



uMGUNGUNDLOVU

U M A S I P A L A W E S I F U N D A

D I S T R I C T M U N I C I P A L I T Y

D I S T R I K M U N I S I P A L I T E I T

UMGUNGUNDLOVU DISTRICT MUNICIPALITY
Consolidated Annual Financial Statements
for the year ended June 30, 2018

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

(Registration number DC 22)

Consolidated Annual Financial Statements for the year ended June 30, 2018

General Information

Executive Committee

Mayor TE Maphumulo (ANC)

Deputy Mayor TR Zungu (ANC)

MS Bond (DA)

GM Ngube (ANC)

DS Mkhize (ANC)

B A Mchunu (ANC)

BC Nhlabathi (DA)

BE Zuma (IFP)

M Dladla (ANC)

D Phungula (ANC)

Other councillors

MK Dlamini (ANC)

N V Duze (ANC)

AS Dlamini (ANC)

SW Dlamini (ANC)

SC Gwala (ANC)

TA Hlatshwayo (DA)

JE Holmes (DA)

R Jugmohan (DA)

B Khumalo (ANC)

SJ Luthuli (ANC)

NC Mabhida (ANC)

LL Madlala (ANC)

BK Mkhize (IFP)

K Mkhize (ANC)

M Mthethwa(ANC)

MJ Mkhize (ANC)

S Mkhize (ANC)

N Phoswa (ANC)

S Gabela (ANC)

NZ Ndlovu (ANC)

KCS Nene (ANC)

MD Njokwe (ANC)

LC Ngcobo (ANC)

GH Ngcobo (ANC)

B Ngcongo (ANC)

SD Nkuna (ANC)

MV Ntshangase (ANC)

RB Strachan (DA)

BC Sokhela (IFP)

R Soobiah (ANC)

E Xaba (DA)

HM Zondi (ANC)

N Zondo (ANC)

Grading of local authority Grade 5

WHIP DA Ndlela (ANC)

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

(Registration number DC 22)

Consolidated Annual Financial Statements for the year ended June 30, 2018

General Information

SPEAKER ME Dladla (ANC)

MANAGEMENT Municipal Manager- DR. RM Ngcobo

Executive Manager - Financial Services - SD Ncube- Dlamini

Executive Manager - Corporate Services - GH Bhengu (Appointed from 1 May 2017, Resigned 22 June 2018)

Acting Executive Manager - Corporate Services - WMS Sibiya

(Appointed 01 July 2018)

Executive Manager - Technical Services - EB Mbambo

Executive Manager - Community Services - RM Baloyi (Medical Boarded 30 June 2018)

Registered office 242 Langalibalele Street

Pietermaritzburg

3201

Postal address P O Box 3235

Pietermaritzburg

3200

Bankers First National Bank

Auditors Auditor General

Registered Auditors

Website www.umd.gov.za

Other Information Telephone: 033 897 6700 Fax : 033 342 5502

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

(Registration number DC 22)

Consolidated Annual Financial Statements for the year ended June 30, 2018

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The reports and statements set out below comprise the Consolidated Annual Financial Statements presented to the provincial legislature:

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COVID Compensation for Occupational Injuries and Diseases

CRR Capital Replacement Reserve

DBSA Development Bank of South Africa

SA GAAP South African Statements of Generally Accepted Accounting Practice

GRAP Generally Recognised Accounting Practice

GAMAP Generally Accepted Municipal Accounting Practice

HDF Housing Development Fund

IAS International Accounting Standards

IMFO Institute of Municipal Finance Officers

IPSAS International Public Sector Accounting Standards

ME's Municipal Entities

MEC Member of the Executive Council

MFMA Municipal Finance Management Act

MIG Municipal Infrastructure Grant (Previously CMIP)

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

(Registration number DC 22)

Consolidated Annual Financial Statements for the year ended June 30, 2018

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2019 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 55, which have been prepared on the going concern basis, were approved by the accounting officer on August 31, 2018 and were signed on its behalf by:

Accounting Officer

Designation

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

(Registration number DC 22)

Consolidated Annual Financial Statements for the year ended June 30, 2018

Accounting Officer's Report

1. Ratio Analysis

•**Liquidity Ratio** - 2.21:1 (2.02:1)

The Municipality has enough short term assets to finance short term liabilities.

•**Solvency Ratio** - 4.22:1 (4.13:1).

Assets are over 5 times the liabilities , the Municipality will be able to meet all its short and long term obligations.

•**Cash Ratio** - 2.21:1 (0.65:1).

There is sufficient cash to pay short term liabilities.

2.Going concern

We draw attention to the fact that at June 30, 2018, the municipality had a consolidated accumulated surplus of R 1,058,735,305 and that the municipality's total liabilities exceed its assets by R 1,093,325,491

The Consolidated Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern.

This basis presumes that funds will be available to finance future operations and that the realisation of assets and

settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of

these is that the accounting officer continue to procure funding for the ongoing operations for the municipality .

3.Establishment of the development agency

The district established a wholly owned by the district development agency. The agency was operating for the 2017 /2018 financial year.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY
(Registration number DC 22)
Consolidated Annual Financial Statements for the year ended June 30, 2018

Statement of Financial Position as at June 30, 2018

	Note(s)	Group		Municipality		
		2018 R	2017 R	2018 R	2017 R	
Assets						
Current Assets						
Cash and cash equivalents	32.20	2	49 625 869	94 043 319	49 365 759	94 043 319
Consumer debtors	31.20.2	3	120 379 671	144 287 661	120 379 671	144 287 661
	0					
Receivables from exchange transactions	31.20	4	11 204 706	15 822 453	11 204 706	15 822 453
Inventories	30.20	5	2 063 978	2 472 384	2 063 978	2 472 384
			183 274 224	256 625 817	183 014 114	256 625 817
Non-Current Assets						
Property, plant and equipment	20.20	6	1 339 624 756	1 254 532 597	1 339 271 905	1 254 532 597
Intangible assets	23.22	7	2 158 619	767 391	1 567 031	767 391
			1 341 783 375	1 255 299 988	1 340 838 936	1 255 299 988
			1 525 057 599	1 511 925 805	1 523 853 050	1 511 925 805
Total Assets						
Liabilities						
Current Liabilities						
Payables from exchange transactions	51.20	8	117 158 646	121 672 052	116 142 811	121 672 052
Other financial liabilities	41.27-	9	13 040 563	8 634 097	13 040 563	8 634 097
	28					
Consumer deposits	51.10.2	10	6 183 311	5 907 544	6 183 311	5 907 544
	0					
Provisions	52.20	11	31 130 001	31 809 986	31 130 001	31 809 986
Unspent conditional grants and receipts	43.20	12	72 183 742	53 721 103	72 183 742	53 721 103
VAT payable	51.20	13	23 333 113	7 254 496	23 333 113	7 254 496
			263 029 376	228 999 278	262 013 541	228 999 278
Non-Current Liabilities						
Other financial liabilities	41.27-	9	213 295 553	210 699 839	213 295 553	210 699 839
	28					
			476 324 929	439 699 117	475 309 094	439 699 117
			1 048 732 670	1 072 226 688	1 048 543 956	1 072 226 688
Net Assets						
Reserves						
Revaluation reserve	40.22	14	24 064 477	24 064 477	24 064 477	24 064 477
Accumulated surplus	40.24		1 024 668 193	1 048 162 211	1 024 479 479	1 048 162 211
			1 048 732 670	1 072 226 688	1 048 543 956	1 072 226 688
Total Net Assets						

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

(Registration number DC 22)

Consolidated Annual Financial Statements for the year ended June 30, 2018

Statement of Financial Performance

	Note(s)	Group		Municipality	
		2018	2017	2018	2017
		R	R	R	R
Revenue					
Revenue from exchange transactions					
Service charges	15	177 003 208	124 228 853	177 003 208	124 228 853
Rental of facilities and equipment		246 483	205 215	246 483	205 215
Interest received from customers late payments		30 067 834	23 308 202	30 067 834	23 308 202
Recoveries		918 165	-	918 165 -	
Other income	16	7 923 097	11 040 889	7 923 097	11 040 889
Interest received - investment	17	3 833 698	15 432 321	3 801 783	15 432 321
Total revenue from exchange transactions		219 992 485	174 215 480	219 960 570	174 215 480
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	18	573 478 639	608 077 666	573 478 639	608 077 666
Fines, Penalties and Forfeits	19	1 995 781 -	-	1 995 781 -	-
Other transfer revenue		4 122 744 -	-	4 122 744 -	-
Transfers from controlling entity		-	-	-	-
Total revenue from non-exchange transactions		579 597 164	608 077 666	579 597 164	608 077 666
Total revenue	20	799 589 649	782 293 146	799 557 734	782 293 146
Expenditure					
Employee related costs	21	-208 045 297	-198 158 827	(206 407 522)	(198 158 827)
Remuneration of councillors	22	-10 347 456	-10 239 416	(10 347 456)	(10 239 416)
Administration	23	-	-7 107 273 -	-	(7 107 273)
Depreciation and amortisation	24	-43 909 026	-61 564 307	(43 830 234)	(61 564 307)
Finance costs	25	-35 320 936	-19 737 550	(35 320 936)	(19 737 550)
Lease rentals on operating lease	26	-113 277	-1 778 490 -	-	(1 778 490)
Debt Impairment	27	-139 701 691	-61 029 639	(139 701 691)	(61 029 639)
Bulk purchases	28	-132 382 728	-121 186 282	(132 382 728)	(121 186 282)
Contracted services	29	-192 694 774	-142 306 896	(190 408 340)	(142 306 896)
General Expenses	30	-63 323 887	-105 606 638	(67 596 962)	(105 606 638)
Total expenditure		(825 839 072)	(728 715 318)	(825 995 869)	(728 715 318)
Operating (deficit) surplus		(26 249 423)	53 577 828	(26 438 135)	53 577 828
Loss on disposal of assets and liabilities	-	-	-16 683 542 -	-	(16 683 542)
Actuarial gains/losses		2 755 498 -	-	2 755 498 -	-
		2 755 498	-16 683 542	2 755 498	-16 683 542
(Deficit) surplus for the year		-23 493 925	36 894 286	-23 682 637	36 894 286

