



**Annual Financial Statements for
ZULULAND DISTRICT MUNICIPALITY
for the year ended 30 June 2017**

Province:

KwaZulu Natal

Contact Information:

Name of Municipal Manager:	S.B. NKOSI
Name of Acting Chief Financial Officer:	S. MTHEMBU
Contact telephone number:	358 745 500
Contact e-mail address:	mm@zululand.org.za
Name of contact at provincial treasury:	NOMFUNDO SHONGWE
Contact telephone number:	033 897 4423
Contact e-mail address:	nomfundo.shongwe@kzntreasury.gov.za
Name of relevant Auditor:	Auditor General
Contact telephone number:	033 264 7600
Contact e-mail address:	JonathanS@aqsa.co.za
Name of contact at National Treasury:	Unathi Ndobeni
Contact telephone number:	012 315 5103
Contact e-mail address:	unathi.ndobeni@treasury.gov.za

**ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2017**

GENERAL INFORMATION

MEMBERS OF THE COUNCIL

1 Cllr Inkosi EM Buthelezi	Mayor
2 Cllr S E Nkwanyana	Speaker
3 Cllr MM Kunene	Deputy Mayor
4 Cllr SP Dlamini	Member of the Executive Committee
5 Cllr SE Qwabe	Member of the Executive Committee
6 Cllr IS Nkosi	Member of the Executive Committee
7 Cllr SR Nkosi	Member of the Executive Committee
8 Cllr BJ Mncwango	Member
9 Cllr NP Ndlela	Member
10 Cllr TK Mkhize	Member
11 Cllr SP Ximba	Member
12 Cllr SS Siyaya	Member
13 Cllr NP Mavuso	Member
14 Cllr MA Mazibuko	Member
15 Cllr TJ Nsele	Member
16 Cllr SM Mbatha	Member
17 Cllr HZ Sibiya	Member
18 Cllr MZ Sikhakhane	Member
19 Cllr SN Buthelezi	Member
20 Cllr SA Mncwango	Member
21 Cllr SB Mkhwanazi	Member
22 Cllr ME Khumalo	Member
23 Cllr RM Zulu	Member
24 Cllr Z Siyaya	Member
25 Cllr B Shabalala	Member
26 Cllr NE Nxumalo	Member
27 Cllr D Nyawo	Member
28 Cllr ZN Sithole	Member
29 Cllr TD Ndlovu	Member
30 Cllr SP Mashabane	Member
31 Cllr Z Buthelezi	Member
32 Cllr NH Tembe	Member
33 Cllr JB Mthethwa	Member
34 Cllr MM Mhlungu	Member
35 Cllr M Victor	Member
36 Cllr JZ Zungu	Member

**ZULULAND DISTRICT MUNICIPALITY
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for the year ended 30 June 2017**

General information (continued)

Municipal Manager

S.B. Nkosi

Acting Chief Financial Officer

S Mthembu

Grading of Local Authority

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Auditors

Auditor-General South Africa

Bankers

ABSA Bank Limited

Registered Office:

ZULULAND DISTRICT MUNICIPALITY

Physical address:

B-400 GAGANE STREET
ULUNDI
3838

Postal address:

PRIVATE BAG X76
ULUNDI
3838

Telephone number:

035 874 5500

Fax number:

035 874 5589/91

E-mail address:

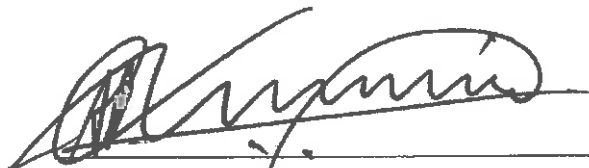
mm@zululand.org.za

**ZULULAND DISTRICT MUNICIPALITY
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Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 52, 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 Cooperative Governance and Traditional Affairs determination in accordance with this Act.



Municipal Manager Mr SB Nkosi

31 August 2017

**ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2017**

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EUDZANO DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2017

	Note	2017 R	2016 Restated R
ASSETS			
Current assets		49 231 256	49 806 299
Cash and cash equivalents	2	7 436 356	6 000
Trade receivables from exchange transactions	3.1.	12 200 063	12 198 989
Other receivables from exchange transactions	3.2.	454 165	38 690
Other receivables from non-exchange transactions	4	4 617 339	5 538 033
Inventories	5	4 844 384	4 066 850
Prepayments	6	866 762	232 744
VAT receivable	13	18 812 186	27 724 994
Non-current assets		2 951 354 436	2 589 055 360
Non-current receivables from exchange transactions	7	11 565 007	7 088 686
Property, plant and equipment	8	2 938 282 804	2 580 411 001
Heritage assets	9	1 212 636	1 151 452
Intangible assets	10	293 990	404 222
Total assets		3 000 585 692	2 638 861 659
LIABILITIES			
Current liabilities		127 381 190	116 470 538
Trade and other payables from exchange transactions	11&34	94 882 947	44 709 024
Consumer deposits	12	3 681 115	3 334 106
Current provisions	14	27 162 431	19 910 013
Bank overdraft	2	-	33 437 872
Payables from non-exchange transactions	15	1 654 697	15 079 523
Non-current liabilities		19 781 420	19 562 420
Rental deposits held	16	2 420	2 420
Post retirement benefit obligations	35	19 779 000	19 560 000
Total liabilities		147 162 611	136 032 958
Net assets		2 853 423 081	2 502 828 701
NET ASSETS			
Accumulated surplus / (deficit)		2 853 423 081	2 502 828 701
Total net assets		2 853 423 081	2 502 828 701

ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2017

	Note	2017	2016
Revenue from Exchange Transactions		27 982 133	33 510 640
Service charges	17	20 335 363	25 445 343
Rental of facilities and equipment	18	134 862	168 908
Interest earned - external investments	19	6 095 079	3 617 095
Other revenue from exchange transactions	22	1 416 830	4 279 294
Revenue from Non-Exchange Transactions		862 784 040	862 928 809
Government grants and subsidies received	20	862 775 391	862 901 048
Other revenue from non-exchange	21	8 649	27 761
Total revenue		890 766 174	896 439 449
Expenses			
Employee related costs	23	169 724 213	153 875 023
Remuneration of councillors	24	6 824 698	6 634 007
Contribution to Doubtful debts	3	9 080 827	3 637 349
Depreciation and amortisation expense	25	57 672 246	53 097 602
Repairs and maintenance	26	19 017 684	29 008 536
Bad debts	42	214	1 344 707
Employee benefits	35	219 000	3 827 000
Bulk Water purification and Sewer Treatment	27	85 481 259	78 309 915
Contracted services	28	17 812 748	16 206 932
General expenses	29	175 380 850	202 136 694
Total expenses		541 213 742	548 077 765
Gains on sale of assets	30	211 332	83 837
Proceeds from Insurance claims	45	1 542 899	-
Loss on donated assets	46	(712 284)	-
Surplus/(Deficit) for the period		350 594 380	348 445 521

**ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 30 June 2017**

DETAILS	Note	Accumulated Surplus/(Deficit) R
Balance at 30 June 2015		2 139 298 756
Correction of prior period error	34	5 538 402
Restated Balance at 30 June 2015		2 144 837 158
Surplus / (deficit) for the period - 2015/16		348 445 521
Balance at 30 June 2016		2 493 282 680
Correction of prior period error	34	9 546 021
Restated Balance at 30 June 2016		2 502 828 701
Surplus / (deficit) for the period		350 594 380
Balance at 30 June 2017		2 853 423 081

ZULULAND DISTRICT MUNICIPALITY
CASH FLOW STATEMENT
for the year ended 30 June 2017

	Note	2017 R	2016 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		888 200 169	869 944 335
other	31.2	888 200 169	869 944 335
Payments		(438 973 970)	(488 973 990)
Cash Paid to employee costs, supplier and other	31.3	(438 973 970)	(488 973 990)
Net cash flows from operating activities	31.1	449 226 198	380 970 345
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flows from investing activities		(408 576 970)	(372 748 358)
Purchase of Property, Plant and Equipment		(416 095 565)	(376 590 064)
Decrease in intangibles		-	-
Proceeds from insurance claims		1 542 899	224 611
Interest on Call Deposit Accounts		6 095 079	3 617 095
Purchase on heritage asset		(61 184)	
Purchase of intangible assets		(58 200)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
		219 000	3 827 000
Increase/(Decrease) in post retirement benefit obligations		219 000	3 827 000
		40 868 229	12 048 987
Net increase / (decrease) in net cash and cash equivalents		40 868 229	12 048 987
Net cash and cash equivalents at beginning of period		(33 431 872)	(45 480 859)
Net cash and cash equivalents at end of period		7 436 356	(33 431 872)

ZULULAND DISTRICT MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 30 June 2017

Actual 2016	Description	Actual 2017	Approved Budget 2017	Adjustments	Final Budget 2017	Difference	Comments
Revenue							
25 445 343	Service charges	20 335 363	19 230 038	1 852 054	21 082 092	-746 729	under billing as compared to what was budgeted
168 808	Rental of facilities and equipment	134 882	88 000	14 078	102 078	32 784	Budget was based on the last financial year's actual interest based on estimated capital investments that fluctuate during the year.
3 617 095	Interest earned - external investments	5 085 079	2 000 000	2 800 000	4 800 000	1 285 079	
	Reversal of provision for doubtful debts						
862 901 048	Government grants and subsidies	862 775 381	752 644 000	70 131 381	862 775 381	0	
4 307 055	Other income	1 425 478	97 707 559	47 653 283	135 280 842	-33 835 364	Due to the appropriation of accumulated reserves used to finance the budget
898 439 449	Total revenue	890 786 174	901 668 597	122 350 806	1 024 020 403	133 254 230	
Expenses							
153 875 023	Employee related costs	169 724 213	153 908 406	12 181 144	165 889 551	-4 034 882	
8 634 007	Remuneration of councillors	8 824 698	6 400 963	423 735	6 824 698	0	
1 344 707	Bad debts	214				-214	Based on actual debt impairment
53 097 802	Depreciation and amortisation expense	57 672 246	45 760 697	12 230 383	68 000 000	327 754	Other Assets are purchased at different intervals during the year and some were capitalised from work in progress.
29 008 536	Repairs and maintenance	19 017 884	32 587 000		32 587 000	13 579 316	Service achieved
3 827 000	Employee benefits	219 000				-219 000	The provision is made in the budgeted financial position
78 309 315	Bulk Water purification and Sewer Treatment	65 461 253	79 885 118	5 000 000	84 885 118	-618 143	bulk water purchases is fully spent as a result of refurbishment works conducted at the plants. The additional budget was allocated
16 206 932	Contracted services	17 812 748	15 928 900	1 886 748	17 812 748	-8	
	Grants and subsidies paid						
3 637 349	Contribution to doubtful debts	9 080 827	3 594 000		3 584 800	-5 486 827	
202 138 694	General expenses	175 380 850	124 892 504	19 795 590	144 468 094	-30 892 757	Rural sanitation budget is not allocated to operating budget since its capital in nature, but does not qualify to be an asset, that resulted to the expenditure being operating and included in the financial performance
548 077 785	Total expense	541 213 742	482 344 598	51 526 610	513 871 207	-27 342 535	
83 837	Gain / (losses) on sale of assets	211 332					
	Financial Loss Recovered						
348 445 522	Surplus / (Deficit) for the period	349 763 764	439 324 009	70 824 197	510 149 196	160 596 784	

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2017

1 ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

1.1.1 BASIS OF PRESENTATION

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

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

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.

