income		520 716	1 307 399
Total revenue		600 920 949	823 829 790
Expenditure			
Employee Related Costs	19	93 563 416	80 926 694
Remuneration of councillors	20	4 037 643	3 760 073
Agency Fees	21	-	-
Depreciation and amortisation	22	56 892 697	55 444 588
Debt Impairment	4	54 259 072	46 597 110
Finance costs	23	7 812 811	7 574 025
Bulk Purchases		14 635 980	13 246 050
Post retirement benefits	14	2 908 029	8 841 000
Repairs and maintenance	43	9 845 622	7 140 754
Grants and subsidies paid	24	168 670 356	151 833 381
General Expenses	25	147 353 894	169 556 597
Total expenditure		559 979 519	544 920 272
Operating surplus		40 941 429	278 909 518
Loss on disposal of assets and liabilities		-	-
Investment in joint venture		276 986 364	-35 015 996
		276 986 364	-35 015 996
Surplus/ (Deficit) for the year		317 927 793	243 893 522

UMZINYATHI DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014
ASSETS			
Current Assets			
Receivables from non exchange transactions	2	9 441 607	10 604 525
VAT receivable	3	8 050 663	23 313 593
Trade Consumer debtors	4	48 562 619	54 177 649
Cash and cash equivalents	5	57 932 847	101 555 617
		123 987 736	189 651 384
Non-Current Assets			
Investment property	6	944 620	994 452
Property, plant and equipment	7	34 247 465	33 673 572
Infrastructure Assets	7	1 405 454 891	1 388 691 543
Intangible assets	8	167 791	406 132
Interest in joint ventures	9	404 963 598	127 977 235
Investments	10	-	16 002 506
		1 845 778 365	1 567 745 440
Total Assets		1 969 766 101	1 757 396 824
LIABILITIES			
Current Liabilities			
Payables from exchange transactions	11	52 722 556	60 711 686
Unspent conditional grants and receipts	12	4 717 602	9 796 726
Current portion of long term liabilities	13	92 176 595	189 998 474
Consumer deposits	11	534 501	548 149
		150 151 254	261 055 035
Non-Current Liabilities			
Retirement benefit obligation	14	18 190 000	15 519 353
Long term liabilities	13	65 562 806	62 888 168
		-	-
Total Non-Current Liabilities		83 752 806	78 407 521
Total Liabilities		233 904 060	339 462 556
NET ASSETS		1 735 862 040	1 417 934 267
		1 735 862 060	1 417 934 267
		-20	
Reserves			
Other reserves		698 434 731	698 434 731
Accumulated surplus		1 037 427 329	719 499 536
Revaluation Reserve		-	-
Total Net Assets		1 735 862 060	1 417 934 267

UMZINYATHI DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

Figures in Rand	Other Reserves	Accumulated Surplus	Total Net Assets
Balance at 01 July 2013	698 434 731	361 877 014	1 060 311 745
Surplus/ (Deficit) for the year			-
Balance at 30 June 2014	698 434 731	605 770 536	1 304 205 267
Note 45	698 434 731	605 770 536	1 304 205 267
Prior year adjustment on assets		3 254 728	3 254 728
Prior year adjustment on loans		5 502 277	5 502 277
Prior year adjustment on uThukela creditor		43 400 474	43 400 474
Prior year adjustment on debtors		-10 850 265	-10 850 265
Prior year adjustment on VAT		1 519 518	1 519 518
Prior year adjustment on creditors		796 632	796 632
Prior year adjustment on Post Retirement Benefits		3 382 650	3 382 650
Prior year adjustment on cash and cash equivalents		-106 846	-106 846
Prior year adjustment on MIG expenditure previously expensed		66 829 831	66 829 831
Balance at 01 July 2014	698 434 731	719 499 536	1 417 934 267
Surplus/ (Deficit) for the year	-	317 927 793	317 927 793
	-	-	-
Balance at 30 June 2015	698 434 731	1 037 427 329	1 735 862 060

UMZINYATHI DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2015

Statement of Cash Flows

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Receipts			
Sale of goods and services		31 629 010	13 331 488
Grants		487 964 609	448 504 927
Interest income		7 160 351	23 696 230
Other receipts		853 404	1 307 399
		527 607 374	486 840 044
Payments			
Employee costs		-97 601 058	-84 686 767
Suppliers		-281 623 381	-295 300 783
Other non-cash item(long term movement liability)		2 674 638	-577 142
		-376 549 801	-380 564 692
Net cash flows from operating activities	27	151 057 573	106 275 352
Cash flows from investing activities			
Purchase of property, plant and equipment	7	-5 496 781	-183 043 747
Proceeds from sale of property, plant and equipment	7	-	-
Purchase of investment property	6	-	-45 548
Purchase of other intangible assets	8	-67 746	30 849
Proceeds from sale of financial assets		16 002 506	-847 738
Movement in pension assets / liabilities		-2 908 029	-8 841 000
		10 437 979	-192 747 184
Cash flows from financing activities			
Finance Charges		-7 812 811	-7 574 025
Movement in long term liabilities		-97 821 879	170 384 270
Movement in consumer deposits		-13 648	-27 508
		-105 648 338	162 782 737
Net cash flows from financing activities		-105 648 338	162 782 737
Net increase/(decrease) in cash and cash equivalents		55 847 214	76 310 904
Cash and cash equivalents at the beginning of the year		101 662 463	25 351 559
Cash and cash equivalents at the end of the year	5	157 509 677	101 662 463
		57 932 847	101 662 462

UMZINYATHI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Budget on Accrual Basis					Reference	Reason
	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual		
Statement of Financial Performance							
Revenue							
Water sales	45 573 000	-7 925 564	37 647 436	44 152 678	-6 505 242	-17%	Increase in the number of meters installed
Sanitation	12 192 000		10 503 442	11 622 301			
Rental of Facilities and equipment	229 865	-1 688 558	403 536	332 688	-1 118 859	-11%	Increase in the number of meters installed Lessee on rented premises stopped paying rental income
Interest Earned - External Investment	6 941 939	173 671	4 576 778	7 160 351	70 848	18%	Rate variance and period differences
Interest Earned - Outstanding Debtors	7 090 033	-2 365 161	15 701 762	16 547 942	-2 583 573	-56%	Interest levied on outstanding debtors
Government and Provincial grants and subsidies	569 105 000	8 611 729	633 996 265	520 584 272	-846 180	-5%	R100 mil deducted for RBIG grant
Other	575 440	64 891 265	292 587	520 716	113 411 993	18%	Increase Sale of tender documents
		-282 853			-228 129	-78%	
Total	641 707 277	61 414 529	703 121 806	600 920 949	102 200 857		
Revenue from exchange transactions							
Employee Related Costs	98 373 940	-	105 681 190	93 563 416	-		Positions budgeted for not filled. S 57 positions
Remuneration of Councillors	3 767 011	7 307 250	3 767 011	4 037 643	12 117 774	11%	Minister approved 6% and we had budgeted for 5.5%
Depreciation	90 414 913	0	90 414 913	56 892 697	-270 631	-7%	Delays experienced in completion of projects
Post Retirement benefit	1 584 000	0	1 584 000	2 908 029	33 522 216	37%	Change in assumptions of calculation of post retirement benefits
General expenses	168 676 697	-	168 294 053	147 353 894	-1 324 029	-84%	Based on demand
Bulk Purchases	15 417 309	-382 643	15 417 309	14 635 980	20 940 159	12%	Increase in line with inflationary increases
Repairs and maintenance	13 633 985	0	10 042 233	9 845 622	781 329	5%	Increase in line with inflationary increases
Interest Paid	13 582 601	-3 591 752	9 689 087	7 812 811	196 611	2%	Interest paid differed from the amortisation schedule when budget was prepared
Grant Expenditure	355 026 726	-3 893 514	423 956 731	303 758 179	1 876 276	19%	An amount of R100 mil for RBIG grant was not transferred to municipality
Operational Grant Expenditure	-	68 930 005	-	-	120 198 553	28%	

Total	760 477 181	68 369 346	828 846 527	640 808 270	188 038 257
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1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note. Changes in accounting policy.