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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Statement of Changes in Net Assets

	Group		
	Revaluation reserve R	Accumulated surplus R	Total net assets R
Balance at July 01, 2016	24 064 477	1 249 848 095	1 273 912 572
Changes in net assets	-	-	-
Revenue incorrectly recognised in the prior periods		-220 401 928	-220 401 928
Depreciation on Plant, Property and Equipment not previously recognised		-47 701	-47 701
Restated balance at 01 July 2016		1 029 398 466	1 029 398 466
Surplus for the year		18 763 650	18 763 650
Total changes	-	18 763 650	18 763 650
Balance at July 01, 2017	24 064 477	1 048 162 116	1 072 226 593
Changes in net assets			
Changes in Accumulated Surplus	0	-	0
Net income (losses) recognised directly in net assets	0	-	0
Surplus for the year	-	(23 493 925)	(23 493 925)
Total recognised income and expenses for the year	0	(23 493 925)	(23 493 925)
Total changes	0	(23 493 925)	(23 493 925)
Balance at June 30, 2018	24 064 477	1 024 668 193	1 048 732 670
Note(s)	14		

	Municipality		
	Revaluation reserve R	Accumulated surplus R	Total net assets R
Balance at July 01, 2016	24 064 477	1 249 848 095	1 273 912 572
Changes in net assets			
Revenue incorrectly recognised in the prior periods		-220 401 928	-220 401 928
Restated balance at 01 July 2016		1 029 398 466	1 029 398 466
Surplus for the year	-	18 763 650	18 763 650
Total changes	-	-	-
Balance at July 01, 2017	24 064 477	1 048 162 116	1 072 226 593
Changes in net assets			
Net income (losses) recognised directly in net assets		-	
Surplus for the year	-	(23 682 637)	(23 682 637)
Total recognised income and expenses for the year		(23 682 637)	(23 682 637)
Total changes		(23 682 637)	(23 682 637)
Balance at June 30, 2018	24 064 477	1 024 479 479	1 048 543 956
Note(s)	14		

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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Cash Flow Statement

	Note(s)	Group		Municipality	
		2018 R	2017 R	2018 R	2017 R
Cash flows from operating activities Receipts					
Sale of goods and services		107 441 986	91 197 685	107 441 986	91 197 685
Grants		589 516 395	626 640 041	584 952 000	626 640 041
Interest income		4 335 959	16 239 316	4 335 959	16 239 316
		701 294 340	734 077 042	696 729 945	734 077 042
Payments					
Employee costs		-218 686 919	-208 398 243	(216 754 978)	(208 398 243)
Suppliers		-345 705 329	-113 615 892	(344 468 904)	(113 615 892)
Finance costs		-23 599 808	-22 862 781	(23 599 808)	(22 862 781)
Other payments		-144 604	-273 393 636	0	(273 393 636)
		-588 136 660	-618 270 552	-584 823 690	-618 270 552
Net cash flows from operating activities	33	113 157 680	115 806 490	111 906 255	115 806 490
Cash flows from investing activities					
Purchase of property, plant and equipment	6	-130 187 690	-299 133 435	(129 809 828)	(299 133 435)
Purchase of other intangible assets	7	-2 706 542	-1 717 849	(2 061 173)	(1 717 849)
Other movement in property plant and equipment		0	85 151 338		85 151 338
Net cash flows from investing activities		-132 894 232	-215 699 946	-131 871 001	-215 699 946
Cash flows from financing activities					
Proceeds from other financial liabilities	-		99 683 000		99 683 000
Repayment of other financial liabilities		-8 634 097	-61 714 873	-8 634 097	(61 714 873)
Movement in VAT payable		-16 078 617	-22 542 614	(16 078 617)	(22 542 614)
Interest income		31 915			
Net cash flows from financing activities		-24 680 799	15 425 513	-24 712 714	15 425 513
Net increase/(decrease) in cash and cash equivalents		-44 417 351	-84 467 943	-44 677 460	-84 467 943
Cash and cash equivalents at the beginning of the year		94 043 319	178 511 262	94 043 319	178 511 262
Cash and cash equivalents at the end of the year	2	49 625 968	94 043 319	49 365 859	94 043 319

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

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Statement of Comparison of Budget and Actual Amounts

Statement of Financial Performance Revenue	Group					Reference
	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	
	R	R	R	R	R	
Revenue from exchange transactions						
Service charges	228 996 259	-32 608 307	196 387 952	177 003 208	19 384 744	
Rental of facilities and equipment	250 000	-	250 000	246 483	3 517	
Interest earned - external investments	12 000 000	-8 031 915	3 968 085	3 833 698	134 387	
Recoveries	-	-	0	918 165	-918 165	
Other revenue	14 900 060	2 700 000	17 600 060	7 923 097	9 676 963	
Total revenue from exchange transactions	256 146 319	(37 940 222)	218 206 097	189 924 651	28 281 446	
Revenue from non- exchange transactions						
Taxation revenue						
Interest earned - outstanding debtors	5 000 000	-	5 000 000	30 067 834	-25 067 834	
Transfer revenue						
Transfers and subsidies (Operational and capital)	462 884 000	6 977 764	469 861 764	582 165 775	-112 304 011	
Fines, Penalties and	-	-	0	1 995 781	-1 995 781	
Total revenue from non- exchange transactions	467 884 000	6 977 764	474 861 764	614 229 390	(139 367 626)	
Total revenue	724 030 319	(30 962 458)	693 067 861	804 154 041	(111 086 180)	
Expenditure						
Personnel	-228 193 848	5 640 548	(222 553 300)	-207 020 976	15 532 324	
Remuneration of councillors	-11 085 909	-2 025 986	(13 111 895)	-11 371 777	1 740 118	
Debt Impairment	-78 997 680	0	(78 997 680)	-139 701 691	(60 704 011)	
Depreciation and amortisation	-46 713 431	9 969 656	(36 743 775)	-43 909 026	(7 165 251)	
Finance costs	-23 019 000	-400 000	(23 419 000)	-35 320 936	(11 901 936)	
Bulk purchases	-111 033 989	-10 228 790	(121 262 779)	-132 382 728	(11 119 949)	
Contracted Services	-168 080 549	-31 980 282	(200 060 831)	-192 694 774	7 366 057	
General Expenses	-71 226 496	-10 504 142	(81 730 638)	-67 457 220	14 273 418	
Lease on operating rentals	0	0	0	113 277	113 277	
Total expenditure	-738 350 902	-39 528 996	-777 879 898	-829 745 851	-51 865 953	
Operating surplus	(14 320 583)	(70 491 454)	(84 812 037)	(25 591 810)	(162 952 133)	
Actuarial gains/losses	0	1 227 811	1 227 811	2 755 498	1 527 687	
Surplus before taxation	(14 320 583)	(69 263 643)	(83 584 226)	(22 836 312)	(161 424 446)	

Municipality						
Statement of Financial Performance						
Revenue	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Revenue from exchange transactions						
Service charges	228 996 259	-32 608 307	196 387 952	177 003 208	19 384 744	
Rental of facilities and equipment	250 000	-	250 000	246 483	3 517	
Interest earned - external investments	12 000 000	-8 000 000	4 000 000	3 801 783	198 217	
Other revenue	14 900 060	2 700 000	17 600 060	7 923 097	9 676 963	
Recoveries	-	-	-	918 165	(918 165)	
Total revenue from exchange transactions	256 146 319	(37 908 307)	218 238 012	189 892 736	28 345 276	
Revenue from non-exchange transactions						
Taxation revenue						
Interest earned - outstanding debtors	5 000 000	-	5 000 000	30 067 834	(25 067 834)	
Rent on Land						
Transfer revenue						
Transfers and subsidies (Operational and capital)	462 884 000	2 413 369	465 297 369	577 601 383	(75 353 459)	
Fines, Penalties and Forfeits	-	-	-	1 995 781	(1 995 781)	
Total revenue from non-exchange transactions	467 884 000	2 413 369	470 297 369	609 664 998	(102 417 074)	
Total revenue	724 030 319	(35 494 938)	688 535 381	799 557 734	(74 071 798)	
Expenditure						
Personnel	(228 193 848)	6 646 387	(221 547 461)	(206 407 522)	15 139 939	
Remuneration of councillors	(11 085 909)	(1 180 521)	(12 266 430)	(10 347 456)	1 918 974	
Administration	(78 997 680)		(78 997 680)	(139 701 691)	(60 704 011)	
Depreciation and amortisation	(46 713 431)	10 000 000	(36 713 431)	(43 830 234)	(7 116 803)	
Finance costs	(23 019 000)	(400 000)	(23 419 000)	(35 320 936)	(11 901 936)	
Bulk purchases	(111 033 989)	(10 200 000)	(121 233 989)	(132 382 728)	(11 148 739)	
Contracted Services	(168 080 549)	(30 698 523)	(198 779 072)	(190 408 340)	8 370 732	
Other expenditure	(71 226 496)	(10 327 107)	(81 553 603)	(67 596 962)	13 956 641	
Total expenditure	(738 350 902)	(36 159 764)	-774 510 666	-825 995 869	-51 485 203	
Operating surplus	(14 320 583)	(71 654 702)	(85 975 285)	(26 438 135)	59 537 150	
Actuarial gains/losses	-	-	-	2 755 498	2 755 498	
Deficit before taxation	(14 320 583)	(71 654 702)	(85 975 285)	(23 682 637)	62 292 648	
Actual Amount on Comparable Basis as presented in the Budget and Actual Comparative Statement	(14 320 583)	(71 654 702)	(85 975 285)	(23 682 637)	62 292 648	