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

1.2 PRESENTATION CURRENCY

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

1.2.1 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 represented in the annual financial statements and related disclosures. Use of available information and the application of judgements is inherent in the 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:

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The recoverable amount of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by number of factors.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Current Provisions.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months. The assessment is disclosed in AFS note 50.

1.4 COMPARATIVE INFORMATION

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

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2017

The presentation and classification of items in the current year is consistent with prior periods.

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

The following Standards of GRAP have been issued by the Accounting Standards Board but have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 11.

Standard number	Standard name	Effective date (if applicable)
GRAP 20	<i>Related Party Disclosures</i>	<i>No effective date</i>
GRAP 32	<i>Service Concession Arrangement: Grantor</i>	<i>No effective date</i>
GRAP 34	<i>Separate Financial Statements</i>	<i>No effective date</i>
GRAP 35	<i>Consolidate Financial Statements</i>	<i>No effective date</i>
GRAP 36	<i>Investments in Associates and Joint Ventures</i>	<i>No effective date</i>
GRAP 37	<i>Joint Arrangements</i>	<i>No effective date</i>
GRAP 38	<i>Disclosure of Interest in Other Entities</i>	<i>No effective date</i>
GRAP 108	<i>Statutory Receivables</i>	<i>No effective date</i>
GRAP 109	<i>Accounting by Principals and Agents</i>	<i>No effective date</i>
GRAP 110	<i>Living and Non-living Resources</i>	<i>No effective date</i>

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2017

GRAP 18: SEGMENT REPORTING

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by a municipality within a particular region.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

GRAP 20: RELATED PARTY DISCLOSURES

The objective of this Standard of GRAP is to ensure that a municipality's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

It is unlikely that the standard will have a material impact on the municipality's financial statements.
For the year under review, the municipality has applied IPSAS 20.

GRAP 25: EMPLOYEE BENEFITS

The objective of this standard is to prescribe the accounting and disclosure for employee benefits. The major difference between this Standard of GRAP and IAS 19 is with regards to the treatment of actuarial gains and losses and past service costs. This Standard of GRAP requires a municipality to recognise all actuarial gains and losses and past service costs immediately in the statement of financial performance once occurred.

The effective date of the standard is for years beginning on or after 01 April 2013. The municipality expects to adopt the standard for the first time in the 2014 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 31: INTANGIBLE ASSETS

This Standard of GRAP replaces the previous Standard of GRAP on Intangible Assets (GRAP 102) due to the IPSASB that has issued an IPSAS on Intangible Assets (IPSAS 31).

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

There is no impact of the standard on adoption.

GRAP 105: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities under common control.

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 106: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES NOT UNDER COMMON CONTROL

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities not under common control.

The municipality expects to adopt the standard once it becomes effective.

The impact of this amendment is currently being assessed.

GRAP 107: MERGERS

The objective of this Standard of GRAP is to establish accounting principles for the combined municipality and combining municipalities in a merger.

The municipality expects to adopt the standard once it becomes effective.

The impact of this standard is currently being assessed.

Impact on the municipality's financial statements once implemented:

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2017

1.6 PROPERTY, PLANT AND EQUIPMENT

1.6.1 INITIAL RECOGNITION

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

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

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

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

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

1.6.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

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

1.6.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Depreciation on new acquisitions is charged to the statement of financial performance in the financial year in which the asset is available for use after taking into account the an assets' residual value where applicable.

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

Infrastructure

Water	15-70 years
Sewerage	15-70 years

Community

Buildings	30 years
Recreational Facilities	20-30 years

Finance lease assets

Office equipment	5 years
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Other

Buildings	30 years
Specialist vehicles	7 years
Other vehicles	7 years
Office equipment	3-7 years
Furniture and fittings	7 years
Emergency equipment	10 years
Computer equipment	5 years

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2017

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

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Land is not depreciated as it is deemed to have an indefinite life.

1.6.4 DERECOGNITION

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

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.7 HERITAGE ASSETS

1.7.1 INITIAL RECOGNITION

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held and preserved indefinitely for the benefit of present and future generations. A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

1.7.2 MEASUREMENT AT RECOGNITION

Heritage asset is initially measured at cost at the date of acquisition or in the case where a heritage asset is acquired through a non-exchange transaction (i.e. donation or grant) at deemed cost, being the fair value of the asset at acquisition date.

The cost of a heritage asset is a purchase price and other costs directly attributable to bring the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management of the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes attributable costs of dismantling and removing the asset and restoring the site on which the asset is located.

Where there is no evidence to determine the market value of an item of heritage asset in an active market, a valuation technique is used to determine the fair value.

1.7.3 SUBSEQUENT MEASUREMENT

The municipality uses either cost model or revaluation model to value each class of heritage asset. Subsequent expenditure relating to heritage assets is capitalised if that expenditure meets all the requirement of heritage asset and can be measured reliably. Subsequent expenditure is only capitalised when that expenditure increases the level of benefit from present and future generation.

If the municipality re-values heritage asset, the entire class of heritage assets to which that asset belongs is re-valued. The surplus or deficit realised during revaluation is either credited or debited against the revaluation surplus account.

Heritage assets are not depreciated; however the municipality assesses impairment to all heritage assets at each reporting date.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2017

1.7.4 DE-RECOGNITION OF HERITAGE ASSETS

The carrying amount of an item of heritage asset is de-recognised on disposal or when no future economic benefit or service potential or for the benefit of present and future generations.

The gains or losses derived from de-recognition is recognised in the surplus or deficit when the heritage asset is de-recognised.

Gains and losses are determined as the difference between the carrying amount (cost less accumulated impairment losses) and the disposal proceeds and included in the Statement of Financial Performance.

1.7.5 TRANSITIONAL PROVISIONS

The municipality utilises the transitional provisions under Directive 4, which allows three (3) years for the measurement of heritage assets.

1.8 INTANGIBLE ASSETS

1.8.1 INITIAL RECOGNITION

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

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

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

Intangible assets are initially recognised at cost.

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

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

1.8.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

1.8.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method.

The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5-7 years
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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.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2017

1.8.4 DERECOGNITION

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

1.9 INVENTORIES

1.9.1 INITIAL RECOGNITION

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition. Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost 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 or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs

1.9.2 SUBSEQUENT MEASUREMENT

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

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

1.10 NON-CURRENT ASSETS HELD FOR SALE

1.10.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.10.2 MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.10.3 DERECOGNITION

Non-current assets and disposal groups held for sale are derecognised upon disposal of the item or where no further economic benefits or service potential is expected to flow from the asset or disposal group. Gains / loss that result from the derecognition of non-current assets or disposal groups held for sale are recognised in surplus / deficit in the period of the derecognition

1.11 INVESTMENT PROPERTY

1.11.1 INITIAL RECOGNITION AND MEASUREMENT

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services or the sale of an asset in the ordinary course of operations. Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably. At initial recognition, the entity measures investment property at cost including transaction costs once it meets the definition of investment property. 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.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2017

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2017

1.11.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.11.3 IMPAIRMENTS

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an Investment Property 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.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

1.11.4 DERECOGNITION

An Investment Property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property. All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

1.12 BIOLOGICAL ASSETS

1.12.1 RECOGNITION

Biological assets that are not managed as part of an agricultural activity are accounted for as property, plant and equipment where they are expected to be used for longer than 12 months (refer to accounting policy for property, plant and equipment).

Biological assets that are managed as part of an agricultural activity, and agricultural produce are recognised when:

- o The entity controls the asset; and
- o Future economic benefits or service potential from the asset is probable; and
- o The fair value or cost of the asset can be determined.

1.12.2 MEASUREMENT

Biological assets are measured at fair value less estimated point-of-sale costs at initial recognition as well for subsequent reporting periods. Agricultural produce (as harvested from biological assets) are recognised at the point of harvest. Accordingly, agricultural produce is measured at fair value less point-of-sale costs at the point of harvest. When this agricultural produce is transferred to inventory (for the purpose of consumption or resale) the fair value less point-of-sale costs, becomes the cost of the agricultural produce inventory.

Where there is no active market for biological assets and it is not possible to determine the fair value of the biological assets reliably through the use of other valuation techniques, the biological assets are measured at cost less accumulated depreciation and accumulated impairment losses. Should the fair value of the biological asset become available or reliably determinable in subsequent periods, the biological asset will be measured at its fair value less point-of-sale costs

When measuring the biological asset at fair value less point-of-sale costs at initial recognition a gain arises on that asset. This gain is recognised in surplus or deficit for the period during which the biological asset was initially recognised. Any subsequent changes to the fair value less point-of-sale costs (which arise as a result of re-measurements at subsequent reporting dates) are also recognised in the surplus or deficit for the period.

The gain or loss that arises on the initial recognition of agricultural produce at fair value less point-of-sale costs is also recognised in surplus or deficit in the period that it arises.

1.12.2 DERECOGNITION

Agricultural produce is derecognised at the point of reclassification to inventory. As the fair value less point-of-sale costs becomes the cost of the inventory, no gain or loss is derecognised at the point of reclassification.

Biological assets are derecognised when the entity disposes thereof or when it is no longer probable that future economic benefits or service potential will be generated from the biological asset. Any gain or loss that arises at the point of derecognition is recognised in surplus or deficit at the point of derecognition.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2017

1.13 FINANCIAL INSTRUMENTS

1.13.1 INITIAL RECOGNITION

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value.

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Short-term Investment Deposits – Call	Financial asset at amortised cost
Bank Balances and Cash	Financial asset at amortised cost
Long-term Receivables	Financial asset at amortised cost
Consumer Debtors	Financial asset at amortised cost
Other Debtors	Financial asset at amortised cost

1.13.2 MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP 104 Standard on Financial Instruments, is in accordance with IAS 39.

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

1.13.3 IMPAIRMENTS

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

1.13.4 RECOGNITION

A financial asset is derecognised at trade date, when:

The cash flows from the asset expire, are settled or waived;

a) Significant risks and rewards are transferred to another party; or

b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

1.9 INVESTMENTS

Investments, which include short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

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for the year ending 30 June 2017

1.10 TRADE AND OTHER RECEIVABLES

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

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

1.11 TRADE PAYABLES AND BORROWINGS

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

1.12 CASH AND CASH EQUIVALENTS

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

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

1.13 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.

1.14 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15 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.

1.16 LEASES

1.16.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the 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.

ZULULAND DISTRICT MUNICIPALITY
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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 accrued on a straight line basis over the term of the relevant lease.

1.16.2 MUNICIPALITY AS A LESSOR

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

1.17 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. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

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.

1.18 REVENUE

1.18.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by the council and are levied monthly.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly by the system if the reading was not obtained. The provisional estimates of consumption are recognised as revenue when invoiced. The system automatically reverse the provisional readings, when the reading has been captured on the system.