2. New standards and interpretations

2.1. Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current *financial year and that are relevant to its operations*:

GRAP 25: Employee Benefits

The objective of GRAP 25 is to prescribe the accounting and disclosure for employee benefits. The standard requires the municipality to recognise:

- A liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when the municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.
- The standard states the recognition, measurement and disclosure requirements of:
 - short-term employee benefits;
 - all short-term employee benefits;
 - short-term compensated absences;
 - bonus, incentive and performance related payments;
 - post-employment benefits: Defined contribution plans;
 - other long-term employee benefits; and termination benefits.

The major difference between this standard (GRAP 25) and IAS 19(R) is with regards to the treatment of actuarial gains and losses and past service costs. This standard requires the municipality to recognise all actuarial gains and losses and past service costs immediately in the statement of financial performance once occurred.

All amendments to be applied retrospectively.

The effective date of the standard is for years beginning on or after 01 April 2013.

The municipality has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

UMZINYATHI DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2015	2014
2. Receivables from non exchange transactions		
Other Receivables		
Debtor - Interest accrued	114 891	820 001
SALGA Games	499 449	432 250
Sundry Debtors Deposits	3 824 016	3 617 159
MIG Grant Control	-	-
Debtor - Grader	221 392	221 392
Prepaid Creditor	-	-
Uthukela Receipting	4 384 502	4 330 625
Agreement / Arrangement Suspense	397 357	852 787
Grant Debtor	-	330 312
MIG Debtor	-	-
Greytown Bulk Water	-	-
	9 441 607	10 604 525

UMZINYATHI DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements (Continued)

	2015	2014
3. VAT receivable	8 050 663	23 313 593
	8 050 663	23 313 593

VAT is prepared on a cash basis. This receivable is as a result of expenditure incurred

4. Consumer debtors

Gross balances

Water	136 403 358	111 716 845
Sewerage	44 754 831	39 610 210
VAT Payable on consumer debtors	23 299 877	19 307 925
Interest	47 786 545	33 180 825
Add back credit balances	-2 359 212	-2 574 449
Total Service Debtors	249 885 398	201 241 356

	249 885 398	
Less: Allowance for impairment	-201 322 780	-147 063 707
Net Balance	48 562 619	54 177 649

Water

Current (0 -30 days)	3 794 187	2 494 713
31 - 60 days	3 111 085	2 975 366
61 - 90 days	3 226 006	2 128 726
91 - 120 days	3 106 086	2 028 975
121 - 365 days	123 165 995	102 089 065
Less: Allowance for impairment	-106 685 734	-
	29 717 623	111 716 845

Sewerage

Current (0 -30 days)	1 021 946	858 057
31 - 60 days	874 381	1 064 152
61 - 90 days	731 196	802 769
91 - 120 days	665 294	760 214
121 - 365 days	41 462 013	36 125 017
Less: Allowance for impairment	-37 784 048	
	6 970 784	39 610 210

VAT

Current (0 -30 days)	665 480	469 121
31 - 60 days	562 191	554 895
61 - 90 days	539 396	406 370
91 - 120 days	521 749	403 195
121 - 365 days	21 011 061	17 474 344
Less: Allowance for impairment	-17 989 195	
	5 310 682	19 307 925

Interest

Current (0 -30 days)	-	1 278 522
31 - 60 days	1 534 737	1 262 239
61 - 90 days	1 511 686	1 054 405
91 - 120 days	1 480 990	1 045 681
121 - 365 days	43 259 131	6 311 138
Less: Allowance for impairment	-38 863 802	22 228 841
	8 922 742	33 180 825

Add back credits

Current (0 -30 days)	-552 891	
31 - 60 days	-55 746	
61 - 90 days	-228 236	
91 - 120 days	-42 393	
121 - 365 days	-1 479 945	
	-2 359 212	

4. Consumer debtors (continued) Summary of debtors by customer classification Consumers

Current (0 -30 days)	3 010 719	2 392 149
31 - 60 days	3 473 079	3 312 372
61 - 90 days	3 490 718	2 834 306
91 - 120 days	3 366 519	2 564 887
121 - 365 days	171 859 163	139 755 348
Add back credit balances	-1 072 975	-1 216 053

184 127 223	149 643 008
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Business/ Industrial/Commercial

Current (0-30 days)	723 966	852 358
31 - 60 days	605 887	1 027 642
61 - 90 days	564 053	678 891
91 - 120 days	477 895	670 029
121 - 365 days	19 115 894	17 784 424
Add back credit balances	-376 634	-234 485
TotalNet debtors after impairment :	21 111 061	20 778 858

Indigent

Current (0-30 days)	525 755	-
31 - 60 days	750 901	400 698
61 - 90 days	691 471	399 171
91 - 120 days	689 629	183 499
121 - 365 days	28 452 750	21 797 574
Add back credit balances	22 817	5 060
	31 133 324	22 786 002

Provincial Government

Current (0-30 days)	1 221 173	570 032
31 - 60 days	1 252 528	1 127 830
61 - 90 days	1 262 041	687 462
91 - 120 days	1 240 075	828 084
121 - 365 days	9 470 393	5 858 307
Add back credit balances	-932 419	-1 128 971
	13 513 791	7 942 744

Net balance

Less: Provision for debt impairment	54 259 072	46 597 110
Reconciliation of allowance for impairment	-201 322 779	-147 063 707
	-201 322 779	-147 063 707

Reclassification of debt impairment

The provision for debt impairment was classified under general expenses in the prior period, this has now been rectified

Allowance for impairment

Water	-106 685 734	-
SewerageCurrent (0 -30 days)	-37 784 048	
VAT	-17 989 195	
Interest	-38 863 802	22 228 841
	-201 322 779	

UMZINYATHI DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements (Continued)

5. Cash and cash equivalents

Cash and cash equivalents consist of:

	2015	2014
Cash on hand	4 100	4 100
Bank balances	11 814 646	1 792 120
Short-term deposits	46 114 100	99 759 397
	57 932 847	101 555 617

5. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
FNB Current Cheque Account (Main) 62358106279	11 734 762	1 797 810	11 734 762	1 797 810
ABSA Current Account 4050280759			-	-
FNB Water Account 62358438044	60 070	91 156	60 070	91 156
FNB 7 Days Notice Account 74321014438	18 608 632	11 893 348	18 703 195	11 893 348
ABSA Bank Investment Account 2073784316	-	-	-	-
FNB DBSA Secondary Account	19 814	10 000	19 814	-
ABSA Bank Investment Account 2074161298	-	1 778 571	-	1 778 571
ABSA Bank Investment Account 2074360319	-	67 259 629	-	67 259 629
ABSA Bank Investment Account 9253667878	60 300	7 673	60 563	7 673
FNB Investment Account 62353578564	1 621 005	5 377 252	1 628 000	5 377 252
Petty Cash	4 100	4 100		
Rand Merchant Call Investment Account 021900664	2 613 394	7 000 401	2 626 365	700 401
Nedbank Investment Account 7337000049	4 757	4 516	4 776	4 516
Investec Investment Account 1100461826502	23 206 011	6 438 006	23 206 011	6 438 080
Investec Investment Account 1100461826503	-	-	-	-
	57 932 847	101 662 462	58 043 557	95 348 436

UMZINYATHI DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements (Continued)

6. Investment property

	2015			2014		
	Cost / Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value	Cost / Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value
Investment property	1 160 845	-216 225	944 620	1 160 845	-166 393	994 452
	1 160 845	-216 225	944 620	1 160 845	-166 393	994 452

Reconciliation of Investment property - 2015

	Opening Balance	Depreciation	Total
Investment property	994 452	-49 832	944 620
	994 452	-49 832	944 620

Reconciliation of investment property - 2014

	Opening Balance	Depreciation	Total
Investment Property	1 040 000	-45 548	994 452
	1 040 000	-45 548	994 452

7. Property, plant and equipment

	2015			2014			
	Cost/ Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value	Cost/ Valuation	Transfer	Accumulated Depreciation and Accumulated Impairment	Carrying Value
Buildings	23 529 342	-6 251 300	17 278 042	23 304 168	-	-6 031 289	17 272 879
Plant and machinery	22 791 668	-10 414 921	12 376 747	6 832 160	10 431 718	-6 991 868	10 272 010
Furniture and fixtures	8 602 185	-6 373 011	2 229 174	6 999 283	162 260	-5 944 025	1 217 518
Motor vehicles	11 839 137	-9 475 637	2 363 500	9 042 243	1 125 389	-6 796 995	3 370 637
Total	66 762 333	-32 514 869	34 247 464	46 177 854	11 719 367	-25 764 177	32 133 044

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening Balance	Additions	Disposals	Depreciation	Total
Buildings	17 272 880	225 174	-	-220 011	17 278 042
Plant and machinery	10 272 010	3 967 112	-	-1 862 374	12 376 748
Furniture and fixtures	1 217 518	1 383 346	-101 518	-270 173	2 229 174
Motor vehicles	3 370 673	22 867	-	-1 029 940	2 363 501
Total	32 133 081	5 598 299	-101 518	-3 382 398	34 247 465

Reconciliation of property, plant and equipment - 2014

	Opening Balance	Additions	Disposals	Depreciation	Total
Buildings	18 611 063	374 442	-	-1 712 626	17 272 879
Plant and machinery	2 813 629	13 655 244	-	-6 196 863	10 272 010
Furniture and fixtures	1 492 869	617 267	-13 665	-877 664	1 218 807
Motor vehicles	2 718 080	3 517 218	-514 816	-2 006 737	3 713 745
Total	25 635 641	18 164 171	-528 481	-10 793 890	33 673 572

7b. Infrastructure

	2 015				
	Cost/ Valuation	Work-In-Progress	Completed Assets	Accumulated Depreciation	Carrying Value
InfraStructure Assets	981 175 628	-	-	-100 960 128	880 215 500
Work-in Progress	395 525 644	129 713 749	-	-	525 239 393
Total	1 376 701 272	129 713 749	-	-100 960 128	1 405 454 891

7B Infrastructure Assets (Note 7 continued) 2015

	Opening Balance	Work-In Progress	Additions	Work-In-Progress	Completed Assets	Depreciation	Total
7B Infrastructure Assets (Note 7 continued)	924 621 867	395 525 644	7 487 280	129 713 749	-	-51 893 649	1 405 454 891
	924 621 867	395 525 644	7 487 280	129 713 749	-	-51 893 649	1 405 454 891

7B Infrastructure Assets (Note 7 continued) 2014

	Transfer	Work-In Progress	Additions	Work-In-Progress	Completed Assets	Depreciation	Total
	921 236 121	276 742 792	52 452 227	124 146 717	-5 363 865	-49 066 480	1 320 147 512
	921 236 121	276 742 792	52 452 227	124 146 717	-5 363 865	-49 066 480	1 388 691 543

Notes to the Annual Financial Statements (Continued)

8. Intangible assets

Cost	2015				2014			
	Cost/Valuation	Transfer	Accumulated amortisation and Accumulated Impairment	Carrying value	Cost/Valuation	Transfer	Accumulated amortisation and Accumulated Impairment	Carrying value
Computer software	3 591 805		-3 424 014	167 791	3 427 078	92 960	-3 113 906	406 132
	3 591 805	-	-3 424 014	167 791	3 427 078		-3 113 906	406 132

	Opening Balance	Transfer	Additions	Amortisation	Total
Computer software	406 132	-	67 746	-306 088	167 791
Reconciliation of intangible assets - 2015	406 132	-	67 746	-306 088	167 791

	Opening Balance	Transfer	Additions	Amortisation	Total
Computer software	1 836 809	92 960	30 849	-1 554 486	406 132
Reconciliation of intangible assets - 2014	1 836 809	92 960	30 849	-1 554 486	406 132

UMZINYATHI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements (Continued)

9. Interest in joint ventures

	2015	2014
uThukela Water Pty Ltd-shortfall Funding	404 963 598	127 977 235
	-	
	404 963 598	127 977 235

The Interest in Uthukela Water (Pty) Ltd was reduced due to the transfer of reticulation function.

Reconciliation of Interest in Joint Venture

Opening balance as at 30 June 2014	127 977 235
Adjustment of Interest in transfer of function between entities not under common control	-925 449 387
Share of Deficit	276 986 364
Value of investment in joint venture @30/06/2015	-520 485 789

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UMZINYATHI DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements (Continued)

	2015	2014
10. Investments		
Residual interest at cost	-	16 002 506
Unlisted shares: Long term deposits	-	-
Non-current assets	-	-
Unlisted shares: Long term deposits	-	16 002 506
First National Bank 74321014438	-	7 986 700
Investec 1100461826450	-	8 015 806
	-	16 002 506
<p>Local authorities are required to invest funds which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate to meet commitments.</p>		
Institution		
First National Bank & Investec	-	16 002 506
Receivables from Exchange Transactions		
Other Receivables	4 438 357	72 396 213
Receivables from Non-exchange Transactions		
Other Receivables	5 164 829	2 878 354
Cash and Cash Equivalents		
Call Deposits	46 114 100	99 759 398
Bank Balances	11 814 646	1 898 966
Cash Floats and Advances	4 100	4 100
	57 932 847	101 662 464

UMZINYATHI DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2015

Figures in Rand

11. Payables from exchange transactions

	2015	2014
Trade payables	-	-
Retentions Held Suspense	9 263 534	9 532 677
Creditors Control	5 663 355	482 625
Leave Pay	8 139 268	5 922 182
Accruals Suspense Account	29 656 399	41 266 033
Municipal Funded Projects	-	-
Creditor Interest Accrued	-	3 508 169
Consumer Creditors - Uthukela	-	-
	<u>52 722 556</u>	<u>60 711 686</u>

There were no guarantees in lieu of deposits.