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Group												
	Original Budget	Budget adjustments i.t.o s28 and s31 of the MFMA	Final adjustments budget	Shifting of funds (i.t.o s31 of the MFMA)	Virement (i.t.o Council approved policy)	Final budget	Actual Outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	
2018												
Service charges	(228 996 259)	32 608 307	(196 387 952)			(196 387 952)	177 003 208		373 391 160	-90%	-77%	
Investment revenue	(12 000 000)	8 032 648	(3 967 352)			(3 967 352)	3 833 698		7 801 050	-97%	-32%	
Transfers recognised - operational	(462 884 000)	(2 413 369)	(465 297 369)			(465 297 369)	430 313 750		895 611 119	-92%	-93%	
Other own revenue	(20 150 000)	2 700 000	(17 450 000)			(17 450 000)	48 029 602		65 479 602	-275%	-238%	
Total revenue (excluding capital transfers and contributions)	(724 030 259)	40 927 586	(683 102 673)			(683 102 673)	659 180 258	0	1 342 282 931		-96%	-91%
Employee costs	228 193 896	(5 640 161)	222 553 735			222 553 735	-208 339 464		-430 893 199	-94%	-91%	
Remuneration of councillors	11 085 909	2 025 986	13 111 895			13 111 895	-10 347 456		-23 459 351	-79%	-93%	
Debt impairment	-	-	0			0	-139 701 691		-139 701 691	100%	100%	
Depreciation and asset impairment	46 713 431	(9 969 656)	36 743 775			36 743 775	-39 013 598		-75 757 373	-106%	-84%	
Finance charges	23 019 000	400 000	23 419 000			23 419 000	-35 320 936		-58 739 936	-151%	-153%	
Materials and bulk purchases	111 033 989	10 228 790	121 262 779			121 262 779	-132 382 728		-253 645 507	-109%	-119%	
Other expenditure	318 304 725	41 025 630	359 330 355			359 330 355	-258 293 063		-617 623 418	-72%	-81%	
Lease on Operating Expense			0			0	-131 042		-131 042	100%	100%	
Contracted Expenses	0	1 281 759	1 281 759			1 281 759	-1 964 818		-3 246 577	-153%	100%	
General Expenses	0	177 035	177 035			177 035	-156 853		-333 888	-89%	100%	
Total expenditure	738 350 950	39 529 383	777 880 333			777 880 333	-825 651 649		-1 603 531 982	-106%	-112%	
Surplus/(Deficit)	14 320 691	80 456 969	94 777 660			94 777 660	-166 471 391		-261 249 051	-176%	-1162%	
Transfers recognised - capital	-166 766 000.00	77 000 000.00	-159 066 000.00			-159 066 000.00	106 214 334.00		265 280 334.00	-67%	-64%	
Surplus (Deficit) after capital transfers and Surplus/(Deficit) for the year	-152 445 309.00	84 755 089.00	-67 690 220.00			-64 288 340.00	-60 257 057.00		4 031 283.00	94%	40%	
	-152 445 309.00	84 755 089.00	-67 690 220.00			-64 288 340.00	-60 257 057.00		4 031 283.00	94%	40%	

Municipality												
	Original Budget	Budget adjustments i.t.o s28 and s31 of the MFMA	Final adjustments budget	Shifting of funds (i.t.o s31 of the MFMA)	Virement (i.t.o Council approved policy)	Final budget	Actual Outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	
Financial Performance												
Service charges	228 996 259	-32 608 307	196 387 952			196 387 952	177 003 208		19 384 744	90%	77%	
Rental of facilities and equipment	250 000		250 000			250 000	246 483		3 517	99%	99%	
Investment revenue	12 000 000	-8 000 000	4 000 000			4 000 000	3 801 783		198 217	95%	32%	
Other revenue	14 900 060	2 700 000	17 600 060			17 600 600	7 923 097		9 676 963	45%	53%	
Recoveries							918 165		-918 165	100%	100%	
Interest earned - outstanding debtors	5 000 000		5 000 000			5 000 000	30 067 834		-25 067 834	601%	601%	
Transfers and subsidies (Operational and capital)	462 884 000	2 413 369	465 297 369			465 297 369	577 601 383		-75 353 459	124%	125%	
Fines, penalties and forfeits							1 995 781		-1 995 781	100%	100%	
Total revenue (excluding capital transfers and contributions)	724 030 319	(35 494 938)	688 535 381			688 535 921	799 557 734		(74 071 798)		116%	110%
Employee costs	-228 193 848	6 646 387	-221 547 461			(221 547 461)	-206 407 522		15 139 939	93%	90%	
Remuneration of councillors	-11 085 909	-1 180 521	-12 266 430			(12 266 430)	-10 347 456		1 918 974	84%	93%	
Administration	-78997680	-	-78 997 680			(78 997 680)	-139 701 691		-60 704 011	177%	177%	
Depreciation and asset impairment	-46 713 431	10 000 000	-36 713 431			(36 713 431)	-43 830 234		-7 116 803	119%	94%	
Finance charges	-23 019 000	-400 000	-23 419 000			(23 419 000)	-35 320 936		-11 901 936	151%	153%	
Bulk Purchases	-111 033 989	-10 200 000	-121 233 989			(121 233 989)	-132 382 728		-11 148 739	109%	119%	
Contracted services	-168 080 549	-30 698 523	-198 779 072			(198 779 072)	-190 408 340		8 370 732	96%	113%	
Other expenditure	-71 226 496	-10 327 107	-81 553 603			(81 553 603)	-67 596 962		13 956 641	83%	95%	
Total expenditure	(738 350 902)	(36 159 764)	(774 510 666)			(774 510 666)	(825 995 869)		(51 485 203)	107%	112%	
Surplus/(Deficit)	(14 320 583)	(71 654 702)	(85 975 285)			(85 975 285)	(26 438 135)		(125 557 001)	31%	185%	
Actual gains and losses							2 755 498		-2 755 498	100%	100%	
Surplus before taxation	(14 320 583)	(71 654 702)	(85 975 285)			(85 975 285)	(23 682 637)		62 292 648	28%	165%	
Surplus/(Deficit) for the year	(14 320 583)	(71 654 702)	(85 975 285)			(85 975 285)	(23 682 637)		62 292 648	28%	165%	

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

(Registration number DC 22)

Consolidated Annual Financial Statements for the year ended June 30, 2018

Notes to the Consolidated Annual Financial Statements

Figures In Rands	Group		Municipality	
	2018 R	2017 R	2018 R	2017 R
2. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	8 555	10 607	8 555	10 607
Bank balances	45 867 314	30 282 712	45 607 204	30 282 712
Short-term deposits	-	60 000 000	-	60 000 000
Investments	3 750 000	3 750 000	3 750 000	3 750 000
	49 625 869	94 043 319	49 365 759	94 043 319

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Cash and cash equivalents pledged as collateral

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	2018-06-30	2017-06-30	2016-06-30	2018-06-30	2017-06-30	2016-06-30
FNB BANK -Salaries Account - 50940092196	239 602	1 649	50	239 633	1 680	82
FNB BANK -Projects Account - 62023616462	182 777	880 819	6 617 461	182 777	880 818	6 617 461
FNB BANK - Money Market Account - 62215748289	3 239 010	3 282 148	797 943	3 239 010	3 282 148	797 943
FNB BANK - Mandela Race Account - 62411577193	731 208	104 215	86 972	731 208	104 215	86 972
FNB BANK - Main Account -50940026773	37 586 844	22 323 958	42 174 165	37 579 261	22 305 749	42 174 165
FNB BANK - UMDM MIG Account - 62400041985	83 581	79 553	75 486	83 581	79 553	75 486
ABSA BANK - Fixed Deposit - 2072673843	-	-	30 000 000	-	-	30 000 000
NEDBANK - 3 Months deposit - 03/7165014047/00023	-	30 000 000	30 000 000	-	30 000 000	30 000 000
ABSA BANK - Mandela Acc - 4004362410	137 526	-	-	137 526	-	-
FNB BANK - Public sector -62243484417	(169)	-	-	(169)	-	-
INVESTEC BANK-Fixed Deposit-455213	-	-	30 000 000	-	-	30 000 000
FNB BANK-Fixed Deposit- 71101199555	3 750 000	3 750 000	3 750 000	3 750 000	3 750 000	3 750 000
STANDARD BANK-Fixed Deposit-358610095-004	-	30 000 000	30 000 000	-	30 000 000	30 000 000
Ithala Bank -63647675	-	-	5 000 000	-	-	5 000 000
FIRST NATIONAL BANK- SANBI ACCOUNT	3 414 371	3 628 548	-	3 414 371	3 628 548	-
Umgungundlovu Agency bank account	260 110	-	-	260 110	-	-
Total	49 624 860	94 050 890	178 502 077	49 617 308	94 032 711	178 502 109

The FNB Investment to the value of R3 750 000 is held as security for the long term loans held with DBSA. Refer to note 9 (as applicable).