Interest revenue is recognised on a time proportion basis.

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

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

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

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2017

1.18.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

Fines constitute both spot fines in the form of meter tampering fines. Fines are recognised when payment is received.

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

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

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

1.18.3 GRANTS, TRANSFERS AND DONATIONS

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

1.19 BORROWING COSTS

Borrowing cost are recognised as an expense in Statement of Financial Performance in the period they become due and payable.

1.20 EMPLOYEE BENEFITS

Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

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.

Defined Benefit Plans

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

Pension obligations

The Municipality's personnel are members of either the Government Employees Pension Fund (GEPF) or one of the Natal Joint Municipal Pension (NJMPF) retirement funds, namely the Superannuation, Retirement and Provident Funds. Except for the NJMPF Provident fund, the aforementioned funds are defined benefit funds. As these defined benefit funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific employer and is of no relevance to users of the municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution funds.

ZULULAND DISTRICT MUNICIPALITY
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Municipal Councillors

Councillors belong to the Councillors Pension Fund which is a defined contribution fund and employers have no legal or constructive obligation for any shortfalls in valuation of the fund.

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits for current employees of the municipality. According to the municipality, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method*, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

1.21 VAT

VAT is accounted for on the payment basis i.e. VAT is paid over to SARS only once payment is received from debtors and/ or when actual payment is made to creditors.

1.22 BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP 24. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts.

Explanatory comments on material differences are provided in a separate budget statement in the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The changes between the approved and final budget are a consequence of reallocations within the approved budget by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

The budget is approved on an accrual basis by nature classification. The approved budget covers the reporting period from 1 July 2016 to 30 June 2017.

1.23 CAPITAL COMMITMENTS

Most of infrastructure projects are multi-year projects that requires budget funding over certain period of years. At year-end reporting date some funds are committed and contract signed with various contractors to carry out construction of infrastructure projects. Some funds are committed but not yet contracted for. Commitments are disclosed inclusive of VAT.

1.24 NON-CASH-GENERATING ASSETS

The municipality holds Non-Cash-Generating Assets that are used for service delivery purposes. All assets that are used for service delivery purposes are categorised as Non-cash-generating assets. GRAP 21 is used to determine impairment of Non-Cash-Generating assets. Impairment loss is the amount the carrying value exceeds recoverable service amount of an asset. Impairment is assessed annually during year-end reporting. Impairment loss is recognised to the Statement of Financial Performance. Reversal of the impairment loss affects surplus or deficit for that reporting period.

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017**

Note	2017 R	2016 R
2 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash on hand	6 000	6 000.00
Cash at bank	7 430 356	-
Call deposits	-	-
	<u>7 436 356</u>	<u>6 000.00</u>
The Municipality has the following bank accounts: -		
<u>Current Account (Primary Bank Account)</u>		
ABSA BANK-KZN Public Sector Branch: 4047162045		
Cash book balance at beginning of year	(33 437 872.45)	(45 486 858.98)
Cash book balance at end of year	-	(33 437 872.45)
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	7 430 356.31	-
<u>Cash on hand</u>	<u>6 000.00</u>	<u>6 000.00</u>
Total cash and cash equivalents	<u>7 436 356.31</u>	<u>6 000.00</u>
Total bank overdraft	-	33 437 872.45
<u>Call Accounts</u>		
Absa Bank (20-7293-6439)	-	-
First National Bank (IDS3607016)	-	-
Standard Bank (9864660)	-	-
Investec	-	-
<u>Total</u>	<u>-</u>	<u>-</u>

3.1 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables as at 30 June 2017	Gross Balances R	Provision for doubtful Debts R	Net Balance R
Service debtors (Water and Sanitation)	80 905 846	68 705 783	12 200 063
Total	<u>80 905 846</u>	<u>68 705 783</u>	<u>12 200 063</u>
as at 30 June 2016			
Service debtors (Water and Sanitation)	72 199 357	60 000 368	12 198 989
Total	<u>72 199 357</u>	<u>60 000 368</u>	<u>12 198 989</u>
	<u>72 199 357</u>	<u>60 000 368</u>	<u>12 198 989</u>

**ZULULAND DISTRICT MUNICIPALITY
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for the year ended 30 June 2017**

Note	2017 R 2017	2016 R 2016
Water and Sewerage: Ageing		
Current (0 – 30 days)	4 344 131	5 189 669
31 – 60 Days	1 437 730	2 652 065
61 – 90 Days	1 276 733	1 230 273
91 – 120 Days	1 325 952	1 600 580
121 – 365 Days	72 521 300	61 526 770
+ 365 Days	-	-
Total	80 905 846	72 199 357

Summary of Debtors by Customer Classification

	Consumers	Industrial/Commercial/ Associations	National & Provincial Government & Local Government & Local Government
	R	R	R
as at 30 June 2017			
Current (0 – 30 days)	2 381 500	372 814	1 589 817
31 – 60 Days	1 068 537	64 809	304 385
61 – 90 Days	1 120 434	71 621	84 678
91 – 120 Days	1 002 177	41 547	282 228
121 – 365 Days	66 952 686	1 789 638	3 778 976
+ 365 Days	-	-	-
Sub-total	72 525 333	2 340 429	6 040 084
Less: Provision for doubtful debts	-	-	-
Total debtors by customer classification	72 525 333	2 340 429	6 040 084
as at 30 June 2016			
Current (0 – 30 days)	3 571 945	459 710	1 158 014
31 – 60 Days	1 866 836	199 459	585 770
61 – 90 Days	890 843	81 784	257 646
91 – 120 Days	1 097 935	210 816	291 829
121 – 365 Days	53 871 774	799 950	6 855 046
+ 365 Days	-	-	-
Sub-total	61 299 333	1 751 719	9 148 305
Less: Provision for doubtful debts	-	-	-
Total debtors by customer classification	61 299 333	1 751 719	9 148 305

3.1. Reconciliation of the doubtful debt provision

	2017	2016
Balance at beginning of the year	60 000 370	56 363 021
Contributions to provision	8 705 413	3 637 349
Total	68 705 783	60 000 370
Balance at end of year	68 705 783	60 000 370

Trade and other receivables past due but not impaired

Trade and other receivables which are regular payers with amounts owing less than 60 days past due are not considered to be impaired. At 30 June 2017, R12 200 063- (2016: R12 198 988) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Less than 60 days past due	1 932 082	3 237 428
Less than 180 days past due	10 267 981	8 961 560
	12 200 063	12 198 988

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017**

Note	2017 R	2016 R
Trade and other receivables impaired		
As of 30 June 2017, trade and other receivables of R60 000 368 - (2015: R60 000 368) were impaired and provided for.	68 705 783	60 000 368
The ageing of these receivables is as follows:		
3 to 6 months	5 955 687	6 589 614
Over 6 months	62 750 096	53 400 754

The fair value of trade and other receivables approximates their carrying amounts.

3.2. OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Debtor: Mthabela N L	-	5 606
Debtor: Avis	3 487	14 751
Debtor: Waphatha Group Pty Ltd	37 157	12 184
Debtor: Imbali Elegance Tourism	-	32 184
Debtor: Tracker	134 248	-
Debtor: WSSA	-	6 149
Debtor: BP Drakensburg	-	136 888
Debtor: KZN Aviation	1 950	-
Debtor: Booysen & Co Inc	475	-
Debtor: D Khalil	89 500	-
Debtor: N Moodley	40 000	-
Debtor: P Biyela	73 000	-
Debtor: S Khanyile	12 500	-
Debtor: Clyde	15 000	-
Debtor: B Sangweni	12 500	-
	34 348	-
Other debtor	-	-
Total	454 165	207 762
Re-classified from Other Current Receivables to Non-Current Receivables (Note 7)	-	(169 072)
Total	454 165	38 690

4 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2017	2016
Debtor: Babazile Mpanza	-	179 300
Debtor: B Mthabela	-	20 000
Debtor: S S Nkambule	-	5 710
Debtor: JB Dlamini	18 440	18 440
DEBTORS CONTROL ACCOUNT	13 300	-
Debtor: DGM Event Management	13 853	-
Debtor: Insurance Claim	80 488	202 679
Debtor: Ulundi Municipality	503 854	503 854
Debtor: Dumba Municipality	369 621	369 621
Debtor: Abaqulusi Municipality	519 266	519 266
Debtor: Nongoma Municipality	304 255	304 255
Debtor: Nevlyn M	-	3 000
Debtor: SCN Zungu	-	4 957
Debtor: Young Mzizi	-	9 600
Debtor: Pongola Municipality	-	235 609
Debtor: ABSA Bank	-	2 234
Debtor: Water Affairs	2 717 840	3 078 630
Other Debtors (Accrued income)	76 422	80 878
Total	4 617 339	5 538 033
Adjusted for Correction of Error (Note 38)	-	-
Total Other Debtors	4 617 339	5 538 033

5 INVENTORY

	2017	2016
Closing balance of inventories:		
Consumable store & water stock	4 775 992	3 876 387
Fuel Stock	68 392	190 463
Total Inventory	4 844 384	4 066 850

Water stock is measured at tariff charge rate as determined by Council for the financial year. Net realisable value cannot be determined since it requires a determination of cost of production that includes direct and production overhead costs that are based on normal operating capacity of bulk reservoir. The normal operating capacity of bulk reservoir cannot be determined.

6 PREPAYMENTS

	2017	2016
Prepaid expenses	866 762	232 744
Federal Air deposit	-	689 920
Total	866 762	922 664
Re-classified from Current Receivables (PREPAYMENTS - Note 6) to Non-Current Receivables (Note 7)	-	(689 920)
Total Restated Balance	866 762	232 744

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017**

Note	2017 R	2016 R
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Pre-payments include Eskom electricity account with credit balances and deposit paid to procure accommodation facility during 2017 SALGA Games as per agreement.

7 NON-CURRENT TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2017	2016
Debtor: Eskom Deposits	10 702 653	6 223 650
Deposit: Property 165 President Str, Vryheid	6 044	6 044
Debtor: Imbali Elegance Tourism	29 502	-
Debtor: BP Drakensburg	136 888	-
Federal Air deposit	689 920	-
Total	11 565 007	6 229 693
Re-classified from: Other Current Receivables (Note 3.1) to Non-Current Receivables (Note 7)	-	169 072
Re-classified from Current Receivables (PREPAYMENTS - Note 6) to Non-Current Receivables (Note 7)	-	689 920
Total Restated Balance	11 565 007	7 088 686

Eskom Deposit- Is payable when an application is made to connect a new water scheme for the Eskom line supply.