Consumer Deposits

534 501	548 149
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The consumer deposits relate to monies paid for connections before any services could be rendered. These amounts relate to prior period deposits.

UMZINYATHI DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements (Continued)

	2015	2014
12. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Rural Transport and Infrastructure Grant	-	77 079
Disaster Management Grant	3 296 033	-
Greytown Bulk Water Project	-	-
Asisukume Maize Mill	61 382	638 472
Massification of Bulk Water	-	2 084 951
EPWP Incentives	-	528
LGSETA Training Grant	-	129 888
COGTA Rural Development	289 799	289 799
Mtshongweni Veg Project	70 389	1 137 063
Water Service Operational Grant	-	-
Municipal Water Infrastructure Grant	-	1 438 948
Rural Household Infrastructure Grant	-	4 000 000
Dundee July Grant	-	-
Environmental management framework	1 000 000	-
	4 717 602	9 796 726

See note 18 for reconciliation of grants from National/Provincial Government.

13. Loans	157 739 402	67 334 135
uThukela Water Pty Ltd		
Long Term Liability - uThukela Water	65 562 806	62 888 168
Current Portion of Long Term Liability - uThukela Water	1 771 329	4 445 967
	67 334 135	67 334 135
Reconciliation - Uthukela Water (Pty) Ltd		
Opening balance	-	-
less: Unsupported claims by Uthukela Water (Pty) Ltd	-	-
Raw Water User Licenses	-	-
Closing balance	-	-

Development Bank of South Africa	Opening Balance 30 June 2014	Discount Received	Receipt	Accrued Interest	Interest Capitalise	Capital Repayment	Carrying Value 30 June 2015
DBSA/ Uthukela Loan	21 135 265	-2 006 481	-	-1 212 175	-1 903 321	-1 390 123	14 623 165
DBSA MIG Loan	169 919 519		69 166 667	-	9 536 043	-172 840 127	75 782 102
	191 054 784		69 166 667	-1 212 175	7 632 722	-174 230 250	90 405 267

Consolidated Loan balances

Total Short term portion

	2015	2014
uThukela Water (Pty) Ltd	1 771 329	4 445 967
Development Bank of South Africa	90 405 267	185 552 507
	92 176 595	189 998 474

Total Long term portion

uThukela Water (Pty) Ltd	65 562 806	62 888 168
Total Loans	157 739 402	252 886 642

The approved MIG funding allocation received from National Treasury has been pledged against the loan.

14. Employee benefit obligations	18 190 000	18 902 003
The amounts recognised in the statement of financial position are as follows:	18 190 000	
Prior year adjustment		-3 382 650
Carrying value		15 519 353
Post-Employment Medical Benefits	14 071 000	15 519 353

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	15 400 176	9 004 176
-----------------	------------	-----------

Movement during the year	-1 032 176	6 415 000
Benefits paid	-297 000	-19 000
	14 071 000	15 400 176
Carrying Value		
Long service award	4 119 000	1 184 000
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	3 502 000	1 184 000
Movement during the year	669 000	2 426 000
Benefits paid	-52 000	-108 000
	4 119 000	3 502 000

Post Retirement Healthcare subsidy liability as at 30 June 2015

The economic assumptions for the 30 June 2015 valuation are shown in the table below, and compared to those used for the previous valuation

	42 185	41 820
Gross Discount rate	0	9.6%
Healthcare cost inflation	9.1%	9.1%
Net discount rate	.46%	.46%

The table below shows the annual withdrawal rate for the current and previous valuation, differentiated by age

Age	30 June 2015		30 June 2014	
	Males %	Females %	Males %	Females %
20	13	13	13	13
25	13	13	13	13
30	11	11	11	11
35	8	8	8	8
40	6	6	6	6
45	4	4	4	4
50	3	3	3	3
55	-	-	-	-
60	-	-	-	-

Percentage Married assumptions

The assumption that 90% of all active members (both male and female) will be married at retirement. For pensioners we have used the actual married which is equal to 100%. This changed from the previous valuation where for pensioners it was also assumed that 90% of pensioners are married. Below is a summary of the prior year assumptions

The table below shows the married assumption for the valuation in respect of active members currently in service, differentiated by age

Age	30 June 2014	
	Males %	Females %
20	1	1
25	13	13
30	48	48
35	70	70
40	81	81
45	85	85
50	85	85
55	86	86
60	90	90

Long service Award Valuation

Membership Data

The key features of the membership data used in the current and prior valuation are summarised below;

Current Employees	30 June 2015		30 June 2014	
	Males	Females	Males	Females

No. current employees	207	95		201	91
Average age of employees	42	38		42	38
Average years of past service	9	7		9	6
Average annual	153,761	218,593		134	200

The economic assumptions for the 30 June 2015 valuation are shown in the table below, and compared to those used for the previous valuation

	42 185	41 820
Gross Discount rate	8,50%	8,50%
Healthcare cost inflation	0	9,10%
Net discount rate	-0,54%	0

Summary of demographic assumptions for the 30 June 2015 valuation are in the tables below

	30 June 2015	30 June 2014
Pre-retirement mortality	SA85-90L	SA85-90L
Withdrawal	see table below	see table below
Assumed retirement age	63 yrs Female and Males	63 yrs Female and Males
Number of trading days per year	252	252

Withdrawal assumptions

Age	30 June 2015	
	Males %	Females %
20	13	13
25	13	13
30	11	11
35	8	8
40	6	6
45	4	4
50	3	3
55	-	-
60	-	-

Assumed retirement age

The assumed retirement age of 63 for current employees is based on the normal retirement age of the employer of 65 years for all employees, including allowance for early retirements. The assumptions is in respect of males and females and was also applied at the previous valuation date.

Number of trading days

The assumption that the number of trading days in the current was 252 days. The assumption was applied at the previous valuation date.