R 100 000 serves as a guarantee that bind the bank (FNB) as a Guarantor to the South African Post Office on behalf of uMgungundlovu District Municipality

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

(Registration number DC 22)

Consolidated Annual Financial Statements for the year ended June 30, 2018

Notes to the Consolidated Annual Financial Statements

Figures in Rands	Group		Municipality
	2018 R	2017 R	2018 R
3. Consumer debtors			
Gross balances			
Water	518 227 027	402 433 326	518 227 027
Less: Allowance for impairment			
Water	-397 847 356	-258 145 665	(397 847 356)
Net balance			
Water	120 379 671	144 287 661	120 379 671
Water			
Current (0 -30 days)	39 274 076	11 656 859	39 274 076
31 - 60 days	13 338 930	11 387 820	13 338 930
61 - 90 days	11 152 348	8 779 899	11 152 348
91 - 120 days	13 409 646	7 118 834	13 409 646
121 - 180 days	9 767 808	19 094 910	9 767 808
> 180 days	431 284 219	344 395 004	431 284 219
Less: Allowance for impairment	-397 847 356	-258 145 665	(397 847 356)
	120 379 671	144 287 661	120 379 671

Quality
2017
R

402 433 326

(258 145 665)

144 287 661

11 656 859

11 387 820

8 779 899

7 118 834

19 094 910

344 395 004

(258 145 665)

144 287 661

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

(Registration number DC 22)

Consolidated Annual Financial Statements for the year ended June 30, 2018

Figures in Rands

	Group		Municipality	
	2018 R	2017 R	2018 R	2017 R
Consumer Debtors				
Summary of debtors by customer classification				
Households				
Current (0 -30 days)	24 759 143	9 678 564	24 759 143	9 678 564
31 - 60 days	10 142 811	8 989 027	10 142 811	8 989 027
61 - 90 days	8 409 552	7 794 568	8 409 552	7 794 568
91 - 120 days	11 443 589	6 391 725	11 443 589	6 391 725
121 - 180 days	8 647 090	17 278 943	8 647 090	17 278 943
> 180 days	399 791 928	327 577 431	399 791 928	327 577 431
	463 194 113	377 710 258	463 194 113	377 710 258
Less: Allowance for impairment	(397 847 356)	(258 145 665)	(397 847 356)	(258 145 665)
	65 346 757	119 564 593	65 346 757	119 564 593
Industrial/ commercial				
Current (0 -30 days)	10 043 561	1 126 337	10 043 561	1 126 337
31 - 60 days	2 622 906	1 546 881	2 622 906	1 546 881
61 - 90 days	2 439 031	597 500	2 439 031	597 500
91 - 120 days	1 559 211	430 544	1 559 211	430 544
121 - 180 days	903 411	1 113 495	903 411	1 113 495
> 180 days	21 950 284	11 729 960	21 950 284	11 729 960
	39 518 404	16 544 717	39 518 404	16 544 717
Government				
Current (0 -30 days)	4 471 371	851 956	4 471 371	851 956
31 - 60 days	573 213	851 912	573 213	851 912
61 - 90 days	303 765	387 831	303 765	387 831
91 - 120 days	406 846	296 566	406 846	296 566
121 - 180 days	217 308	702 472	217 308	702 472
> 180 days	7 807 230	5 087 615	7 807 230	5 087 615
	13 779 733	8 178 352	13 779 733	8 178 352
Total				
Current (0 -30 days)	39 274 076	11 656 859	39 274 076	11 656 859
31 - 60 days	13 338 930	11 387 820	13 338 930	11 387 820
61 - 90 days	11 152 348	8 779 899	11 152 348	8 779 899
91 - 120 days	13 409 646	7 118 834	13 409 646	7 118 834
121 - 180 days	9 767 808	19 094 910	9 767 808	19 094 910
> 180 days	431 284 219	344 395 004	431 284 219	344 395 004
	518 227 027	402 433 326	518 227 027	402 433 326
Less: Allowance for impairment	(397 847 356)	(258 145 665)	(397 847 356)	(258 145 665)
	120 379 671	144 287 661	120 379 671	144 287 661
Less: Allowance for impairment				
> 365 days	(397 847 356)	(258 145 665)	(397 847 356)	(258 145 665)
Reconciliation of allowance for impairment				
Balance at beginning of the year	(258 145 665)	(234 392 347)	(258 145 665)	(234 392 347)
Contributions to allowance	(139 701 691)	(61 029 638)	(139 701 691)	(61 029 638)
Debt impairment written off against allowance	-	37 276 320	-	37 276 320
	(397 847 356)	(258 145 665)	(397 847 356)	(258 145 665)

UMGUNGUNDLOVU DISTRICT MUNICIPALITY
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Consolidated Annual Financial Statements for the year ended June 30, 2018

Notes to the Consolidated Annual Financial Statements

4. Receivables from exchange transactions	Group		Municipality	
	2018 R	2017 R	2018 R	2017 R
Deposits	1 031 098	1 106 371	1 031 098	1 106 371
Agency agreements	1 553 449	1 749 992	1 553 449	1 749 992
Other debtors	8 375 780	9 046 395	8 375 780	9 046 395
Prepaid expenses	-	955 201	-	955 201
Interest accrued	244 379	778 555	244 379	778 555
Clearing account	-	2 185 939	-	2 185 939
	11 204 706	15 822 453	11 204 706	15 822 453

5. Inventories

5. Consumable stores	1 758 796	2 191 697	1 758 796	2 191 697
Water	305 182	280 687	305 182	280 687
	2 063 978	2 472 384	2 063 978	2 472 384

Inventories recognised as an expense during the year - 4 300 132 4 300 132

Inventory is measured at the lower of cost and net realisable value. Inventory recognised as an expense excludes material purchased for direct use.

6. Property, Plant and Equipment

	Group					
	2018			2017		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost/Valuation	Accumulated depreciation and accumulated	Carrying Value
Land	2 970 350		2 970 350	1 905 000		1 905 000
Buildings	30 681 877	-4 167 170	26 514 707	30 681 877	-3 129 821	27 552 056
Plant and machinery	23 431 785	-6 824 197	16 607 588	23 238 320	-5 645 289	17 593 031
Furniture and fixtures	5 084 392	-3 224 389	1 860 003	5 033 307	-2 899 342	2 133 965
IT equipment	7 274 478	-4 598 781	2 675 697	6 738 924	-4 154 242	2 584 682
Infrastructure	2 268 623 272	-1 412 642 897	855 980 375	1 963 630 957	-1 373 077 449	590 553 508
Infrastructure - Working in progress	432 724 527		432 724 527	611 876 446		611 876 446
Firearms	424 012	-132 503	291 509	424 012	-90 103	333 909
Total	2 771 214 693	-1 431 589 937	1 339 624 756	2 643 528 843	-1 388 996 246	1 254 532 597

Reconciliation of property, plant and equipment - 2018

	Opening Balance	Additions	Transfers	Depreciation	Total
Land	1 905 000	1 065 350			2 970 350
Buildings	27 552 056			-1 037 349	26 514 707
Plant and machinery	17 593 031			-1 178 908	16 414 123
Furniture and fixtures	2 133 965	244 550		-325 047	2 053 468
IT equipment	2 584 682	535 554		-444 539	2 675 697
Infrastructure	590 553 508	304 992 315		-39 565 448	855 980 375
Infrastructure - Working in progress	611 876 446	125 458 873	-304 992 315		432 343 004
Firearms	333 909			-42 401	291 508
Total	1 254 532 597	432 296 642	-304 992 315	-42 593 692	1 339 624 756

Municipality

	2018			2017		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost/Valuation	Accumulated depreciation and accumulated	Carrying Value
Land	2 970 350		2 970 350	1 905 000		1 905 000
Buildings	30 681 877	-4 167 170	26 514 707	30 681 877	-3 129 821	27 552 056
Plant and machinery	23 238 320	-6 824 197	16 414 123	23 238 320	-5 645 289	17 593 031
Furniture and fixtures	5 084 392	-3 217 108	1 867 284	5 033 307	-2 899 342	2 133 965
IT equipment	7 090 081	-4 581 051	2 509 030	6 738 924	-4 154 242	2 584 682
Infrastructure	2 268 623 272	-1 412 642 897	855 980 375	1 963 630 957	-1 373 077 449	590 553 508
Infrastructure - Working in progress	432 724 527		432 724 527	611 876 446		611 876 446
Firearms	424 012	-132 503	291 509	424 012	-90 103	333 909
Total	2 770 836 831	-1 431 564 926	1 339 271 905	2 643 528 843	-1 388 996 246	1 254 532 597

Reconciliation of property, plant and equipment - 2018

	Opening Balance	Additions	Transfers	Depreciation	Total
Land	1 905 000	1065350			2 970 350
Buildings	27 552 056			-1 037 349	26 514 707
Plant and machinery	17 593 032			-1 178 908	16 414 124
Furniture and fixtures	2 133 965	51 085		-317 766	1 867 284
IT equipment	2 584 682	351 157		-426 809	2 509 030
Infrastructure	590 553 508	304 992 315		-39 565 448	855 980 375
Infrastructure - Working in progress	612 257 969	125 458 873	-304 992 315		432 724 527
Firearms	333 909			-42 401	291 508
Total	1 254 914 121	431 918 780	-304 992 315	-42 568 681	1 339 271 905

UMGUNGUNDLOVU DISTRICT MUNICIPALITY
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Consolidated Annual Financial Statements for the year ended June 30, 2018

Notes to the Consolidated Annual Financial Statements

6. Property, Plant and Equipment (continued)

Municipality and Group					
Reconciliation of property, plant and equipment - 2017	Opening Balance	Additions	Transfers	Depreciation	Total
Land	1 905 000			-	1 905 000
Buildings	28 586 174			(1 034 118)	27 552 056
Plant and machinery	7 878 415	10 346 188		(631 571)	17 593 032
Furniture and fixtures	2 120 277	274 634		(260 946)	2 133 965
IT equipment	1 803 607	1 091 800		(310 725)	2 584 682
Water Infrastructure	568 779 009	96 114 219	(16 683 541)	(57 656 179)	590 553 508
Water infrastructure-Work in Progress	506 102 713	190 925 071	(85 151 338)	-	611 876 445
Firearms	376 311			(42 401)	333 909
Total	1 117 551 506	298 751 912	(101 834 879)	(59 935 940)	1 254 532 597