Rent Deposit- this is the deposit payable in terms of the office lease agreement

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017**

8 PROPERTY, PLANT AND EQUIPMENT

8 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Capital work in progress	
	R	R	R	R	Buildings	Infrastructure
as at 1 July 2016	470 000	45 445 592	1 897 694 311	14 933 380		898
Cost/Revaluation	470 000	45 445 592	1 899 394 059	14 933 380		898
Correction of Error	-	-	-	-		
Other Adjustments	-	-	-	-		
Restated Cost Balance 01 July 2016	470 000	45 445 592	1 899 394 059	14 933 380		898
Accumulated depreciation and impairment losses @ 30 June 2015	-	(12 274 698)	(285 837 190)	(2 923 780)		
Correction of Error	-	-	-	-		
Other Adjustments	-	-	(1 699 748)	-		
Restated Balance on Accumulated depreciation @ 01 July 2016	-	(12 274 698)	(287 536 937)	(2 923 780)		
Transfers			253 191 802			(253)
Other movements						
Acquisitions						
Capital under Construction						412
Depreciation		(1 273 987)	(48 383 586)	(971 026)		
Carrying value of disposals			2 920 764			
Cost/Revaluation			(1 274)			
Accumulated depreciation and impairment losses			2 922 038			
as at 30 June 2017	470 000	31 896 908	1 819 586 102	11 038 574		1 058
Cost/Revaluation	470 000	45 445 592	2 152 584 588	14 933 380		1 058
Transfers	-	-	-	-		
Accumulated depreciation and impairment losses	-	(13 548 685)	(332 998 486)	(3 894 806)		

Refer to Appendix B for more detail on property, plant and equipment

Asset number NAA-60001-1 located at Nongoma a portion of the asset is impaired as it was vandalised

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
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8 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Capital work in progress	
	R	R	R	R	Buildings	Infrastructure
Restated balance at 1 July 2015	470 000	34 409 057	1 284 799 943	14 143 160		893
Cost/Revaluation	470 000	45 445 592	1 528 824 517	14 933 380		893
reclassification 1		-	-	-		
reclassification 2		-	-	-		
Other movements		-	-	-		
Restated opening balance at 30 June 2015	470 000	45 445 592	1 528 824 517	14 933 380		893
Accumulated depreciation and impairment losses	-	(11 036 536)	(244 024 574)	(790 220)		
Impairment loss/Reversal of impairment loss						
Transfers			370 461 897			(370)
Other movements*			812 584			
Acquisitions			107 716			
Capital under Construction						376
Depreciation		(1 238 162)	(42 625 238)	(2 133 560)		
Carrying value of disposals			(33)			
Cost/Revaluation			(72)			
Accumulated depreciation and impairment losses			39			
Balance at 30 June 2016	470 000	33 170 894	1 614 778 563	12 009 600		898
Cost/Revaluation	470 000	45 445 592	1 528 932 162	14 933 380		1 269
Correction of error (note 34)			1 221 694			
Transfers			370 461 897			(370)
Accumulated depreciation and impairment losses		(12 274 698)	(285 837 190)	(2 923 780)		

Reclassification

1. The amount of 9525760 comprises of Airport Runway incorrectly included as buildings instead of being Infrastructure.
2. This amount comprises of amounts like airconditioners previously included as buildings instead of being an infrastructure and other assets

Other movements 1

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
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9 HERITAGE ASSETS

9 Reconciliation of Carrying Value

	Art collections	Stamp collections	Collections of rare books or manuscripts	b
	R	R	R	
as at 1 July 2016	-	-	-	
Cost/Revaluation	-	-	-	
Correction of error (note 48)	-	-	-	
Change in accounting policy (note 47)	-	-	-	
Accumulated depreciation and impairment losses	-	-	-	
Acquisitions	-	-	-	
Capital under Construction	-	-	-	
Carrying value of disposals	-	-	-	
Cost/Revaluation	-	-	-	
Impairment losses	-	-	-	
Impairment loss/Reversal of impairment loss	-	-	-	
Transfers	-	-	-	
Other movements*	-	-	-	
as at 30 June 2017	-	-	-	
Cost/Revaluation	-	-	-	
Transfers	-	-	-	
Impairment losses	-	-	-	

Refer to Appendix C for more detail on Heritage Assets

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
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9 Reconciliation of Carrying Value

	Art collections	Stamp collections	Collections of rare books or manuscripts
	R	R	R

as at 1 July 2015	-	-	-
Cost/Revaluation	-	-	-
Acquisitions	-	-	-
Capital under Construction	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
*Other movements	-	-	-
as at 30 June 2016	-	-	-
Cost/Revaluation	-	-	-
Impairment losses	-	-	-

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017**

Note

10 INTANGIBLE ASSETS

10.1 Reconciliation of carrying value

	Computer Software	Total
	R	R
as at 1 July 2016	404 222	404 222
Cost	829 513	829 513
Accumulated amortisation and impairment losses	(425 292)	(425 292)
Acquisitions	58 200	58 200
Amortisation	(168 432)	(168 432)
Other movements	-	-
Transfers	-	-
Carrying value of disposals	-	-
Cost	-	-
Accumulated amortisation	-	-
as at 30 June 2017	293 990	293 990
Cost	887 713	887 713
Accumulated amortisation and impairment losses	(593 723)	(593 723)

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017**

Note

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016**

Note

10 INTANGIBLE ASSETS

10.1 Reconciliation of carrying value	Computer Software	Total
as at 1 July 2015	573 752	573 752
Cost	960 873	960 873
Accumulated amortisation and impairment losses	(387 121)	(387 121)
Acquisitions	-	-
Amortisation	(169 530)	(169 530)
Other movements	-	-
Transfers	-	-
Carrying value of disposals	-	-
Cost	(131 360)	(131 360)
Accumulated amortisation	131 360	131 360
as at 30 June 2016	404 222	404 222
Cost	829 513	829 513
Accumulated amortisation and impairment losses	(425 292)	(425 292)

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017**

Note

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

	Note	2017 R	2016 R
11	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
	Creditors Control Account	-	11 388 311
	Bank deposits not receipted	27 255	39 531
	Rental deposit: Ekhethelo	5 000	5 000
	Rental deposit: Avis	2 682	2 682
	Rental deposit: Waphatha Group (Pty) Ltd	2 682	2 682
	Rental deposit: Imbali Elegance Tourism	-	2 682
	CREDITOR: CIVIL CONTRACT	-	170 937
	CWE Contract: Sessions	-	-
	Creditor previous year end Retention	55 065 173	3
	Water & Sanitation Debtors with Credit Balances	36 390 020	47 001 458
	Water & Sanitation Debtors with Credit Balances	1 390 135	1 458 467
	Total	94 882 947	60 071 753
	Adjusted for Correction of Error (Note 38)	-	(15 362 729)
	Total Restated Trade and Other Payables	94 882 947	44 709 024
12	CONSUMER DEPOSITS		
	Water	3 681 115	3 334 106
	Total consumer deposits	3 681 115	3 334 106
	ZDM does not pay interest on deposits refunded.		
13	VAT RECEIVABLE		
	VAT Receivables	26 599 460	36 498 610
	Less: VAT Payable	(9 787 274)	(8 773 816)
	Total	16 812 186	27 724 794
	Vat is accounted for on the payments basis.		
14	CURRENT PROVISIONS		
	Reconciliation of movement in Provision for Leave Payout		
	Opening Balance	7 247 038	6 814 681
	Provisions Raised	4 436 655	3 293 050
	Amounts Used/Sold during the year	(4 079 798)	(2 860 893)
	Closing Balance	7 603 895	7 247 838
	This provision relates to total number of accumulated leave days for 852 employees of the municipality as at 30 June 2017. Hence provision is disclosed, the municipality is uncertain about the timing of these possible outflows due to the fact that municipal employees will utilise their accumulated days continuously from time-to-time in future.		
	Reconciliation of movement in Provision for Bonuses		
	Opening Balance	3 307 352	8 144 363
	Provisions Raised	11 844 789	3 307 352
	Amounts Used	(6 547 894)	(8 144 363)
	Closing Balance	8 604 247	3 307 352
	Reconciliation of Provision for Raw Water Abstraction Charges (Department of Water and Sanitation)		
	Opening Balance	9 355 623	-
	Provisions Raised	3 598 667	9 355 623
	Amounts Used	-	-
	Closing Balance	12 954 290	9 355 623
	Provision raised during the current year relates to statements issued by the Department of Water and Sanitation to the municipality for the abstraction charges. These statements were received after year-end date.		
	Total provisions	27 162 431	19 910 013
15	PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
	Grant Received in Advance (RBIG)	-	13 361 415
	Grant Received in Advance (Indonasa Grant)	-	509
	Creditors Deceased Staff (EP Zulu)	795	-
	Creditors (TW Mhethwa)	-	23 280
	Creditors (LB Shange)	80 488	179 399
	Creditors (Unverified Employees)	-	14 929
	STANDBY ALLOWANCE	73 474	-
	Unspent grant	1 500 000	-
	Total	1 654 697	13 579 623
	Adjusted for Correction of Error (Note 38)	-	1 500 000
	Total Restated	1 654 697	15 079 623
	Non-current unspent conditional grants and receipts		
	Restated Current portion of unspent conditional grants and receipts		
16	OTHER FINANCIAL LIABILITIES		
	Rental deposits held		
	Deposit - WSSA	2 420	2 420
	Total	2 420	2 420

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

	Note	2017 R	2016 R
Rental deposits are held in terms of the signed rental agreement between Lessor and Lessee.			

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

	Note	2017 R	2016 R
17	SERVICE CHARGES		
	Sale of water	13 281 786	17 852 827
	Sewerage and sanitation charges	7 053 576	7 792 416
	Total Service Charges	<u>20 335 363</u>	<u>25 645 343</u>
18	RENTAL OF FACILITIES AND EQUIPMENT		
	Rental of facilities	134 862	168 908
	Total rentals	<u>134 862</u>	<u>168 908</u>
19	INTEREST EARNED - EXTERNAL INVESTMENTS		
	Current Account	1 435 063	1 864 832
	Call Accounts	4 660 016	1 752 263
	Total Interest	<u>6 095 079</u>	<u>3 617 095</u>
20	REVENUE FROM NON-EXCHANGE TRANSACTIONS		
	GOVERNMENT GRANTS AND SUBSIDIES		
	DWAF Accelerated Community Infrastructure (Operational & maintenance)	-	6 000 000
	DWAF-BuK Infrastructure Grant	188 542 391	187 698 519
	Equitable share	347 834 000	322 706 500
	Expanded public works Programme	3 624 000	3 800 000
	Finance Management Grant	1 250 000	1 250 000
	Indonsa	1 911 000	1 815 000
	Grant: Strategic Support	-	1 500 000
	MIG Grant	228 314 000	221 359 000
	MW/G	109 071 000	79 006 000
	Municipal Systems Improvement Grant	-	940 000
	P700 Strategic Corridor	2 229 000	2 173 000
	Rural roads	-	2 182 605
	Drought Relief Grant (National Government)	-	32 470 924
	TOTAL	<u>882 775 391</u>	<u>862 901 048</u>
	Equitable Share		
	In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All water consumers receive 6kl free basic water.		
	MIG GRANT		
	Balance unpaid at beginning of year	-	-
	Current year receipts	228 314 000	221 359 000
	Conditions met - transferred to revenue	(228 314 000)	(221 359 000)
	Conditions still to be met - remain liabilities	<u>-</u>	<u>-</u>
	Other Conditional Government Grants and Subsidies		
	Current year receipts	634 461 391	862 901 048
	Conditions met - transferred to revenue	(634 461 391)	(862 901 048)
	Conditions still to be met - remain liabilities	<u>-</u>	<u>-</u>
	Re-classification of a audited reconciliation		
	Current year receipts	-	641 542 048
	Conditions met - transferred to revenue	-	(641 542 048)
	Restated reconciliation	<u>-</u>	<u>-</u>
	Changes in levels of government grants		
	Based on the allocations set out in the Division of Revenue Act No 05 of 2013, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
21	Other Revenue from Non-Exchange		
	Tampering Fee	8 649	27 761
		<u>8 649</u>	<u>27 761</u>
22	OTHER REVENUE FROM EXCHANGE TRANSACTIONS		
	Marathon entry fee	76 744	54 109
	New connections-sewerage	8 894	9 859
	New connections-water	59 986	89 948
	Reconnection fees-water	52 540	77 324
	Sundry Income	9 867	12 522
	Sale of Aviation fuel	48 438	168 688
	Revenue from flight tickets	426 588	2 944 933
	Donations received	-	42 625
	Discount Received	24 610	31 249
	Fax and Clearance Certificate	-	163 500
	Indonsa Hall Hire	-	411
	Night Shift Allowance	34 348	-
	Skills Levy Refunds	289 849	287 314
	Bad Debt recovered	214	-
	Late Payment	81 683	27 662
	Non-refundable tender deposit	303 069	369 350
	Total	<u>1 416 830</u>	<u>4 279 294</u>
	Correction of error (Note 38)	-	-
	TOTAL	<u>1 416 830</u>	<u>4 279 294</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