Benefit Rules

The valuation has been performed on the basis of the following benefit rules applied:

In addition to normal vacation leave, an employee shall qualify for the following additional leave as recognition for continuous service at the completion of the following:

Summary of LSA Benefits

Service Years	Benefit in days
10	10 days
15	20 days
20	30 days
25	40 days
30	40 days
35	40 days
40	40 days
45*	40 days

* The assumption used will not exceed 45 years of service

UMZINYATHI DISTRICT MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements (Continued)

	2015	2014
15. Other NDR		
uThukela Government Grant	-	-
uThukela Capitalisation Reserve	-	-
uThukela Accumulated Surplus	-	-
	<u>-</u>	<u>-</u>
16. Service charges		
Sale of water	43 618 073	29 059 611
Sewerage and sanitation charges	11 622 301	9 996 125
Water re-connection fee	43 454	428 392
Sewerage / Water new connection fee	491 151	53 329
	<u>55 774 979</u>	<u>39 537 457</u>
17. Interest income		
Bank	7 042 660	10 463 287
Consumer interest	16 547 942	13 232 943
SARS Interest	117 691	-
	<u>23 708 293</u>	<u>23 696 230</u>
18. Government grants and subsidies		
Equitable share	206 968 000	191 952 000
Water services Operational Grant	4 000 000	7 500 000
Disaster Management grant	5 000 000	-
Drought Relief	7 980 360	-
Drought Relief DWAF	8 961 398	-
FMG	1 250 000	1 250 000
MSIG	934 000	890 000
Greytown Regional bulk water (RBIG)	43 516 801	31 033 009
Lottery health care grant	-	4 390 598
District growth summit	-	-
KZN ACIP WWTW	1 401 947	4 293 884
Rural Transport and Infrastructure Grant	2 128 000	-
LED grants	-	-
Mtshongweni Veg Project	500 000	-
Shared services	250 000	-
EPWP Incentives	1 790 000	1 000 000
DTLGA S78	-	-
Municipal Water Infrastructure Grant	19 775 000	16 050 111
Rural Household Grant	4 000 000	4 000 000
Dundee July Grant	495 102	478 572
DWAF grant	-	-
COGTA grants	-	-
Massifikation of bulk water	-	1 586 461
Environmental Management Framework	1 000 000	1 586 461
	<u>308 950 609</u>	<u>264 424 635</u>
Capital grants		
MIG	179 014 000	186 505 000
	<u>-179 014 000</u>	<u>-186 505 000</u>
MWIG		
Balance unspent at beginning of year	1 438 948	-
Current-year receipts	19 775 000	16 050 000
Conditions met - transferred to revenue	21 213 948	14 611 052
Conditions still to be met - remain liabilities (see note 12).	-	<u>1 438 948</u>
Water Services Operational Grant		
Balance unspent at beginning of year	-	-
Current-year receipts	4 000 000	7 500 000
Conditions met - transferred to revenue	4 000 000	7 500 000
Conditions still to be met - remain liabilities (see note 12).	-	-
Greytown Regional bulk water (RBIG)		
Balance unspent at beginning of year	-	-
Current-year receipts	43 516 801	31 033 009
Conditions met - transferred to revenue	43 516 801	31 033 009
Conditions still to be met - remain liabilities (see note 12).	-	-

Rural Household and Infrastructure Grant

Balance unspent at beginning of year	4 000 000	-
Current-year receipts	4 000 000	4 000 000
Conditions met - transferred to revenue	8 000 000	-
Conditions still to be met - remain liabilities (see note 12).	<u>-</u>	<u>4 000 000</u>

FMG Grants

Balance unspent at beginning of year		
Current-year receipts	1 250 000	1 250 000
Conditions met - transferred to revenue	1 250 000	1 250 000
Conditions still to be met - remain liabilities (see note 12).	<u>-</u>	<u>-</u>

MSIG

Balance unspent at beginning of year	934 000	890 000
Conditions met - transferred to revenue	934 000	890 000
Conditions still to be met - remain liabilities (see note 12).	<u>-</u>	<u>-</u>

Environmental Management Framework

Balance unspent at beginning of year		-
Current-year receipts	1 000 000	
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 12).	<u>-</u>	<u>-</u>

GIS Systems Grant

Balance unspent at beginning of year	-	64 337
Conditions met - transferred to revenue	-	-64 337
Conditions still to be met - remain liabilities (see note 12).	<u>-</u>	<u>-</u>

Rural Transport and Infrastructure Grant

Balance unspent at beginning of year	77 079	269 339
Current-year receipts	2 128 000	1 966 000
Conditions met - transferred to revenue	2 205 079	2 158 260
Conditions still to be met - remain liabilities (see note 12).	<u>-0</u>	<u>77 079</u>

Disaster Management Grant

Balance unspent at beginning of year	-	
Current-year receipts	5 000 000	
Conditions met - transferred to revenue	1 703 967	
Conditions still to be met - remain liabilities (see note 12).	<u>3 296 033</u>	<u>-</u>

Asisukume Maize Mill

Balance unspent at beginning of year	638 472	1 390 377
Conditions met - transferred to revenue	577 090	751 905
Conditions still to be met - remain liabilities (see note 12).	<u>61 382</u>	<u>638 472</u>

Massifikation of Bulk Water

Balance unspent at beginning of year	2 084 951	12 318 326
Current-year receipts		1 586 461
Conditions met - transferred to revenue	2 084 951	11 819 837
Conditions still to be met - remain liabilities (see note 12).	<u>-</u>	<u>2 084 951</u>

EPWP Incentives

Balance unspent at beginning of year	528	870 528
Current-year receipts	1 790 000	1 000 000
Conditions met - transferred to revenue	1 790 528	1 870 000
Conditions still to be met - remain liabilities (see note 12).	<u>-</u>	<u>528</u>

KZN ACIP WWTW

Balance unspent at beginning of year	-	1 423 588
Adjustments made	-	-557 026
Current-year receipts	1 401 947	4 293 884
Conditions met - transferred to revenue	1 401 947	5 160 446
Conditions still to be met - remain liabilities (see note 12).	<u>-</u>	<u>-</u>

KZN COGTA

Balance unspent at beginning of year		73 417
Adjustments made		557 026
Conditions met - transferred to revenue		630 443
Conditions still to be met - remain liabilities (see note 12).	<u>-</u>	<u>-</u>

LGSETA Training Grant

Balance unspent at beginning of year	129 888	200 000
Current-year receipts	-	-
Conditions still to be met - remain liabilities (see note 12).	129 888	70 112
Conditions still to be met - remain liabilities (see note 12).	<u>-</u>	<u>129 888</u>

COGTA Rural Development Grant

Current-year receipts		
Opening Balance	289 799	569 799

Conditions met - transferred to revenue	-	280 000
Conditions still to be met - remain liabilities (see note 12).	<u>289 799</u>	<u>289 799</u>
Shared Services		
Current-year receipts		
Opening Balance	250 000	
Conditions met - transferred to revenue	<u>250 000</u>	
Conditions still to be met - remain liabilities (see note 12).	-	-
Mtshongweni Vegetable Project		
Opening Balance	1 137 063	
Current-year receipts	500 000	1 800 000
Conditions still to be met	<u>1 566 674</u>	<u>662 937</u>
Conditions still to be met - remain liabilities (see note 12).	70 389	1 137 063
Dundee Rural Horse Riding		
Opening Balance	-	
Current-year receipts	495 102	
Conditions still to be met	<u>495 102</u>	
Conditions still to be met - remain liabilities (see note 12).	-	-
Lottery		
Opening Balance	-	-
Current-year receipts	-	4 390 598
Conditions still to be met	<u>-</u>	<u>4 390 598</u>
Conditions still to be met - remain liabilities (see note 12).	-	-
Drought Relief		
Opening Balance	-	
Current-year receipts	7 980 360	
Conditions still to be met - remain liabilities (see note 12).	<u>7 980 360</u>	
	-	-
Drought Relief DWAF		
Opening Balance	-	
Current-year receipts	8 961 398	
Conditions still to be met - remain liabilities (see note 12).	<u>8 961 398</u>	
	-	-
Summary Government Grants and Subsidies		
Equitable Share	206 968 000	192 952 000
FMG	1 250 000	1 250 000
MSIG	934 000	890 000
MIG	179 014 000	186 505 000
Other Grants	<u>132 418 272</u>	<u>113 193 917</u>
	520 584 272	

18.1. Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of 6 kilolitres @R 6.04 excl of Vat, which is funded from the grant.