7. Intangible assets

Group						
	2018			2017		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying Value
Computer software, other	8 215 909	-6 057 290	2 158 619	5 509 367	(4 741 976)	767 391

Reconciliation of intangible assets - 2018

	Opening Balance	Additions	Amortisation	Total
Computer software, other	767 391	2 706 562	(1 315 334)	2 158 619

Reconciliation of intangible assets - 2017

	Opening Balance	Additions	Amortisation	Total
Computer software, other	677 910	1 717 849	(1 628 368)	767 391

Municipality						
	2018			2017		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying Value
Computer software, other	7 570 540	-6 003 509	1 567 031	5 509 367	(4 741 976)	767 391

Reconciliation of intangible assets - 2018

	Opening Balance	Additions	Amortisation	Total
Computer software, other	767 391	2 061 173	(1 261 533)	1 567 031

Reconciliation of intangible assets - 2017

	Opening Balance	Additions	Amortisation	Total
Computer software, other	677 910	1 717 849	(1 628 368)	767 391

UMGUNGUNDLOVU DISTRICT MUNICIPALITY
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Consolidated Annual Financial Statements for the year ended June 30, 2018

Notes to the Consolidated Annual Financial Statements

Figures in Rands	Group		Municipality	
8. Payables from exchange transactions	2018	2017	2018	2017
	R	R	R	R
Trade payables	85 263 999	85 352 011	85 069 610	85 352 011
Other payables	232 151	3 325 022	232 151	3 325 022
Accrued leave pay	12 972 729	11 921 249	12 972 729	11 921 249
Accrued bonus	6 171 063	4 480 677	6 171 063	4 480 677
Other accrued expenses	1 409 935	876 509	588 489	876 509
Retention	11 108 769	15 716 584	11 108 769	15 716 584
	117 158 646	121 672 052	116 142 811	121 672 052
Trade payable ageing				
0 - 30 days	81 699 647	59 854 416	81 699 647	59 854 416
31 - 60 days	2 456 709	23 561 968	2 456 709	23 561 968
61 - 90 days	392 796	1 076 795	392 796	1 076 795
91 - 180 days	714 847	858 832	520 458	858 832
	85 263 999	85 352 011	85 069 610	85 352 011

9. Other financial liabilities

At amortised cost

DBSA Loan	226 336 116	219 333 936	226 336 116	219 333 936
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The Loans from Development Bank Southern Africa are subject to interest at an average rate of 10% and are repayable over an average period of 20 years

A FNB Investment to the value of R3 750 000 is held as security for the long term loans held with DBSA. Refer to note 2.

Non-current liabilities

At amortised cost	213 295 553	210 699 839	213 295 553	210 699 839
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Current liabilities

At amortised cost	13 040 563	8 634 097	13 040 563	8 634 097
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10. Consumer deposits

Water	6 183 311	5 907 544	6 183 311	5 907 544
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UMGUNGUNDLOVU DISTRICT MUNICIPALITY
(Registration number DC 22)
Consolidated Annual Financial Statements for the year ended June 30, 2018
Notes to the Consolidated Annual Financial Statements
11. Provisions

Reconciliation of provisions - 2018

Group and Municipality			
Opening Balance	Additions	Utilised during this year	Total
Post employee benefits			
21 534 198		-2 267 985	19 266 213
Long services award	1 588 000		11 863 788
31 809 986	1 588 000	-2 267 985	31 130 001

Reconciliation of provisions - 2017

Group and Municipality			
Opening Balance	Additions		Total
Post employee benefits			
19 339 372	2 194 826		21 534 198
Long services award	408 120		10 275 788
29 207 040	2 602 946		31 809 986

12. Unspent conditional grants and receipts

	Group		Municipality	
	2018	2017	2018	2017
	R	R	R	R
Unspent conditional grants and receipts				
Camperdown waste water works & PTP Grants	4 308 912	4 308 912	4 308 912	4 308 912
ORIO Grant	11 550 860	11 550 860	11 550 860	11 550 860
Water Services Infrastructure Grant	29 373 891	-	29 373 891	-
Development Agency Support Programme & Summit	3 300 000	-	3 300 000	-
SETA	219 304	910 776	219 304	910 776
MIG	23 430 775	36 950 555	23 430 775	36 950 555
	72 183 742	53 721 103	72 183 742	53 721 103

The nature and extent of government grants recognised in the Consolidated Annual Financial Statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

13. VAT payable	Group		Municipality	
	2018	2017	2018	2017
	R	R	R	R
Vat payables	23 333 113	7 254 496	23 333 113	7 254 496

Vat output is paid to SARS once payment has been received from third parties.

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UMGUNGUNDLOVU DISTRICT MUNICIPALITY**(Registration number DC 22)****Consolidated Annual Financial Statements for the year ended June 30, 20****Notes to the Consolidated Annual Financial Statements**

Figures in Rands

14.Revaluation reserve	Group		Municipality	
	2018 R	2017 R	2018 R	2017 R

The revaluation reserve arose due to the Land and Buildings recorded at market values. The valuation was performed by a professional valuer by Local Municipalities where valued properties are situated. The municipality used valuation roll values to revalue its land and buildings. The valuation roll was implemented on 01 July 2009.

Opening balance	24 064 477	24 064 477	24 064 477	24 064 477
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15. Service charges

Service charges	283 203	323 038		
Sale of water	155 911 896	111 576 882		
Sewerage and sanitation charges	20 808 109	12 328 933		
	177 003 208	124 228 853		

Notes to the Consolidated Annual Financial Statements

Figures In Rands

16. Other income

Project income
 Sundry income

Group		Municipality	
2018	2017	2018	2017
R	R	R	R
14 134	1 696 654	14 134	1 696 654
7 908 963	9 344 235	7 908 963	9 344 235
7 923 097	11 040 889	7 923 097	11 040 889

17. Investment revenue

Interest revenue

Bank

3 833 698	15 432 321	3 801 783	15 432 321
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UMGUNGUNDLOVU DISTRICT MUNICIPALITY

(Registration number DC 22)

Consolidated Annual Financial Statements for the year ended June 30, 2018

Notes to the Consolidated Annual Financial Statements

Figures in Rands	Group		Municipality	
18. Government grants and subsidies	2018	2017	2018	2017
Operating grants				
Department of water and sanitation grant	-	3 464 411	-	3 464 411
Equitable share	420 729 000.00	428 361 527	420 729 000	428 361 527
Expanded public works	1 428 000.00	2 094 000	1 428 000	2 094 000
FMG	1 250 000.00	1 250 000	1 250 000	1 250 000
Intergovernmental Relations	-	1 163 744	-	1 163 744
Rural roads asset management system	2 526 000.00	2 384 000	2 526 000	2 384 000
Corridor development bulk sewer line	-	5 414 301	-	5 414 301
SETA Grant	4 380 750.00	11 249 893	4 380 750	11 249 893
	430 313 750	455 381 876	430 313 750	455 381 876
Capital grants				
Massification	-	11 650 712.00	-	11 650 712
MIG	109 540 780.00	72 679 442.00	109 540 780	72 679 442
Water services infrastructure grant	33 624 109.00	50 235 000.00	33 624 109	50 235 000
	143 164 889	134 565 154	143 164 889	134 565 154
	573 478 639	589 947 030	573 478 639	589 947 030
Conditional and Unconditional				
Included in above are the following grants and subsidies realised as income:				
Conditional grants received	115 799 084	161 585 503	115 799 084	161 585 503
Unconditional grants received	420 729 000	428 361 527	420 729 000	428 361 527
	536 528 084	589 947 030	536 528 084	589 947 030
FMG				
Balance unspent at beginning of year	-	-	-	-
Current-year receipts	1 250 000	1 250 000	1 250 000	1 250 000
Conditions met - transferred to revenue	-1 250 000	-1 250 000	-1 250 000	-1 250 000
	-	-	-	-
Conditions still to be met - remain liabilities (see note 12)				

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Figures in Rands	Group		Municipality	
18. Government grants and subsidies (continued)				
EPWP Grant				
Current-year receipts	1 428 000	2 094 000	1 428 000	2 094 000
Conditions met - transferred to revenue	-1 428 000	-2 094 000	(1 428 000)	(2 094 000)
	-	-	-	-
Conditions still to be met - remain liabilities (see note 12)				
Rural Roads Assets Management Systems Grant				
Current-year receipts	2 526 000	2 384 000	2 526 000	2 384 000
Conditions met - transferred to revenue	-2 526 000	-2 384 000	(2 526 000)	(2 384 000)
	-	-	-	-
Conditions still to be met - remain liabilities (see note 12).				
Massification Grant				
Balance unspent at beginning of year	-	1 650 712	-	1 650 712
.	-	10 000 000	-	10 000 000
Conditions met - transferred to revenue	-	-11 650 712	-	(11 650 712)
	-	-	-	-
Conditions still to be met - remain liabilities (see note 12).				
Municipal Infrastructure Grant				
Balance unspent at beginning of year	36 950 555	(220 401 928)	36 950 555	(220 401 928)
Prior period error		220 401 928		220 401 928
Current-year receipts	96 021 000	109 630 000	96 021 000	109 630 000
Conditions met - transferred to revenue	(72 590 225)	(72 679 445)	-72 590 225	(72 679 445)
Revenue recognised in 2017/2018 relating to funds received in prior year	(36 950 555)	0	(36 950 555)	
	23 430 775	36 950 555	23 430 775	36 950 555
Conditions still to be met - remain liabilities (see note 4)				
PTP Grant				
Balance unspent at beginning of year	-	308 817	-	308 817
Current-year receipts	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-
Other- Consolidation	-	-308 817	-	(308 817)
	-	-	-	-
Water Services Infrastructure Grant				
Balance unspent at beginning of year	-	-	-	-
Current-year receipts	62 998 000	50 235 000	62 998 000	50 235 000
Conditions met - transferred to revenue	-33 624 109	-68 365 636	-33 624 109	-68 365 636
Incorrect recognition of revenue		18 130 636		18 130 636
	29 373 891	-	29 373 891	-
Conditions still to be met - remain liabilities (see note 4).				