23	EMPLOYEE RELATED COSTS	Note	2017 R	2016 R
	Employee related costs - Salaries and Wages		117 521 645	107 011 710
	Employee related costs - Contributions for UIF, pensions and medical aids		24 102 147	22 606 636
	Travel, motor car, accommodation, subsistence and other allowances		7 261 252	7 659 719
	Housing benefits and allowances		1 035 088	957 677
	Overtime payments		9 215 951	9 003 264
	Other employee related costs		10 588 150	6 636 016
	TOTAL EMPLOYEE RELATED COSTS		169 724 213	153 875 023

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

	Note	2017 R	2016 R
Remuneration of the Municipal Manager			
Annual Remuneration		894 020.10	1 001 261
Performance- and other bonuses		171 060.47	192 443
Travel, motor car, accommodation, subsistence and other allowances		573 010.74	487 470
Contributions to UIF, Medical and Pension Funds		47 406.54	40 285
TOTAL		1 685 497.85	1 721 459
Remuneration of the Chief Finance Officer			
Annual Remuneration		573 212	737 525
Performance- and other bonuses		120 006	156 008
Travel, motor car, accommodation, subsistence and other allowances		380 127	432 403
Contributions to UIF, Medical and Pension Funds		45 118	49 801
TOTAL		1 118 463	1 375 736

Remuneration of Individual Executive Directors				
	Planning R	Technical Services R	Corporate Services R	Community Services R
2017				
Annual Remuneration	779 945	579 245	779 945	338 000
Performance- and other bonuses	120 006	120 006	120 006	120 006
Travel, motor car, accommodation, subsistence and other allowances	457 528	301 230	579 062	1 005 868
Contributions to UIF, Medical and Pension Funds	82 010	39 125	108 382	51 947
Total	1 449 489	1 039 606	1 587 395	1 507 821
2016				
Annual Remuneration	769 041	784 057	769 041	360 000
Performance- and other bonuses	132 007	120 006	120 006	120 006
Travel, motor car, accommodation, subsistence and other allowances	553 419	396 116	427 442	897 812
Contributions to UIF, Medical and Pension Funds	42 701	21 877	59 165	1 785
Total	1 497 167	1 322 056	1 375 654	1 379 603

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REMUNERATION OF COUNCILLORS	2017	2016
Mayor	787 061	698 597.00
Deputy Mayor	392 411	369 966.00
Speaker	629 647	613 223.00
Executive Committee Members	2 361 184	2 077 077.00
Councillors' pension and medical aid contributions	264 322	474 009
Councillors' allowances	2 390 073	2 401 135
Total Councillors' Remuneration	6 824 698	6 634 007

In-kind Benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of the Council owned vehicle for official duties. The Mayor has contracted bodyguards and three (3) full time drivers.

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

	Note	2017 R	2016 R
25 DEPRECIATION AND AMORTISATION EXPENSE			
Property, plant and equipment		57 503 815	53 097 602
Intangible assets		168 432	-
Total Depreciation and Amortisation		<u>57 672 246</u>	<u>53 097 602</u>
Depreciation and amortisation expense was incorrectly charged due to the fact that asset categories were not componentised.			
26 REPAIRS AND MAINTENANCE (PPE)			
Repairs and maintenance: Building		205 984	592 707
Repairs and maintenance: Computers		37 372	6 325
Repairs and maintenance: Furniture and equipments		77 857	50 214
Operations and maintenance of water schemes		10 673 319	17 698 663
Refurbishment and maintenance - water schemes		2 339 462	4 581 637
Repairs and maintenance: Vehicles		5 683 689	6 078 989
Total		<u>19 617 684</u>	<u>28 068 536</u>
27 BULK WATER PURIFICATION AND SEWER TREATMENT			
Electricity		35 223 064	29 783 546
Sewerage		3 267 748	3 006 803
Water		46 990 447	36 163 844
Total Bulk Purchases		<u>85 481 259</u>	<u>68 954 292</u>
Prior year adjustment		-	9 355 623
Re-Stated Amount		<u>85 481 259</u>	<u>78 309 915</u>
28 CONTRACTED SERVICES			
Contracted services for:			
Security Services		12 806 588	11 323 771
Meter reading Services		35 424	336 674
Cleaning Service		2 732 532	2 707 586
Internal Audit Services		2 238 205	1 838 901
Restated total		<u>17 812 748</u>	<u>16 206 932</u>
29 GENERAL EXPENSES			
Included in general expenses are the following:-			
Advertising		263 311	133 282
Audit fees		2 180 872	2 287 373
Bank charges		284 128	262 536
Conferences and delegations		56 751	66 767
GIS Operating		4 768	-
Entertainment		323 637	274 377
Fuel and oil		5 563 844	7 011 668
Insurance		438 856	613 440
Membership fees (SALGA)		1 716 898	1 683 311
License fees (Vehicles)		503 949	536 567
License fees - Other		82 006	74 539
Software and Licenses		70 518	-
Postage		17 062	232 369
Printing and stationery		567 339	817 693
Professional fees		15 380 189	15 618 567
Rental of buildings		223 686	182 425
Rental of office equipment		900 173	716 834
Other rentals		1 006 146	164 621
Skills development levies		1 559 196	1 480 912
Stocks and material		199 568	62 471
Telephone cost		2 579 782	2 205 851
Training		969 702	1 304 154
Community & social expenditure		130 294 000	155 616 097
Travel and subsistence		10 188 302	9 807 622
Uniforms & overalls		26 166	972 619
Total		<u>175 380 850</u>	<u>202 136 694</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

	Note	2017 R	2016 R
30 GAIN ON SALE OF ASSETS			
Property, plant and equipment		211 332	83 837
Total		<u>211 332</u>	<u>83 837</u>
31.1 CASH GENERATED BY OPERATIONS			
Surplus for the year		350 594 380	357 801 145
Adjustment for:-			
Depreciation and amortisation		57 672 246	53 097 602
Correction of Prior period error			-
Gain on sale of assets		(211 332)	(83 837)
Contribution to doubtful debt provision (current provision)		9 980 827	
Bad debts written-off		214	
Interest - Investments		(6 096 079)	(3 617 096)
Loss on donated assets			
Proceeds from insurance claim		1 542 899	
Operating surplus before working capital changes:		<u>412 584 155</u>	<u>407 187 814</u>
Working Capital		<u>47 877 803</u>	<u>(26 227 471)</u>
Decrease/(increase) in trade receivables from exchange transactions		(1 074)	(4 095 845)
Increase in other receivables from exchange transactions		(415 475)	(30 644)
Decrease in other receivables from non-exchange transactions		920 693	7 418 251
(Increase)/decrease in Inventory		(777 534)	1 440 479
(Increase)/decrease in prepayments		(634 018)	(162 733)
Decrease/(increase) in VAT receivable		8 912 808	(22 200 058)
Increase in non-current trade receivables from exchange transactions		(4 476 321)	(1 005 349)
Increase/(Decrease) in trade and other payables from exchange transactions		50 173 822	(16 560 475)
Increase in consumer deposits		347 009	4 262
Increase/(Decrease) in current provisions (leave and bonuses)		7 252 418	(4 404 854)
(Decrease)/increase in payables from non-exchange transactions		(13 424 825)	13 372 399
Decrease/(Increase) in non-current liabilities (rental deposits held)		-	(2 905)
Cash generated from operating activities		<u>460 461 758</u>	<u>380 970 343</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

	Note	2017 R	2016 R
31.2 CASH RECEIPTS FROM CONSUMERS, GOVERNMENT AND OTHER			
Total revenue per statement of financial performance		890 766 174	896 439 448
Adjusted for items disclosed separately			
Interest received		(8 095 079)	(3 617 095)
Adjusted for working capital		3 529 075	(22 676 019)
Decrease/(increase) in trade receivables from exchange transactions		(1 078)	(4 095 845)
Increase in other receivables from exchange transactions		(416 476)	(30 644)
Decrease in other receivables from non-exchange transactions		920 693	7 418 251
(Increase)/decrease in inventory		(777 534)	1 440 479
Decrease/(increase) in VAT receivable		8 912 808	(22 200 068)
Increase in non-current trade receivables from exchange transactions		(4 476 321)	(1 005 349)
Increase/(Decrease) in current provisions (leave and bonuses)		-	(4 404 854)
Increase in pre-payments		-634 018.00	
Cash receipts from consumers, government and other		886 200 169	869 944 335
31.3 CASH PAID TO EMPLOYEES, SUPPLIERS AND OTHER			
Total expenses as per statement of financial performance		(541 213 742)	(538 722 141)
Adjusted for non-cash items:		57 672 246	53 067 602
Depreciation		57 672 246	53 067 602
Adjusted for items disclosed separately			
Contribution to employee benefit		219 000.00	
Adjusted for working capital		44 348 525	(3 349 452)
(Increase)/decrease in prepayments		-	(162 733)
Increase/(Decrease) in trade and other payables from exchange transactions		50 173 822	(16 560 475)
Increase in consumer deposits		347 009	4 262
(Decrease)/Increase in payables from non-exchange transactions		(13 424 825)	13 372 399
Increase/(decrease) in non-current liabilities		7 252 418	(2 905)
Decrease/(Increase) in non-current liabilities (rental deposits held)			
Cash paid to employees, suppliers and other		(438 973 970)	(488 973 990)
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash		6 000	6 000
Cash at bank/Bank overdrafts		7 430 356	(33 437 872)
Net cash and cash equivalents (net of bank overdrafts)		7 436 356	(33 431 872)
32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT			
32.1 Contributions to organised local government (SALGA)			
Opening balance			
Membership Fees		1 716 898	1 683 911
Amount paid - current		(1 716 898)	(1 683 911)
Amount paid - previous years			
Balance unpaid (included in payables)		-	-