UMZINYATHI DISTRICT MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements (Continued)

	2 015	2 014
19. Employee related costs		
Salaries and Wages	59 948 900	55 990 781
Bonuses	3 956 582	3 672 674
Overtime payments	8 137 038	5 399 949
Housing benefits and allowances	886 427	838 729
Contribution for UIF, Pension and Medical Aid	10 367 752	9 363 704
Standby Allowance / Shift Allowance	1 617 982	1 382 213
Travel and Other allowances	5 198 566	4 278 644
Leave Expenses	3 450 170	3 461 643
	93 563 416	80 926 694
Remuneration of Municipal Manager		
Annual Remuneration	855 212	1 439 683
Acting Allowance	66 542	-
	855 212	1 439 683
Remuneration of Chief Finance Officer		
Annual Remuneration	287 570	444 997
Acting Allowance Mr Talane	1 025 483	-
	287 570	444 997
Director Community Services		
Annual Remuneration	907 652	1 071 587
Acting Allowance	907 652	1 071 587
	907 652	1 071 587
Technical Services Director		
Annual Remuneration	1 314 736	1 277 278
Acting Allowance	23 070	-
	1 337 806	1 277 278
Corporate Services Director		
Annual Remuneration	938 347	883 625
Acting Allowance	-	-
	938 347	883 625
Planning and Development Director		
Annual Remuneration	532 956	335 114
Acting Allowance	38 890	-
	571 846	335 114
The Municipal Manager, CFO and Planning and Development Director positions were vacant in 2014/15 year		
20. Remuneration of councillors		
Mayor's allowance	641 300	614 794
Deputy Mayor's allowance	568 670	545 166
Executive Committee allowances	407 659	561 106
Speaker's allowance	293 679	256 111
Councillors' allowances	1 726 189	1 333 233
Local Authority / travel fees	112 634	87 484
Medical Aid contributions	32 096	30 318
Mobile Data	20 100	21 600
Skills levy	33 577	31 951
Cellphone Allowances	-	88 663
Pension Fund contributions	201 738	189 647
	4 037 643	3 760 073
In-kind benefits	4 037 643	-
	-	-
The Mayor and Deputy Mayor are full-time, Speaker part-time. Each is provided with an office and secretarial support at the cost to the Council		
The Mayor has use of a Council owned vehicle for official duties.		
The Mayor has two full-time bodyguards and a driver. The Deputy Mayor has two full-time bodyguards and a driver.		
The Speaker has two full-time bodyguards and the Acting Accounting Officer has two full-time bodyguard.		
The Speaker and the Deputy Mayor has use of a Council hired vehicle for official duties.		
22. Depreciation and amortisation		
Property, plant and equipment	56 892 697	55 444 588
	56 892 697	55 444 588
23. Interest expense		
Interest paid	7 812 811	7 574 025
	7 812 811	7 574 025
24. Grants and subsidies paid		
MIG Grant	195 696 446	253 334 831
Greytown Bulk Water	43 516 801	27 872 912
Lottery Grant - Primary Health Care	-	4 390 598
Massification of Bulk Water	2 084 951	11 819 837
KZN ACIP WWTW	1 401 947	5 160 445
Reserves : General Grants : Finance Management Grant	1 250 000	1 250 000
Reserves : Municipal Systems Improvement Grant	934 000	890 000
Shared Services	250 000	-
EPWP Incentives	1 790 528	1 870 000
WSOG	4 000 000	7 500 000
COGTA Rural Development	-	280 000
Reserves: GIS Systems Grant	-	64 337
KZN COGTA - Government Support	-	630 442
MWIG	21 213 948	14 611 052
RRAMS	2 205 079	2 158 260
Dundee July Grant	495 102	478 572
Disaster Management Grant	1 703 967	-
Msinga Asisukume Maize	577 090	751 905
Mtshongweni	1 566 674	662 937
LG Seta Training Grant	129 888	70 112
Drought Relief	7 980 360	-
Drought Relief DWAF	8 961 398	-
Environmental Management Framework	-	-
Rural Households Infrastructure Grant	8 000 000	-
Less: Uthukela Water Assets Recognised	-	-
	303 758 179	333 796 241
Less: Infrastructure Additions and WIP	135 278 276	181 962 859
	168 479 903	151 833 381
	168 670 356	151 833 381

	2015	2014
25. General expenses		
Accommodation	1 540 586	1 487 204
Advertisement	194 242	193 105
Agency Fees - Debt Collectors	534 499	218 229
Asset Verification	1 329 939	8 640
Auditors remuneration	2 508 061	2 024 526
Audit Committee Costs	143 200	96 912
Audit - Internal	1 364 960	534 140
Bank charges	163 345	129 251
Bulk Purchases	-	13 246 050
Bursaries	510 000	385 000
Catering: Meetings and Seminars	164 618	171 981
Chemicals	17 222	7 180
Cleaning Materials	35 648	76 710
Cleaning services	54 976	54 916
Computer Programs	268 061	358 098
Conferences & Seminars	3 000	55 283
Corporate Material	-	21 120
Customer Care - Finance	9 266	269 712
Customer Satisfaction Survey	-	-
DBSA Loan Commission	-	6 494 900
Development Agency	38 294	-
Disaster Relief	826 882	1 088 067
District Cultural Even	201 250	286 865
Drought Relief	29 163 881	24 770 265
Charges: Easy pay and Post Office	90 680	171 059
Elderly and Widow Programs	225 501	318 882
Entertainment	45 681	31 125
Fire services	788 507	939 285
Fuel & oil	4 681 184	3 539 148
GIS Tools	438 333	-
HIV/AIDS Programmes	1 003 606	913 751
Human Resource	641 156	746 555
IDP Sector Plan	184 658	76 166
IDP Review	839 797	-
Infrastructural Projects	-	25 000
Insurance	1 317 689	966 355
Inventory- Log	3 089	7 241
LED: Projects	1 508 832	783 268
Legal Costs	1 853 346	1 026 637
License fees	463 575	513 795
Local council	548 890	507 280
Marathon	-	6 000
Mayors Sports Tournament	250 557	377 747
Management Audit / Technical Support	6 657 588	8 465 298
Mayoral Imbizo	1 717 928	2 855 727
Mayoral project	-	783 268
Membership fees	1 124 997	-
Meter Reading	1 262 028	1 252 743
Overgrown Stands	41 740	-
Pauper Burials	198 550	127 818
Penalties	65 580	103 474
Plan- People WIT	386 328	70 630
Postage	481 262	435 551
Printing and stationery	149 051	333 165
Project Launch	174 611	1 220 811
Marketing and Promotions	826 447	2 429 329
Promotion of Tourism	316 734	176 356
Poverty Alleviation	283 783	1 455 565
Recruitment of Staff	265 644	85 269
Rental Offices	276 461	-
Rental Offices and Machinery	944 540	824 853
Rural Horse Riding	1 092 052	45 643
Sample of Food and Milk	53 414	-
Security	2 662 594	-
Sport and Culture	4 147 573	3 046 951
Subscriptions	4 707	5 510
Subsistence and Travelling	2 173 002	3 204 328
Telephone	1 141 092	999 639
Transport Official Vehicle	-	2 700 745
Ward Sport Development	-	106 222
Water and Electricity	18 454 717	16 834 662
Water Services Operational Cost	48 012 611	68 570 550
Water Conversation	-	4 600
Woman and Gender	473 375	116 221
UThukela Water Distribution	-	21 686
Youth and Gender	8 474	136 941
	147 353 894	179 341 003