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Figures in Rands	Group		Municipality	
	2018	2017	2018	2017
18. Government grants and subsidies (continued)				
Department of Water and Sanitation Grant				
Balance unspent at beginning of year		3 464 411		3 464 411
Conditions met - transferred to revenue		-3 464 411		-3 464 411
- -		-		-
Conditions still to be met - remain liabilities (see note 12).				
Corridor Development Bulk Sewer Line				
Current-year receipts		5 414 301		5 414 301
Conditions met - transferred to revenue		-5 414 301		-5 414 301
-		-		-
Conditions still to be met - remain liabilities (see note 12).				
Camperdown Water Works				
Balance unspent at beginning of year		4 000 095		4 000 095
Current-year receipts				
Conditions met - transferred to revenue				
Other		-4 000 095		-4 000 095
-		-		-
Conditions still to be met - remain liabilities (see note 12).				
ORIO Grant				
Balance unspent at beginning of year		11 550 860		11 550 860
Conditions met - transferred to revenue				
-		11 550 860		11 550 860
Conditions still to be met - remain liabilities (see note 12).				
SETA Grant				
Balance unspent at beginning of year	910 776	-	910 776	
Current-year receipts	3 469 974	12 160 669	3 469 974	12 160 669
Conditions met - transferred to revenue	-	-11 249 893	-	-11 249 893
Expenditure incurred to date	-4 161 446		-4 161 446	
	219 304	910 776	219 304	910 776
Conditions still to be met - remain liabilities (see note 12).				
19. Fines, Penalties and Forfeits				
Fines, Penalties and Forfeits	1 995 781	-	1 995 781	-
20. Revenue				
Service charges	177 003 208	124 228 853	177 003 208	124 228 853
Rental of facilities and equipment	246 483	205 215	246 483	205 215
Recoveries	918 165	-	918 165	-
Other income - (rollup)	7 923 097	11 040 889	7 923 097	11 040 889
Interest received - investment	3 833 698	15 432 321	3 801 783	15 432 321
Interest, Dividends and Rent on Land	30 067 834	23 308 202	30 067 834	23 308 202
Government grants & subsidies	573 478 639	608 077 666	573 478 639	608 077 666
Fines, Penalties and Forfeits	1 995 781	-	1 995 781	-
Other transfer revenue	4 122 744	-	4 122 744	-
	799 589 649	782 293 146	799 557 734	782 293 146

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Figures in Rands	Group		Municipality	
	2018	2017	2018	2017
20. Revenue (continued)				
The amount included in revenue arising from exchanges of goods or services are as follows:				
Service charges	177 003 208	124 228 853	177 003 208	124 228 853
Rental of facilities and equipment	246 483	205 215	246 483	205 215
Recoveries	918 165	-	918 165	-
Other income - (rollup)	7 923 097	11 040 889	7 923 097	11 040 889
Interest received - investment	3 833 698	15 432 321	3 801 783	15 432 321
	189 924 651	150 907 278	189 892 736	150 907 278
The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Interest, Dividends and Rent on Land	30 067 834	23 308 202	30 067 834	23 308 202
Transfer revenue				
Government grants & subsidies	573 478 639	608 077 666	573 478 639	608 077 666
Fines, Penalties and Forfeits	1 995 781	-	1 995 781	-
Other transfer revenue	4 122 744	-	4 122 744	-
Transfer revenue- Agency	4 564 395			
	614 229 393	631 385 868	609 664 998	631 385 868

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Figures In Rands	Group		Municipality	
	2018	2017	2018	2017
21. Employee related costs				
Basic	122 539 625	108 330 550	122 539 625	108 330 550
Medical aid - company contributions	11 553 759	11 848 955	11 553 759	11 848 955
UIF	785 146	752 383	785 146	752 383
WCA	-	1 593 739	-	1 593 739
SDL	1 508 530	1 581 432	1 508 530	1 581 432
Other payroll levies	44 628	38 373	44 628	38 373
Leave pay provision charge	1 583 610	1 860 129	1 583 610	1 860 129
Group life insurance	-	2 749 713	-	2 749 713
Defined contribution plans	23 690 941	23 471 018	23 690 941	23 471 018
Travel, motor car, accommodation, subsistence and other allowances	18 011 558	17 860 370	18 011 558	17 860 370
Overtime payments	7 831 565	9 370 424	7 831 565	9 370 424
Long-service awards	2 640 185	2 932 703	2 640 185	2 932 703
Acting allowances	865 109	827 408	865 109	827 408
Housing benefits and allowances	1 022 788	1 000 774	1 022 788	1 000 774
Annual bonus	10 889 302	8 869 653	10 889 302	8 869 653
Standby Allowance	4 081 012	3 877 783	4 081 012	3 877 783
Telephone allowance	136 929	1 098 846	136 929	1 098 846
Clothing allowance	114 357	94 574	114 357	94 574
Curtailed and Settlement	-2 472 700	-	(2 472 700)	-
Tools allowance	1 581 178	-	1 581 178	-
Agency	1 637 775	-	-	-
	208 045 297	198 158 827	206 407 522	198 158 827
Senior Management Remuneration				
Remuneration of Municipal Manager				
Annual remuneration	649 440	1 351 252	649 440	1 351 252
Car allowance	-	144 000	-	144 000
Performance bonuses	-	89 454	-	89 454
Other	12 600	18 000	12 600	18 000
Leave pay	-	226 211	-	226 211
	662 040	1 828 917	662 040	1 828 917
Remuneration of SEM: Financial Services				
Annual remuneration	1 311 614	1 247 286	1 311 614	1 247 286
Car allowance	180 000	180 000	180 000	180 000
Performance bonuses	69 823	77 347	69 823	77 347
Other	21 600	30 960	21 600	30 960
Acting Allowance	49 608	-	49 608	-
	1 632 645	1 535 593	1 632 645	1 535 593
Remuneration of SEM: Corporate Services				
Annual remuneration	940 802	160 296	940 802	160 296
Car allowance	117 383	20 000	117 383	20 000
Performance bonuses	-	3 600	-	3 600
Other	21 129	-	21 129	-
Leave Pay	84 277	-	84 277	-
	1 163 591	183 896	1 163 591	183 896

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	2018	2017	2018	2017
21. Employee related costs (continued)				
Remuneration of SEM:				
Technical services				
Annual remuneration	945 247	878 485	945 247	878 485
Car allowance	351 628	313 386	351 628	313 386
Performance bonuses	81 743	75 243	81 743	75 243
Other	38 151	223 031	38 151	223 031
Contribution to UIF, Medical and Pension funds	-	38 151	-	38 151
	1 416 769	1 528 296	1 416 769	1 528 296
Remuneration of SEM:				
Community Services				
Annual remuneration	1 091 095	1 031 768	1 091 095	1 031 768
Car allowance	163 850	163 850	163 850	163 850
Performance bonuses	62 401	58 348	62 401	58 348
Other	21 600	109 330	21 600	109 330
Contribution to UIF, Medical and Pension funds	-	9 300	-	9 300
	1 338 946	1 372 596	1 338 946	1 372 596
Remuneration of non-executive directors				
Retainer Fee	562 703	-	-	-
Sitting Allowance	461 618	-	-	-
	1 024 321	-	-	-
22. Remuneration of councillors				
Remuneration to Councillors	10 347 456	10 239 416	10 347 456	10 239 416
In-kind benefits				
The Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.				
The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.				
The Mayor has 4 full time bodyguards. The Deputy Mayor and Speaker have three full-time bodyguards.				
The salaries, allowances and benefits paid to councillors in the 2017/2018 financial year were within the upper limits as determined by the National Minister of Co-operative Government And Traditional affairs				
23. Administrative expenditure				
Administration and management fees - third party	-	7 107 273	-	7 107 273
24. Depreciation and amortisation				
Property, plant and equipment	42 593 692	59 935 939	42 568 681	59 935 939
Intangible assets	1 315 334	1 628 368	1 261 553	1 628 368
	43 909 026	61 564 307	43 830 234	61 564 307
25. Finance costs				
Fair value adjustments on payables	52 964	-	52 964	-
Other interest paid	35 267 972	19 737 550	35 267 972	19 737 550
	35 320 936	19 737 550	35 320 936	19 737 550

26. Lease rentals on operating lease

Premises

Contractual amounts	113 277	1 778 490	-	1 778 490
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Figures in Rands	Group		Municipality	
	2 018	2 017	2 018	2 017
27. Debt impairment				
Contributions to debt impairment provision	139 701 691	61 029 639	139 701 691	61 029 639
		-		-
28. Bulk purchases				
Water	132 382 728	121 186 282	132 382 728	121 186 282
29. Contracted services				
Presented previously				
Fleet Services	675 771	56 188 626	675 771	56 188 626
Operating Leases	-	69 934 401	-	69 934 401
Specialist Services	189 732 563	-	189 732 563	-
Other Contractors	-	16 183 869	-	16 183 869
Catering Services	-	-	-	-
Professional Staff	811 732	-	-	-
Security Services	2 683	-	-	-
Business and Advisory	335 300	-	-	-
Event Promoters	1 059 600	-	-	-
Maintanance of buildings and facilities	77 119	-	-	-
	192 694 768	142 306 896	190 408 334	142 306 896