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

	Note	2017 R	2016 R
32.2	Audit fees		
	Opening balance		
	Current year audit fee	2 180 872	2 287 373
	Amount paid - current year	(2 180 872)	(2 287 373)
	Balance unpaid (included in payables)	-	-
32.3	PAYE and UIF		
	Opening balance	-	-
	Current year payroll deductions	22 610 481	21 361 236
	Amount paid - current year	(22 610 481)	(21 361 236)
	Balance unpaid (included in payables)	-	-
32.4	Medical and Pension Contributions		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	35 759 220	11 270 703
	Amount paid - current year	(35 759 220)	(11 270 703)
	Balance unpaid (included in payables)	-	-
32.5	The following Councillors had arrear accounts outstanding as at 30 June 2017:	Outstanding less than 90 days	Outstanding more than 90 days
	as at 30 June 2017		R
	Cllr B J Mncwango	714	-
	Total Councillor Arrear Consumer Accounts	714	-
	as at 30 June 2016		
	Cllr PATN Buthelezi	251	1 974
	Cllr B J Mncwango	165	3 122
	Cllr I A T Mbalha	-	160
	Cllr T K Mkhize	282	1 460
	Cllr K E Nxumalo	95	1 019
	Total Councillor Arrear Consumer Accounts	803	7 734

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

	Note	2017 R	2016 R
32.6	Water losses averaged 9% during the year	3 933 481	2 434 729

Unaccounted for water comprises underground leaks, faulty meters, vandalism, reservoir overflows resulting from either faulty or malfunctioning ball valves. The Non Revenue Water Management Strategy is already in place. The municipality is currently drafting the business plan to source funding for the implementation of the Non Revenue Water Management Strategy.

32.7	Irregular Expenditure		
	Reconciliation of Irregular expenditure		
	Opening balance	11 252 819	302 315
	Irregular expenditure incurred during the year	190 836 232	11 263 168
	Irregular expenditure written-off by council	(17 062 860)	(312 684)
	Irregular expenditure awaiting condonement	185 026 191	11 252 819

Irregular expenditure relates to procurements that were made from companies who have directors or members who are in the service of the state. This was due to the members making misrepresentations on the Municipal Bidding Documentation (MBD 4) forms which are official declarations from National Treasury. Investigations are ongoing and further actions will be taken in accordance with the merits of each case. A legal opinion regarding the action that can be instituted has been obtained. However, the municipality does not have access to the database of government employees and cannot reasonably be expected to know all government employees. As a result, the declarations by members of respective companies are considered adequate. In June 2012 the municipality procured the services of a company that verifies the status of a company or individual before an appointment can be made. This has gone a long way to ensure that companies whose members are in the service of the state are not appointed. At the moment the municipality is utilising Central Supplier Database (CSD) to verify that government employees are not awarded any tender/quote.

Summary of Irregular Expenditure:

Maintenance Officer	4 602 890
General Assistant (A1 & A2)	10 091 545
Acting as CFO	94 783
Local Content	102 685 279
Bid Adjudication	9 473 397
Irregular Expenditure disclosed inclusive of VAT	(44 087)
Competitive Bidding Process	53 865 809
Additional goods evaluated not specified in invitation to quote	108 000
Payments made to Vryheid Office Shop	2 470 417
Invalid deviations (July 2016 to June 2017) MPAC Review	3 339 624
Irregular expenditure identified by IIA report (Creditors & Payments)	746 704
Bid not advertised for the required 30 days	3 401 780
	190 836 232

32.8	Unauthorised expenditure		
	Reconciliation of unauthorised expenditure		
	Opening balance	2 733 609	-
	Unauthorised incurred during the year	-	-
	Unauthorised written-off by council	(2 733 609)	-
	Unauthorised awaiting written-off by Council	-	-

32.9	Fruitless and Wasteful expenditure		
	Reconciliation of fruitless and wasteful expenditure		
	Opening balance	90 017	12 184
	Fruitless and wasteful incurred during the year	483 047	130 739
	Prior year fruitless and wasteful expenditure incurred in the current year	54 000	-
	Fruitless and wasteful written-off by council	(245 335)	(52 906)
	Fruitless and wasteful awaiting to be written-off by Council	381 729	98 017

32.10	Report on Approved Deviations		
	Reconciliation of approved deviations		
	Opening balance	3 469 163	-
	Deviations incurred during the year	10 384 869	21 647 640
	Deviations reported to council	(8 697 697)	(18 178 477)
	Deviations awaiting reporting to council	5 156 335	3 469 163

Compliance with Municipal Supply Chain Management Regulations, paragraph 36.

32.11	Paragraph 17.4 appointments		
	Reconciliation of approved deviations		
	Opening balance	3 936 779	-
	Awarded during the year	-	-
	Reported to council	(3 936 779)	-
	Awards awaiting to be reported to council	-	-

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

33	CAPITAL COMMITMENTS	Notes	2017 R	2016 R
	Commitments in respect of capital expenditure			
	- Approved and contracted for		337 225 107	434 732 968
	Infrastructure		337 225 107	433 502 805
	Community		-	1 230 162
	- Approved but not yet contracted for		7 116 741	7 558 806
	Infrastructure		7 116 741	6 436 416
	Community		-	1 122 390
	Total		344 341 848	442 291 774

The Municipality has entered into various contracts for capital infrastructure projects that are expected to be completed in future. All commitments disclosed are VAT inclusive.

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note	2017	2016
	R	R

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

		2017	2016
34	CORRECTION OF PRIOR PERIOD ERROR	R	R
	These errors relate to misstatements for 2015/2016 (No. 0004) and more prior years (No. 0005), resulting from mathematical mistakes in applying accounting policies. These errors are corrected retrospectively. Some of these errors were due to misapplication of applicable accounting standards.		
	Nature of prior period error		
	Relating to 2015/2016 (0004)		
	Recognition of retention that was held due to termination of contract (JIN E0214)		(23 000)
	Recognition of retention that was held due to termination of contract (JIN E0214)		(366 059)
	Recognition of retention that was held due to termination of contract (JIN E0214)		(341 116)
	Recognition of retention that was held due to termination of contract (JIN E0214)		(717 522)
	Recognition of retention that was held due to termination of contract (JIN E0214)		(768 408)
	Recognition of retention that was held due to termination of contract (JIN E0214)		(926 832)
	Recognition of retention that was held due to termination of contract (JIN E0214)		(86 347)
	Recognition of retention that was held due to termination of contract (JIN E0214)		(535 274)
	Recognition of retention that was held due to termination of contract (JIN E0214)		(88 383)
	Recognition of retention that was held due to termination of contract (JIN E0171)		(176 795)
	Recognition of retention that was held due to termination of contract (JIN E0171)		(191 014)
	Recognition of retention that was held due to termination of contract (JIN E0171)		(318 404)
	Recognition of retention that was held due to termination of contract (JIN E0282)		(5 285 172)
	Recognition of retention that was held due to termination of contract (JIN E0303)		(1 221 695)
	Recognition of unspent grant (JIN E0333)		1 500 000
	Total restatement as at 30 June 2016		<u>(9 546 021)</u>
	Prior period errors		
	Correction of prior period errors		
	Revenue:		
	None		
	Net effect		
	Assets:		
	Property, Plant and Equipment		1 221 695
	Net effect		<u>1 221 695</u>
	Liabilities:		
	Retention		(23 000)
	Retention		(366 059)
	Retention		(341 116)
	Retention		(717 522)
	Retention		(768 408)
	Retention		(926 832)
	Retention		(86 347)
	Retention		(535 274)
	Retention		(88 383)
	Retention		(176 795)
	Other Creditor		(191 014)
	Retention		(318 404)
	Retention		(5 285 172)
	Net effect		<u>(9 824 326)</u>
	Payables from non-exchange transactions		
	Unspent grant		1 500 000
	Provisions		
	Bonus provision		-
	Net effect		<u>-</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

	Note	2017 R	2016 R
Nature of prior period error			
Relating to 2014/2015 and periods back (0005)			
Recognition of retention that was held due to termination of contract (JN E0214)			(91 543)
Recognition of retention that was held due to termination of contract (JN E0214)			(89 456)
Recognition of retention that was held due to termination of contract (JN E0214)			(428 633)
Recognition of retention that was held due to termination of contract (JN E0214)			(263 311)
Recognition of retention that was held due to termination of contract (JN E0214)			(284 305)
Recognition of retention that was held due to termination of contract (JN E0214)			(130 513)
Recognition of retention that was held due to termination of contract (JN E0329)			(2 776 434)
Recognition of retention that was held due to termination of contract (JN E0290)			(1 474 207)
Total restatement as at 30 June 2015			<u>(5 538 402)</u>
Prior period errors			
Correction of prior period errors			
Assets:			
Net effect			<u>-</u>
Liabilities:			
Retention			(91 543)
Retention			(89 456)
Retention			(428 633)
Retention			(263 311)
Retention			(284 305)
Retention			(1 474 207)
Retention			(130 513)
Retention			(2 776 434)
Provision			(9 355 623)
Net effect			<u>(14 894 025)</u>

35 **EMPLOYEE BENEFITS**
Pension Benefits

	2017	2016
Defined Benefit Obligation		
Opening balance	19 560 000	15 733 000
Current Service Cost	1 994 000	1 607 000
Interest cost	2 361 000	1 645 000
Actuarial Gains-change in financial assumptions		(6 000)
Actuarial Loss-experience variance	(4 085 680)	623 000
Benefit payments	(80 320)	(42 000)
	<u>18 779 000</u>	<u>19 568 000</u>

Methodology

GRAP 25 requires that the Projected Unit Credit Method be used to determine the present value of the defined benefit obligation.

Summary of key assumptions used

Summary of economic assumptions are:

Discount rate used	10.19%	11.5%
Healthcare cost inflation used	8.66%	11.0%
Net discount rate used	1.41%	0.45%

Discount rate

In line with GRAP 25 and current market practices, government bond yields are therefore used when setting our best-estimate discount rate assumption. The estimated discount rate of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations. The estimated discount rate was set equal to the yield on the BESA zero-coupon yield curve with a term of 22 years, expected duration of the liability based on the current membership data as at 30 June 2017.

Healthcare cost inflation

In the past, healthcare cost inflation has typically exceeded the Consumer Price Index (CPI) by a margin of 1% to 2%. The Bond Exchange of South Africa fits real yield curve on index-linked bonds. This real yield curve is published together with the BESA yield curve on zero-coupon government bond yields, which is a normal yield curve.

The best estimate inflation assumption is calculated as the difference between the nominal and real yield curves at the point corresponding to the duration of the liability, including a 0.5% inflation risk premium adjustment to make appropriate allowance for the current economic environment. A margin of 2% was added to this value to determine the healthcare cost inflation assumption. The CPI inflation assumption using this methodology is 6.90% as at 30 June 2015. Thus the healthcare cost inflation rate has been set as 8.90% at the valuation date, after allowing for a margin of 2% over CPI inflation.