Umzinyathi District Municipality
Annual Financial Statements for the year ended 30 June 2015
Notes to the Annual Financial Statements

26. Auditors' Remuneration

Audit Fees - Office of the Auditor General
Audit Committee

	2015	2014
	2 508 061	2 024 526
	143 200	96 912
	2 651 261	2 121 438

27. Cash used in operations

Surplus
Adjustments for: Depreciation and amortisation
Gain on sale of assets and liabilities
Gain attributable to Transfer of assets
Gain on joint venture investment
Interest Income
Finance costs
Movement in retirement benefit assets and liabilities
Other non-cash items
Petty cash and cash float
Outstanding chequesDebtors
Changes in working capital:
Movements in Provisions for Bad debts
Debtors
Consumer debtors
Creditors
VAT
Unspent conditional grants and receipts
Other non-cash movements
Movement in reserves

	2015	2014
	317 927 793	243 893 522
	56 892 697	55 444 588
	-	-
	-	-264 311 488
	-276 986 364	35 015 996
	7 160 351	-13 232 943
	-7 812 811	-
	-2 908 029	8 841 000
	2 674 638	-
	4 100	-
	-	-
	54 259 072	46 597 110
	1 162 918	8 652 303
	-5 615 030	-20 391 141
	-7 989 130	-
	-15 262 930	-8 331 734
	-5 079 124	-9 182 985
	-	-577 142
	118 428 151	82 417 086
	151 057 573	-
	-32 629 422	-

28. MIG Expenditure

Endumeni / Nquthu bulk/Mgungundlovu
uMvoti Area Sanitation
Eshane Water Supply
Hlajakazi Water Supply
DWAF
Hlimbithwathi Sanitation
Keates Drift Water Scheme
Ntinini Regional Water
Makhabeleni Communtiy Water Supply Scheme Phase 4 and Phase 5
Kwakopi Mhlangana VIP sanitation
Makhabeleni Phase 6
Makhabeni Sanitation: Implementation
Mbono Water
Douglas Water
Mthembu Water Supply
Pomeroy Douglas Sanitation project
Mbulwane - Hlimbithwa
Muden Sanitation
Vantis Drift Water
Ngubukazi Water Supply
Ngubukazi Water Supply Phase 3

	2 015	2 014
	2 674 686	1 992 992
	568 066	-
	-	487 000
	-	498 303
	-	2 067 380
	434 320	1 492 101
	4 766 250	-
	2 217 496	7 269 093
	1 446 277	11 522 492
	8 327 259	6 705 224
	2 475 465	-
	-	-
	-	12 435 164
	309 708	270 308
	5 090 972	9 524 637
	-	-
	1 017 631	-
	-	11 000 698

Nquthu Sanitation	7 690 676	23 053 080
Ophathe - Water	21 322 126	7 502 123
Othame Sanitation	16 888 640	13 273 407
Pomeroy Bulk Water Supply Phase 2		-
Sithembile 27	2 726 596	3 407 434
Rugtefontein Settlement Area		
Umzinyathi Rudimentary	89 500 203	59 176 807
Umsinga Bulk water	13 433 504	27 632 808
Muden Regional Bulk Scheme	11 727 055	26 863 999
Dundee bulk		-
Mthembu water Extension		-
Nquthu North Eastern Services	3 140 204	893 754
Othame Water		
adjustment as per circular 58 / Contribution to funds		27 578 073
	195 757 135	254 646 877

29. Commitments

Authorised capital expenditure		
Approved and not contracted	-	
Already contracted for and approved	128 943 107	48 271 967
Property, plant and equipment	204 157 203	158 411 005
	333 100 310	206 682 973

Capital commitments have been funded from government grants

Operating leases - as lessee (expense)

Minimum lease payments due		
within one year	674 567	674 567
in second to fifth year inclusive	1 738 484	1 738 484
	2 413 051	2 413 051

The Municipality is leasing 16 copiers from Xerox and monthly rental expense has been accounted for in the statement of financial performance. The average lease term is 5 years and the average escalation rate is 10%. The escalation is fixed for the duration of the contract. No arrangements have been entered into for contingent net obligation under operating lease are secured by the lessor's title to the leased asset.

30. Contingencies

Claim for damage - Endumeni Municipality

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

However when audit was conducted by Gobodo, it was found that the actual amount owed is R 15 997 119.61 not R 17 068 623.59. The R 6 626 612 was the original capital loan amount, but went up to R 15 997 119.61 (R 9 370 507.61 included of capital charges)

Umzinyathi District Municipality has always been willing to resolve this matter but was Amount as per Uthukela Water (Pty) Ltd documents from Endumeni Municipality for their claim which was submitted on the 22 October 2010.

Umzinyathi District Municipality resolved to investigate and verify the claim by Endumeni Municipality and present final findings to EXCO for approval.

R11 769 407.51 has been paid to Endumeni Municipality and R4 227 407.51 for internal loans still in dispute. The matter was resolved with Endumeni Municipality whom to date has failed to submit a written confirmation of writing off the account. This matter has been resolved as per council resolution received from Endumeni Municipality

Legal Matters pending

There are 4 litigations and claims pending against the municipality

	2 015	2 014
	20 607 011	-

31. Fruitless and wasteful expenditure

Opening balance	672 202	403 033
Penalties and early withdrawals	-	269 169
Abuse of fuel cards		
	672 202	672 202

Fuel cards were abused in the previous year. Internal control measures were put in place to ensure that Fuel cards were controlled. An official was assigned a task to monitor the vehicles of the municipality. This has shown improvement on the abuse of fuel cards.

32. Irregular expenditure

Opening balance
Add: Irregular Expenditure - current year
Less: Amounts condoned

	2015	2014
Opening balance	121 755 559	12 960 696
Add: Irregular Expenditure - current year	6 418 978	108 794 863
Less: Amounts condoned	-	-
	128 174 537	121 755 559

Application to Treasury will be made requesting condonement

33.Revenue

Service charges
Rental of facilities and equipment
Interest received - investment
Government grants & subsidies
Sundry Income

Service charges	55 774 979	39 055 736
Rental of facilities and equipment	332 688	186 299
Interest received - investment	23 708 293	10 463 287
Government grants & subsidies	520 584 272	490 400 319
Sundry Income	520 716	14 540 342
	600 920 949	554 645 983

33.1 Revenue from exchange transactions - Rental of facilities and equipment

The amount received on investment property for rental of premises owned by the municipality totals to R332 688

34. Supply chain deviations

Expenditure written-off
Expenditure incurred

Expenditure written-off	-	3 391 940
Expenditure incurred	634 020	-3 391 940
	634 020	-

34.b SCM Regulations

New Intergrated Solutions (NICS)
Pricewaterhouse Coopers (PWC)

231 624
59 850

The above appointments were done in accordance with Section 36 and were approved by the Accounting Officer and ratified by the Council.