Included in the specialist services are the following:

Administration - R 10 507 735
 Advertising - R 1 401 448
 Catering - R 1 140 108
 Consultants - R 3 755 900
 Fire -R 87 719
 Water Tanker Hire - R 57 108 312
 Maintenance - R1 504 489
 Security - R 7 656 185
 Tourism - R 9 573 377
 Water and Waste Treatment - R 92 130 365
 Other Services - R 4 824 741

30. General expenses

Advertising	1 174 744	149 752	1 136 014	149 752
Auditors remuneration	2 239 438	1 913 530	2 239 438	1 913 530
Bank charges	4 728 025	1 070 153	4 724 973	1 070 153
Consulting and professional fees	3 763 963	16 562 195	8 328 358	16 562 195
Consumables	-	7 002 364	-	7 002 364
Catering	13 684	-	-	-
Entertainment	87 707	4 536 523	87 707	4 536 523
Hire	2 275 003	3 503 914	2 275 003	3 503 914
Insurance	666 345	597 093	666 345	597 093
Conferences and seminars	4 939 068	660 004	4 939 068	660 004
Levies	-	1 394 432	-	1 394 432
Magazines, books and periodicals	129 526	216 428	129 526	216 428
Medical expenses	-	147 064	-	147 064
Motor vehicle expenses	19 690 286	20 383 835	19 690 286	20 383 835
Postage and courier	852 992	840 156	852 992	840 156
Printing and stationery	1 710 199	2 052 145	1 695 612	2 052 145
Promotions	-	2 804 576	-	2 804 576
Protective clothing	708 340	2 050 501	708 340	2 050 501
Repairs and maintenance	1 741 981	4 725 400	1 741 981	4 725 400
Research and development costs	-	219 750	-	219 750
Royalties and license fees	347 368	506 704	347 368	506 704
Security (Guarding of municipal property)	-	7 615 278	-	7 615 278
Staff welfare	-	292 741	-	292 741
Subscriptions and membership fees	4 144	896 232	4 144	896 232
Telephone and fax	2 700 306	4 306 974	2 693 832	4 306 974
Training	7 781 971	11 919 856	7 781 971	11 919 856

Travel - local	2 140 382	2 920 992	2 140 382	2 920 992
Professional and Regulatory Bodies	1 490 330	-	1 490 330	-
Disaster Response Tools	-	497 945	-	497 945
Bursary	627 570	-	627 570	-
Other expenses	3 295 722	-	3 295 722	-
Manufacturing expenses	-	5 820 101	-	5 820 101
Cleaning	6 414	-	-	-
IT Expenses	104 524	-	-	-
Accommodation	12 372	-	-	-
Travel- Local	54 928	-	-	-
Water and Electricity	17 765	-	-	-
Assets less than capitalisation threshold	18 790	-	-	-
	63 323 887	105 606 638	67 596 962	105 606 638
31. Auditors' remuneration				
Fees	2 239 438	1 913 530	2 239 438	1 913 530

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32. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

The municipality operates on 5 accredited medical aid schemes, namely Bonitas, KeyHealth, LA Health, Samumed and HosMed.

Pension benefits

Pensioners continue on the option they belonged to on the day of their retirement. The independent valuers, i3 Actuaries and Consultants, carry out a statutory valuation on an annual basis.

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

Figures In Rands	Group		Municipality	
	2018	2017	2018	2017
Heading				
Opening balance	20 801 000	18 631 000	20 801 000	18 631 000
Net expense recognised in the statement of financial performance	-2 241 000	2 170 000	-2 241 000	2 170 000
	18 560 000	20 801 000	18 560 000	20 801 000
Ex-gratia Pension Benefits Liability				
Opening balance	733 198	708 372	733 198	708 372
Net Expense	-26 985	24 826	-26 985	24 826
	706 213	733 198	706 213	733 198
Net expense recognised in the statement of financial performance				
Heading				
Current service cost	687 000	688 000	687 000	688 000
Interest cost	2 012 000	1 645 000	2 012 000	1 645 000
Actuarial (gains) losses	-4 321 000	348 000	-4 321 000	348 000
Expected return on reimbursement rights	-619 000	-511 000	-619 000	(511 000)
	-2 241 000	2 170 000	-2 241 000	2 170 000
Ex-gratia Pension Benefits Liability				
Interest cost	55 402	57 166	55 402	57 166
Benefit paid	-96 889	-92 557	(96 889)	(92 557)
Actual loss/(gain)	14 502	60 218	14 502	60 218
	-26 985	24 827	(26 985)	24 827

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32. Employee benefit obligations (continued)

Changes in the fair value of plan assets are as follows: Heading

	Group		Municipality	
Opening balance	22 971 000	20 801 000	22 971 000	20 801 000
Actuarial gains (losses)	-2 964 000	-	(2 964 000)	-
Assets distributed on settlements	-	348 000	-	348 000
Contributions by employer	-	688 000	-	688 000
Contributions by plan participants	-	1 645 000	-	1 645 000
Benefits paid	-	-511 000	-	(511 000)
	20 007 000	22 971 000	20 007 000	22 971 000

Ex-gratia Pension Benefits Liability

Liability at the end of the period	733 198	708 372	733 198	708 372
Interest Cost	55 402	60 218	55 402	60 218
Actuarial (Gain) Loss	14 502	57 166	14 502	57 166
Benefit Paid	-96 889	-92 557	(96 889)	(92 557)
	706 213	733 199	706 213	733 199

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	2.43%	1.50%	2.43%	1.50%
Expected rate of return on assets	10.64%	9.67%	10.64%	9.67%
Medical cost trend rates	8.02%	8.05%	8.02%	8.05%

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

Percentage of inservice members withdrawing before retirement

	Females	Males	Females	Males
Age 20 - 29	24%	16%	24%	16%
Age 30 - 39	15%	10%	15%	10%
Age 40 - 49	6%	6%	6%	6%
Age 50 - 54	4%	2%	4%	2%
Age 55+	0%	0%	0%	0%

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees [or specify number of employees covered]. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

Included in defined contribution plan information above, is the following plan(s) which is (are) a Multi-Employer Funds and is (are) a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan(s). The municipality accounted for this (these) plan(s) as a defined contribution plan(s):

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Sensitivity analysis

32. Employee benefit obligations (continued)

Sensitivity analysis

The results presented are based on a number of assumptions. The extent to which the actual liability faced in the future by the Municipality differs from these results, will depend on the extent to which actual experience differs from the assumptions made.

The assumption which tends to have the greatest impact on the results is the level of mortality and medical aid

Sensitivity results

The liability at the Valuation date was recalculated to show the effect of:

(i) A 1% increase and decrease in the assumed rate of health care cost inflation:

(iv) A 20% increase and decrease in the assumed rates of post retirement mortality": and

Long service award and retirement gifts

The independent valuers, I3 Actuaries and Consultants, carry out a statutory valuation on an annual basis.

The principal actuarial assumptions used were as follows:

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	Group		Municipality	
32. Employee benefit obligations (continued)				
Discount rate per annum	10.97%	8.64%	10.97%	8.64%
General salary inflation	8.46%	6.47%	8.46%	6.47%
Net effective discount rate	2.31%	2.04%	2.31%	2.04%
Average retirement age	63 years	63 years	63 years	63 years
Mortality during employment	SA85/90	SA85/90	SA85/90	SA85/90
Members withdrawn from services				
	Females	Males	Females	Males
Age 20 - 29	24%	16%	24%	16%
Age 30 -39	15%	10%	15%	10%
Age 40 - 49	6%	6%	6%	6%
Age 50 - 54	2%	2%	2%	2%
	-	-	-	-

Figures in Rands	Group		Municipality	
Movement in defined benefit obligation	2018	2017	2018	2017
Balance at the beginning of the year* Round up	10 275 788	9 867 668	10 275 788	9 867 668
Current service costs	869 000	876 920	869 000	876 920
Interest costs	888 000	824 937	888 000	824 937
Actuarial gain / (loss)	194 000	-538 254	194 000	-538 254
Benefit payment	-498 000	-755 483	-498 000	-755 483
New employees	135 000	-	135 000	-
	11 863 788	10 275 788	11 863 788	10 275 788

The amounts recognised in the Statement of Financial

Performance were as follows:

Current costs	869 000	876 920	869 000	876 920
Interest cost	888 000	824 937	888 000	824 937
Actuarial gain / (loss)	194 000	-538 254	194 000	(538 254)
Benefit payment	-498 000	-755 483	(498 000)	(755 483)
New employees	135 000	-	135 000	-
	1 588 000	408 120	1 588 000	408 120

In Conclusion: Statement of financial position obligated for:

Post employment medical benefit	18 560 000	20 801 000	18 560 000	20 801 000
Post employment pension benefit	-	733 198	-	733 198
Long service award	-	10 275 788	-	10 275 788
	18 560 000	31 809 986	18 560 000	31 809 986

Statement of Financial Performance obligation for:

Post employment medical benefit	-	2 170 000	-	2 170 000
Post employment pension benefit	-	24 826	-	24 826
Long service award	-	408 120	-	408 120
	-	2 602 946	-	2 602 946