Net discount rate

The relationship between the gross discount rate and healthcare cost inflation rate is more important than the individual values. The net discount rate is also a highly significant assumption in the respective valuations. The future medical benefits are projected in line with the healthcare cost inflation rate and discounted at the gross discount rate. This is equivalent to discounting the benefits at their current level at the net discount rate.

The net discount rate therefore depends on the relationship between the gross discount rate and the healthcare cost inflation rate respectively. Using the gross discount and healthcare cost inflation rates as shown above, the resulting net discount rate is 0.55% (calculated as $(1 + \text{discount rate}) / (1 + \text{healthcare cost inflation rate}) - 1$) for the 30 June 2015 valuation.

Maximum subsidy cap

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017**

Note 2017 2016
 R R

Members will receive a 60% subsidy of their contributions up to a maximum of the product equivalent to Key Health Medical Scheme's Gold option, per the benefits of the policy provided. For the purpose of the calculations, an assumption has been made that the monthly subsidies are capped at Key Health Medical Scheme's Gold option. Furthermore, the maximum cap has been assumed to increase with Healthcare cost Inflation as determined above.

Employees of the municipality does enjoy post retirement medical benefits and the municipality has a legal or constructive obligation in this regard. The municipality implemented the Post-Retirement Healthcare Subsidy (PRHS) policy effective from 01 July 2014, as a result there was no valuation performed in respect of this membership for the prior reporting period.

38

CONTINGENT LIABILITIES

Contingent liabilities comprises of:

Year - 2017

Claim for damages

The Plaintiff is suing the Municipality out of the High Court for a certain amount. The Municipality is defending the matter awaiting for the trial date.

1 012 069

Claim for damages

The Municipality is being sued by a plaintiff in respect of a balance due for service rendered by the plaintiff for a water supply scheme and tourism hub programme. The municipality is defending the matter and has filed a plea and claim reconvention.

1 666 848

Claim for damages

The Plaintiff is suing the Municipality out of the Magistrate Court for alleged services rendered. The Municipality is defending the matter and has filed a Notice of Intention to defend and plea in order to dispute this matter.

147 808

Final demand for payment of outstanding water use charges

The Department of Water and Sanitation has issued statements to the Zululand District Municipality in terms of National Water Act (NWA) No. 36 of 1998 for raw water abstraction and other related charges. The Municipality has disputed this amount with the Department. As at 30 June 2017 the outstanding amount was R 49 768 689 and R 12 954 280 has been raised as provision against the total disputed amount. Thus the balance of contingent liability is disclosed.

36 814 389

Claim for damages

An Applicant is reviewing an award of a tender in the High Court.

453 000

Total Contingent liabilities - 2017

40 091 123

Year - 2016

Claim for damages

The Municipality is being sued by a plaintiff in respect of a balance due for service rendered by the plaintiff for a water supply scheme and tourism hub programme. The municipality is defending the matter and has filed a plea and claim reconvention.

1 666 848

Claim for damages

The Municipality is being sued by a plaintiff for alleged services rendered. The municipality is defending the claim and has filed a notice of intention to defend or a plea in order to dispute the matter.

147 808

Final demand for payment of outstanding water use charges

The Department of Water and Sanitation has issued Zululand District Municipality a final demand letter for a payment amount in terms of National Water Act no. 36 of 1998. The Department of Water and Sanitation has issued statements to the Zululand District Municipality in terms of National Water Act (NWA) No. 36 of 1998 for raw water abstraction and other related charges. The Municipality has disputed this amount with the Department. As at 30 June 2016 the outstanding amount was R 35 666 327 and R 9 355 623 has been raised as provision against the total disputed amount. Thus the balance of contingent liability is disclosed.

26 310 706

Total Contingent liabilities - 2016

28 125 360

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

		Note	2017 R	2016 R
	Due to the current proceedings of all the above disclosed cases, the Municipality is unable to determine reliably the timing of the expected inflows.			
37	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.			
	The Statement of comparison of Budget and actual amounts has been presented as a separate additional statement on page 8. The budget and actual financial statements are prepared on the accrual basis and covers financial period from 1 July 2016 to 30 June 2017.			
38	CAPITAL RISK MANAGEMENT			
	The capital structure of the municipality consist of accumulated surplus as disclosed in the statement of changes in net assets.			
39	GEARING RATIO			
	The gearing ratio is nil since the municipality does not have long term liabilities.			
40	FINANCIAL RISK MANAGEMENT			
	The Department Financial Services monitors and manages the financial risk relating to the operations through internal policies and procedures. These risk include interest rate and liquidity risk. Compliance with policy and procedures is reviewed by internal auditors on a continuous basis and annual by external auditor. the municipality does not enter into or trade financial instruments for speculative purposes.			
41	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. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputations.			
	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 timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.			
42	BAD DEBTS		2017	2016
	Bad debts		214	1 344 707
	Council has taken a resolution to write off indigent irrecoverable debts.			
43	GOING CONCERN ASSESSMENT			
	The annual financial statements were prepared on a going concern basis, i.e. the assumption that the Municipality will continue to operate as a going concern for at least the next 12 months. No material uncertainties related to events or conditions that may cast significant doubt upon the Municipality's ability to continue as going concern. Management assessment is based on the underlying indicators:			
	a. The municipality is operating at a net asset position.			
	b. There are no fixed term borrowings.			
	c. There is no indication of withdrawals of support from creditors.			
	d. The Municipality is not operating at an overdraft facility.			
	e. The current ratio (CA/CL) is 0.35:1. However included in this calculation is retention of R 47 919 868 which is dependent on the future grant receipts and R 53 317 478 creditors at year-end. This retention does not have to be cash backed. Norm ratio is 2:1.			
	f. The municipality has resulted to surplus for the current financial year and there is no significant deterioration in the value of assets used to generate cash flows.			
	g. The municipality is still able to pay its creditors as they become due.			
	h. National Sphere of Government will continue to allocate equitable share of national revenue and other Division of Revenue Act grants to municipalities.			
	i. There is no loss of key Management without replacement.			
	j. There is no labour difficulties that will render the Municipality dysfunctional.			
	k. All conditional grants requirements are met.			
	l. There are no material pending legal claims that may render municipality dysfunctional.			
	m. There are no legal changes in law or regulation or government policy that may result in the liquidation of the municipality.			
	n. Department of Water and Sanitation has listed the municipality as a defaulting municipality for raw water abstraction charges. The amount has been disclosed as contingent liability on a basis that the municipality is being charged 100% of the abstraction fees where as some of the water is delivered as free water in the rural areas. The municipality has scheduled a meeting with the Department of Water and Sanitation on 04 December 2017 where this matter will be disputed should this not be resolved MFMA section 44 will be invoked for National Treasury to mediate. 99% of this amount is for one (1) scheme at Uundl of which the amount is under dispute as at this point in time.			
44	AWARDS TO CLOSE FAMILY MEMBERS OF PERSON IN THE SERVICE OF THE STATE		2017	2016
	Name	Position		
	Employee Number 371	Technician (Technical Department)	3 206 723	8 523 597
	Employee Number 524	Deputy Director: Technical Services	136 271	-
	Employee Number 498	Visual Art & Design Facilitator	55 000	-
			<u>3 397 993</u>	<u>8 523 597</u>
	The above disclosure relates to the spouses of directors/members of companies that have received various awards during the current year. These officials have all necessary disclosure on Disclosure of Benefit Form as required Schedule 2 of the Municipal Systems Act (MSA). The officials are working for other departments other than SCM and have no influence in taking decision for making award.			
45	Proceeds from insurance claims		<u>1 542 895</u>	-
46	Loss from donated assets		<u>712 284</u>	-

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017

Note	2017 R	2016 R
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**ZULULAND DISTRICT MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2017**

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June -1	Received during the period	Redeemed written off during the period
			R	R	R
Total long-term loans			-	-	-
			-	-	-
TOTAL EXTERNAL LOANS			-	-	-

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2017

	Cost / Revaluation							Accumulated Depreciation					Int leas Impa
	Opening Balance R'000	Correction of Error	Other adjustment	Additions R'000	Disposals R'000	Under Construction R'000	Closing Balance R'000	Opening Balance R'000	Correction of Error	Other adjustment	Depreciation R'000	Disposals R'000	
Land	470 000,00	-	-	-	-	-	470 000,00	-	-	-	-	-	-
Land	470 000,00	-	-	-	-	-	470 000,00	-	-	-	-	-	-
Buildings	45 445 582,20	-	-	-	-	-	45 445 582,20	(12 274 686,04)	-	-	(1 273 886,55)	-	-
Infrastructure													
Water & Sewerage Inst	980 224 188,86	-	-	-	(1 273,53)	-	980 222 915,33	(180 750 705,40)	-	-	(24 102 000,97)	-	596,33
Water & Sewerage Pipes	939 169 870,04	-	-	-	-	-	939 169 870,04	(103 864 790,36)	-	(1 699 747,86)	(24 281 585,22)	-	2 821 441,65
	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 899 394 058,00	-	-	-	(1 273,53)	-	1 899 392 785,37	(284 615 485,75)	-	(1 699 747,86)	(48 383 586,19)	-	2 822 037,98
Capital Work in Progress													
Capital Work in Progress	898 543 555,13	-	-	-	-	412 748 211,85	1 311 289 766,78	-	-	-	-	-	-
	898 543 555,13	-	-	-	-	412 748 211,85	1 311 289 766,78	-	-	-	-	-	-
Community Assets													
Recreation Grounds	14 933 380,00	-	-	-	-	-	14 933 380,00	(2 923 779,77)	-	-	(871 026,46)	-	-
	14 933 380,00	-	-	-	-	-	14 933 380,00	(2 923 779,77)	-	-	(871 026,46)	-	-
Total carried forward	2 858 786 586,23	-	-	-	(1 273,53)	412 748 211,85	3 271 531 624,35	(299 613 973,56)	-	(1 699 747,86)	(50 628 989,20)	-	2 822 037,98

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2017

	Cost / Revaluation							Accumulated Depreciation				Im loss/	
	Opening Balance	Correction of Error	Other adjustment	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Correction of Error	Other adjustment	Depreciation		Disposals
	R'000			R'000	R'000	R'000	R'000	R'000			R'000		R'000
Total brought forward	2 858 786 586.23	-	-	-	(1 273.53)	412 748 211.65	3 271 631 624.35	(299 813 973.56)	-	(1 699 747.86)	(50 626 588.20)	-	2 922 037.98
Other Assets													
Office Equipment	958 725.85	-	-	119 000.00	(20 185.00)	-	1 057 560.65	(1 643 597.85)	-	-	(197 740.19)	-	16 509.55
Furniture & Fixings	1 749 896.81	-	-	18 148.24	-	-	1 768 143.15	(836 036.02)	-	-	(228 191.42)	-	-
Emergency Equipment	153 745.60	-	-	-	-	-	153 745.60	(133 111.60)	-	-	(14 498.03)	-	-
Motor vehicles	45 680 855.52	-	-	2 285 439.48	(3 509 021.22)	-	44 447 273.76	(27 038 488.11)	-	-	(5 108 041.53)	-	2 982 436.01
Computer Equipment	4 788 036.57	-	-	631 046.95	(580 417.82)	-	4 856 665.70	(3 250 681.94)	-	-	(743 886.45)	-	441 571.60
Other Assets	3 604 495.85	-	-	285 607.89	(163 703.62)	-	3 726 400.12	(2 573 542.43)	-	-	(532 877.83)	-	81 630.67
	56 813 856.10	-	-	3 349 240.54	(4 263 307.66)	-	56 009 788.98	(35 475 467.78)	-	-	(6 875 215.50)	-	3 534 150.03
Finance Lease Assets													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	2 919 790 442.33	-	-	3 349 240.54	(4 254 981.19)	412 748 211.65	3 327 541 313.33	(255 288 441.51)	-	(1 699 747.86)	(67 603 814.70)	-	6 458 188.01
								-425 291.17			-169 431.67		
								(337 414 488)			(57 672 246)		
								336 636 173			57 672 246		(6 456 188)
								1 221 683					