Expenditure written-off
Expenditure incurred

35. Risk management

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.

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits regularly monitored. Sales to retail customers are settled in cash.

Financial assets exposed to credit risk at year end were as follows:

36. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This

basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

37. Events after the reporting date

The post for the CFO was re-advertised as the Municipality did not find a suitable qualified candidate to fill the post. The new MM has been appointed and is assuming his duties on the 1st of September 2015

38. Additional disclosure in terms of Municipal Systems Act Shedule 1, 12a and schedule 2,10

Councillors' arrear consumer accounts

The following Councillors and Employees had arrear accounts outstanding for more than 90 days at 30 June 2015:

41 820

Umzinyathi District Municipality
Annual Financial statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

39. Water Loss Distribution

Water loss Disclosure for 2014/2015 Financial Year:

Bulk water Figures in k/month for 2014/2015

UMZDM - Monthly Volumes - July 2014 to June 2015		2015	2014
Name of Plant	TOTAL	TOTAL	TOTAL
Monthly Volumes	m3	m3	m3
Msinga Fabeni WTW	20 615	13 808	
Msinga Keats Drift WTW	257 310	186 101	
Msinga Sampofu (Tugela Ferry) WTW	1 131 220	1 242 077	
Msinga Sampofu Weir (Pomeroy) WTW	99 669	72 402	
Umvoti Makhabeleni WTW Meter	229 274	197 055	
Umvoti Greytown WTW	1 503 468	1 839 615	
Umvoti Muden WTW	586 790	613 071	
Umvoti Kranskop WTW	181 443	206 003	
Nquthu Isandlwana WTW	111 336	130 030	
Nquthu Nondweni WTW	544 755	648 600	
Nquthu Nqut/Vant's Drift WTW	3 086 344	3 872 360	
Nquthu Qudeni WTW	107 616	147 581	
Endumen Biggarsberg WTW	5 422 030	5 834 712	
TOTAL	13 281 870	15 003 415	
Water Sales	6 519 046	7 711 046	
	6 762 824	7 292 369	
Water Loss %	51%	49%	
Total water loss for the period ended 30 June 2015	45 754 152	35 352 035	

- Umzinyathi District Municipality is mostly dominated with rural areas
- Most of our rural areas have stand pipes per standards set by Water Affairs
- Other rural have no water infrastructure thus water tankers are delivering water to them and these tankers are getting water from our plants and collection point sets in our water network
- We experienced a lot of burst pipes in our reticulation line due to aging infrastructure.
- Illegal connections in most of our rural areas have huge impact in unaccounted water as they are most metered.
- We experienced a lot of burst pipes in our reticulation line due to drought.
- We have experienced a lot of internal leaks from domestic consumers and there's a programme that we are running to fix these leaks

40. Related Parties

Uthukela Water (Pty) Ltd is considered a related party due to the fact that Umzinyathi District Municipality has a 33,3% shareholding. Uthukela Water (Pty) Ltd supplies Umzinyathi District Municipality with bulk water. This includes both raw and portable water.

43. Transfer of Functions Between Entities Not Under Common Control

Uthukela Water (Pty) Ltd is an entity of three WSA's, namely Amajuba DM, Newcastle LM and Umzinyathi DM. The interest in this joint venture is at 33,3%, 34,3% and 33,3% respectively. The voting rights are represented by the percentage shareholding in the entity. The transfer of function was initiated by the directive from the MEC: COGTA.

It stipulated that the function, including the infrastructure assets must be transferred back to the WSA's. The process was started and completed by the 30 June 2014, This arrangement is currently in place. Refer to note 9 for further details.

Functions transferred from the entity in the year under review

Description of function/ asset/ loan	Date of transfer	Comment	Reference to note to the Annual Financial Statements
1. Infrastructure Assets	01 July 2014	Infrastructure assets were transferred and valued as per the UTW policy	<i>refer to Note 7</i>

Except from the Note 7 to the Annual Financial Statements

	2 015			
	Cost/ Valuation	Transfer	Accumulated Depreciation and Accumulated Impairment	Carrying Value
Buildings	23 304 168	-	-6 031 289	17 272 879
Plant and machinery	6 832 160	10 431 718	-6 991 868	10 272 010
Furniture and fixtures	6 999 283	162 260	-5 944 025	1 217 518
Motor vehicles	9 042 243	1 125 389	-6 796 995	3 370 637
Total	46 177 854	11 719 367	-25 764 177	32 133 044

2. Intangible assets transferred

Cost

	2 015			
	Cost/Valuation	Transfer	Accumulated amortisation and Accumulated Impairment	Carrying value
Computer software				
	3 427 078	92 960	-3 113 906	406 132
	3 427 078	92 960	-3 113 906	406 132

Computer software

	Opening Balance	Transfer	Additions	Amortisation	Total
	-	92 960	30 849	-1 554 486	-1 430 677
Reconciliation of intangible assets - 2014	-	92 960	30 849	-1 554 486	-1 430 677

44. Repairs and Maintenance

	2 015	2 014
Office Furniture and Equipment	11 800	23 114
Building and Offices	145 184	23 637
Boreholes Rehabilitation	-	-
Vehicle Maintenance	3 452 491	1 518 826
Buildings and Grounds	15 051	11 424
IT Support	530 730	301 940
Boreholes Rehabilitation	-	-
Electrical	-	-
Instruments	-	-
Purification	-	20 837

Sanitation	4 790 121	4 231 135
Water Operation P- Repairs & Maintenance	900 245	1 009 841
Pump Station	-	-
Roads	-	-
Raw Water Storage	-	-
Cathodic Protection	-	-
Reservoir	-	-
TOTAL REPAIRS AND MAINTENANCE	9 845 622	7 140 754

45. Restatement of corresponding figures and prior period error

The effect of the restatement of corresponding figures are as follows:

	Adjustments	Restated amounts
Prior year adjustment of Assets - Assets Transferred in prior year	1 540 528	33 673 572
Prior year adjustment of Infrastructure Assets - Assets Transferred in prior year	1 714 200	1 388 691 543
Prior year adjustment of Loans - Readjustment	5 502 277	189 998 474
Prior year adjustment on uThukela Water - creditor	43 400 474	62 888 168
Prior year adjustment on debtors	-10 850 265	10 604 525
Prior year adjustment on Vat	1 519 518	23 313 593
Prior year adjustment on Creditors	796 632	60 711 686
Prior year adjustment on Post Retirement Benefits	3 382 650	15 519 353
Prior year adjustment on Cash and Cash Equivalents	-106 846	101 555 617
Prior year adjustment on MIG expenditure previously expensed	66 829 831	-
Closing Balance as at 30 June 2015	113 729 000	1 886 956 531