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2016

	COST REVENUE						ACCUMULATED DEPRECIATION					In loss type	
	Opening Balance R'000	Correction of Error	Other Adjustments	Additions R'000	Disposals R'000	Under Construction R'000	Closing Balance R'000	Opening Balance R'000	Correction of Error	Other Adjustments	Depreciation R'000		Correction of error
Land	470 000	-	-	-	-	-	470 000	-	-	-	-	-	-
Land	470 000	-	-	-	-	-	470 000	-	-	-	-	-	-
Buildings	45 445 592	-	-	-	-	-	45 445 592	(11 036 636)	-	-	(1 238 162)	-	-
Infrastructure													
Water & Sewerage Treatment	784 796 101	-	-	107 718	(72)	-	784 813 748	(180 878 791)	-	812 584	(21 908 231)	1 221 684	39
Water & Sewerage Pipes	744 118 416	-	-	-	-	-	744 118 416	(83 145 783)	-	-	(20 719 007)	-	-
	1 528 924 517	-	-	107 718	(72)	-	1 528 932 162	(244 024 574)	-	812 584	(42 625 238)	1 221 684	39
Capital Work In Progress													
Capital Work in Progress	893 005 314	-	-	-	-	376 000 138	1 269 005 452	-	-	-	-	-	-
	893 005 314	-	-	-	-	376 000 138	1 269 005 452	-	-	-	-	-	-
Commonsalty Assets													
Recreation Grounds	14 933 380	-	-	-	-	-	14 933 380	(780 220)	-	-	(2 133 560)	-	-
Community Assets	14 933 380	-	-	-	-	-	14 933 380	(780 220)	-	-	(2 133 560)	-	-
Total carried forward	2 482 678 803	-	-	107 718	(72)	376 000 138	2 858 788 586	(255 851 330)	-	812 584	(48 896 960)	1 221 684	39

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2016

	Cost / Revaluation						Accumulated Depreciation					Im posed Impa	
	Opening Balance	Correction of Error	Other Adjustments	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Correction of Error	Other Adjustments	Depreciation		Disposals
	R'000			R'000	R'000	R'000	R'000	R'000			R'000		R'000
Total brought forward	2 482 878 803	-	-	107 718	(72)	376 000 138	2 858 786 686	(255 851 330)	-	812 584	(45 988 860)	1 221 694	38
Other Assets													
Office Equipment	1 068 122	-	-	-	(108 396)	-	958 726	(582 088)	-	(970 318)	(193 468)	-	103 175
Furniture & Fittings	1 876 797	-	-	88 820	(15 820)	-	1 748 997	(808 485)	-	(13 277)	(228 008)	-	11 735
Emergency Equipment	153 746	-	-	-	-	-	153 746	(119 384)	-	3 074	(18 802)	-	-
Motor vehicles	47 352 397	-	-	-	(1 881 542)	-	45 680 856	(23 451 051)	-	(73 044)	(5 089 872)	-	1 585 578
Trucks engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	5 036 177	-	-	250 245	(548 366)	-	4 738 037	(2 885 888)	-	(104 274)	(802 832)	-	525 214
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	3 802 022	-	-	84 144	(81 670)	-	3 804 496	(1 836 865)	-	(232 890)	(595 158)	-	81 170
	58 888 281	-	-	482 206	(2 457 613)	-	56 913 856	(29 467 472)	-	(1 380 530)	(6 834 333)	-	2 316 873
Total	2 541 588 884	-	-	589 925	(2 457 685)	376 000 138	2 915 700 442	(285 318 802)	-	(577 846)	(52 831 298)	1 221 694	2 316 812

APPENDIX C
ANALYSIS OF HERITAGE ASSETS
as at 30 June 2017

	Cost / Revaluation					Impairment loss/Reversal of impairment loss	Transf
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance		
	R'000	R'000	R'000	R'000	R'000		
Art collection	1 151 452	61 184	-	-	1 212 636	-	
Work in Progress	1 151 452	61 184	-	-	1 212 636	-	
Antiquities	-	-	-	-	-	-	
Stamp collections	-	-	-	-	-	-	
Collections of insects and butterflies	-	-	-	-	-	-	
Collections of fossils	-	-	-	-	-	-	
Collections of rare books or manuscripts	-	-	-	-	-	-	
Collection of rare books	-	-	-	-	-	-	
Manuscripts	-	-	-	-	-	-	
Historical Buildings	-	-	-	-	-	-	
Graves and burial grounds	-	-	-	-	-	-	
Historical Buildings	-	-	-	-	-	-	
Total	1 151 452	61 184	-	-	1 212 636	-	

ANALYSIS OF HERITAGE ASSETS
as at 30 June -1

	Cost / Revaluation					Impairment loss/Reversal of Impairment loss	Trans: R'0
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance		
	R'000	R'000	R'000	R'000	R'000		
Art collection	1 151 452	-	-	-	1 151 452	-	
Work in Progress	1 151 452	-	-	-	1 151 452	-	
Antiquities	-	-	-	-	-	-	
Stamp collections	-	-	-	-	-	-	
Collections of insects and butterflies	-	-	-	-	-	-	
Collections of fossils	-	-	-	-	-	-	
Collections of rare books or manuscripts	-	-	-	-	-	-	
Collection of rare books	-	-	-	-	-	-	
Manuscripts	-	-	-	-	-	-	
Historical Buildings	-	-	-	-	-	-	
Graves and burial grounds	-	-	-	-	-	-	
Historical Buildings	-	-	-	-	-	-	
Total	1 151 452	-	-	-	1 151 452	-	

ZULULAND DISTRICT MUNICIPALITY
APPENDIX D

	Prior Year					Under Construction	Closing Balance	Prior Year			
	Opening Balance	Adjustment	Other Adjustments	Additions	Disposals			Opening Balance	Adjustment	Additions	
	R			R	R	R	R			R	
Executive & Council	45 915 592	-	-	-	-	-	45 915 592	(12 274 698)	-	(1 273	
Finance & Admin	53 156 615	-	-	3 063 633	(4 089 604)	-	52 129 643	(32 768 814)	-	(6 277	
Planning & Development	3 604 496	-	-	285 608	(163 704)	-	3 726 400	(2 573 542)	-	(582	
Community & Social Services	14 933 380	-	-	-	-	-	14 933 380	(2 923 780)	-	(971	
Public Safety	153 746	-	-	-	-	-	153 746	(133 112)	-	(14	
Water	2 797 937 614	-	-	-	(1 274)	412 746 212	3 210 682 552	(284 615 495)	(1 689 748)	(48 383	
Other	-	-	-	-	-	-	-	-	-	-	
Total	2 915 790 442	-	-	3 349 241	(4 254 581)	412 746 212	3 327 641 313	(335 289 441)	-	(1 699 748)	(57 505)

ZULULAND DISTRICT MUNICIPALITY
APPENDIX E
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2017

2 016		2 016		2 016		2017	
Actual Income		Actual Expenditure		Surplus / (Deficit)		Actual Income	
R		R		R		R	
		40 110 812		(40 110 812)	Executive & Council		-
377 014 706		110 282 576		266 732 130	Finance & Admin		357 122 053
2 229 000		14 808 156		(12 579 156)	Planning & Development		2 655 588
1 987 744		39 589 026		(37 601 282)	Community & Social Services		1 987 744
515 291 837		333 931 571		181 360 266	Water & Sanitation		530 008 174
896 523 286		538 722 140		357 801 146			891 773 559

Zukaland District Municipality									
Appendix G									
Statement of comparative and actual information									
Both the Annual Budget and Financial Statements Adopt Actual basis.									
Description	2016/2017								
	Original Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Expenditure	Variance	of Final Budget	as % of Original
	1	2	3	4	5	6	7	8	9
Financial Performance									
Service Charges	19 230 038	1 852 054.15		21 082 092.15	20 335 362.74			96.46	105.75
Transfers recognised - operational	355 019 900	(400 000.00)		354 619 000.00	354 619 000.00			100.00	99.89
Other own revenue	89 795 559	50 367 361.33		140 162 920.33	7 655 419.62			5.46	8.53
Total Revenue	464 044 587	51 819 415.48	-	515 864 012.48	382 609 782.36	-	-	74.17	214.16
Employee costs	153 508 408	8 446 468.53	3 734 675.00	165 689 551.20	169 724 213.40			102.44	110.56
Remuneration of councillors	6 400 963	300 000.00	123 735.00	6 824 698.21	6 824 698.13			100.00	106.62
Bad Debts					214.00				
Depreciation	45 760 607	12 239 393.00		58 000 000.00	57 672 246.37			99.43	126.03
Repairs and Maintenance	32 597 000		(13 134 693.00)	19 462 307.00	19 017 684.37			97.72	58.34
Employee benefits									
Materials and Bulk Purchases	79 865 116	5 000 000.00	565 978.92	85 431 094.92	85 481 259.26			100.06	107.03
Transfers of grants									
Other expenditure	144 212 504	21 012 653.00	13 238 399.00	178 463 556.66	202 274 425.62			113.34	140.26
Total Expenditure	462 344 598	48 998 514.53	4 528 094.92	513 871 206.89	540 994 741.15	-	-	-	-
Surplus / (Deficit)	1 699 989	4 820 900.95	(4 528 094.92)	1 992 805.49	(158 384 958.79)	-	-	-	-
Transfers Recognised- capital	437 625 000	70 531 390.93		508 156 390.93	508 156 391.38				116.12
Contributions Recognised									
Surplus/Deficit after capital transfers	439 324 999	75 352 291.88	(4 528 094.92)	510 149 196.42	349 771 433	-	-	-	-
Capital Expenditure	439 325 000	75 352 292		514 677 292	508 156 391.38			98.73	115.67
Transfers recognised- capital	437 625 000	70 531 390.93		508 156 391	508 156 391.38			100.00	116.12
Public contributions									
Borrowings									
Internally Generated funds	1 700 000.00	4 820 901.00		6 520 901	3 933 131.00			60.32	231.36
Total Sources of capital funds	439 325 000.00	75 352 291.93	-	514 677 291.93	512 089 522.38	-	-	99.50	116.56