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Figures in Rands	Group		Municipality	
	2018 R	2017 R	2018 R	2017 R
33. Cash generated from operations				
(Deficit) surplus	(23 452 792)	36 936 687	(23 682 637)	36 936 687
Adjustments for:				
Depreciation and amortisation	43 909 026	61 521 906	43 830 234	61 521 906
Gain on sale of assets and liabilities		16 683 542		16 683 542
Actuarial loss on post employment benefits recognised in the statement of financial performance	2 755 498		2 755 498	
Finance costs - fair value adjustments on payables	52 964		52 964	
Debt impairment		61 029 639		61 029 639
Movements in provisions	1 588 000	2 602 946	1 588 000	2 602 946
Other non-cash items				
Interest Income	(31 915)			
Changes in working capital:				
Inventories	408 406	-796 668	408 406	(796 668)
Receivables from exchange transactions	4 617 747	52 477 020	4 617 747	52 477 020
Consumer debtors	0	-51 646 942		(51 646 942)
Payables from exchange transactions	2 328 397	-45 439 915	1 312 562	(45 439 915)
VAT	16 078 617	-22 542 614	16 078 617	(22 542 614)
Unspent conditional grants and receipts	18 462 639	4 661 973	18 462 639	4 661 973
Consumer deposits	275 767	318 916	275 767	318 916
Other liability	46 206 368		46 206 368	
	113 198 722	115 806 490	111 906 165	115 806 490

34. Commitments

Authorised capital expenditure

Already contracted for but not provided for

•Property, plant and equipment	197 454 799	234 889 865	197 454 799	234 889 865
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Contracted for operating commitments

•Office Rental	702 994	895 699	702 994	895 699
•Security	9 405 274	16 044 291	9 405 274	16 044 291
•Maintenance	2 045 420	5 841 662	2 045 420	5 841 662
•Water Tankering		8 270 136		8 270 136
•Other General	7 242 653		7 242 653	
	19 396 341	31 051 788	19 396 341	31 051 788

Total commitments

Capital commitments	197 454 799	234 889 865	197 454 799	234 889 865
Operating commitments	19 396 341	31 051 788	19 396 341	31 051 788
	216 851 140	265 941 653	216 851 140	265 941 653

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

35. Contingencies

A matter between the municipality and MHZA Machine Handling CC in relation to ORIO Funded Projects. The matter is in relation to monetary claims for services rendered by MHZA amounting to R 16 609 254.33 and a further R 56 245 406.84 for damages. The total claim amounts to R 72 854 661.17. A matter between Amaraka Investments to the value of R 13 050 776, pertaining to a developers claim for reimbursement for transporting effluent. Another matter between Yellowdot to the value of R445 796.97 for unpaid invoices and the early termination of contract. An amount of R 350 000 is claimed by Goerge Shabalala for damages caused by sewer overflow. An amount of R 76 000 is claimed by Mbulelo Sibiya for motor vehicle damages caused by an employee during the cause and scope of employment

UMGUNGUNDLOVU DISTRICT MUNICIPALITY
(Registration number DC 22)
Consolidated Annual Financial Statements for the year ended June 30, 2018

Notes to the Consolidated Annual Financial Statements

	2018 R	2017 R
36. Related parties		
Relationships		
Municipal Entity		uMgungundlovu Economic Development Agency (uMEDA)

37 Prior period errors

The following prior period errors were identified during the year and corrected in accordance with GRAP 3

(1) The municipality incorrectly recognised spending on the Municipal Infrastructure Grant and the Water Services Infrastructure Grant as receivables in the prior year.

(2) Firearms and Ammunition purchased in 2015 was incorrectly recognised as an expense instead of Plant, property and equipment in terms of GRAP 17.

The effect of these adjustments are as follows:

Statement of financial position

- Property, plant equipment As previously stated	1 254 198 688
Adjusted for:	
Net book value of assets not previously recognised:	333 909
- Cost	424 012
- Accumulated Depreciation	-90 103
Restated balance at 30/06/2017	<u><u>1 254 532 597</u></u>

Receivable from exchange transactions: As previously stated	217 404 459
Adjusted for:	
Overspending on project incorrect recognised as receivable from future	
- MIG allocations	-183 451 370
- WSIG allocations	-18 130 636
Restated balance at 30/06/2017	<u><u>15 822 453</u></u>

- Unspent conditional grants and receipts As previously stated	-16 770 548
Adjusted for:	
Unutilised grants not previously recognised	
- MIG allocations	-36 950 555
- WSIG allocations	-
Restated balance at 30/06/2017	<u><u>-53 721 103</u></u>

Statement of financial performance

Depreciation and Amortisation As previously stated	61 521 906
Adjusted for:	
Depreciation on Plant, property and equipment not previously recognised	42 401
Restated total for the year	<u><u>61 564 307</u></u>

Government grants and subsidies As previously stated	-608 077 666
Adjusted for:	
Incorrect recognition of revenue relating to the WSIG	18 130 636
Restated total for the year	<u><u>-589 947 030</u></u>

-Surplus for the year As previously stated	-36 936 687
Adjusted for:	
Depreciation on plant, property and equipment not previously recognised	42 401
incorrectly recognition of revenue relating to the WSIG	18 130 636
Incorrect recognition of revenue relating to the WSIG	<u><u>-18 763 649</u></u>

Statement of Changes of Net Assets

Balance at 01/07/2016 - As previously stated	-1 249 848 095
Revenue incorrectly recognised in the prior periods	220 401 928
Depreciation on Plant, Property and Equipment not previously recognised	47 701
Restated balance at 01/07/2016	<u><u>-1 029 398 466</u></u>

Notes to the Financial Statements

Note 4 As previously stated	217 404 459
Adjusted for:	
WSIG - Incorrect recognition of receivables	-18 130 636
MIG - Incorrect recognition of receivables	-183 451 370
Restated balance	<u><u>15 822 453</u></u>

Note 6

Cost - 2017	
As previously stated - total	-2 641 094 033
Adjusted for:	
Cost of Plant, property and equipment	424 012
Restated balance	<u>2 641 518 045</u>
Accumulated Depreciation - 2017	
As previously stated	-1 386 513 821
Adjusted for:	
Accumulated Depreciation of Plant, Property and Equipment not previously recognised	-90 103
Restated balance	<u>1 386 603 924</u>
Carrying value - 2017	
As previously stated	1 254 580 212
Adjusted for:	
Carrying value of Plant, Property Equipment not previously recognised	333 909
Restated balance	<u>1 254 914 121</u>
Note 12	
As previously stated	-16 770 548
Adjusted for:	
MIG - not previously recognised	-36 950 555
Restated balance	<u>-53 721 103</u>
Note 21 - Government Grants and Subsidies	
As previously stated	-608 077 666
Adjusted for:	
MIG - not previously stated	-18 130 636
Restated balance	<u>-589 947 030</u>
MIG	
Balance unspent at beginning of the year	220 401 928
Prior period error	-220 401 928
Current year receipts	-109 630 000
Conditions met - transferred to revenue	72 679 445
Balance unspent at the end of the year	<u>-36 950 555</u>
WSIG	
Balance unspent at the beginning of the year	
Current year receipts	-50 235 000
Conditions met - transferred to revenue	68 365 636
Incorrect recognition of revenue	-18 130 636
Prior year expenditure transferred to revenue	-
Balance unspent at the end of the year	<u>-</u>
Note 27 - Depreciation and Amortisation: Plant, Property and Equipment	
As previously stated	59 893 538
Adjusted for:	
Depreciation on Plant, Property and Equipment not previously recognised	42 401
Restated balance	<u>59 935 939</u>

38. Events after the reporting date

No events after the reporting date were identified by management that would affect the operations of the municipality or the results of those operations significantly.

39. Water losses

42 618 114	38 219 843	42 618 114	38 219 843
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The municipality averages water losses to approximately 36% for (2017/2018) and 38% for (2016/2017). The loss is calculated by comparing water sales (including free basic water) to water purchases.

The water losses volumes have increased from 6 850 662 KL (2016/2017) to 7 103 019 KL (2017/2018).

40. Fruitless and wasteful expenditure

	Group		Municipality	
	2018	2017	2018	2017
Opening balance	2 271 469	2 121 219	2 271 469	2 121 219
Interest and penalties	335 865	150 250	335 865	150 250
Reported to Council for write off	335 865	2 121 219	335 865	2 121 219
Add: Awaiting condonation from National Treasury	(335 865)	(2 121 219)	(335 865)	(2 121 219)
	<u>2 607 334</u>	<u>2 271 469</u>	<u>2 607 334</u>	<u>2 271 469</u>

41. Irregular expenditure

Opening balance	1 360 214	1 017 354	1 360 214	1 017 354
Add: Irregular Expenditure - current year	7 350 435	342 860	7 039 322	342 860
	<u>8 710 649</u>	<u>1 360 214</u>	<u>8 399 536</u>	<u>1 360 214</u>

42. Additional disclosure in terms of Municipal Finance Management Act

Contribution to organised local government

Pension and Medical Aid Deductions

Current year subscription/ fee	37 427 255	49 575 935	37 427 255	49 575 935
Amount paid - current year	<u>-37 427 255</u>	<u>-49 575 935</u>	<u>-37 427 255</u>	<u>-49 575 935</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

VAT

Vat payable	23 333 113	7 254 496	23 333 113	7 254 496
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All VAT returns have been submitted by the due date throughout the year

Councillors arrears consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2018:

30 June 2018

	Outstanding less than 90 day	Outstanding more than 90 day	Total
	R	R	R
S.D Nkuna	1 458	31 582	33040
N Mabhida	1 104	5 903	7007
	<u>2 562</u>	<u>37 485</u>	<u>40 047</u>

30 June 2017

	Outstanding less than 90 day	Outstanding more than 90 day	Total
N Mabhida	338	2 957	3295

During the year the following Councillors' had arrears accounts outstanding for more than 90 days.

43. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the Consolidated Annual Financial Statements.

The municipality recorded deviations totalling to R 28 852 109 in the last financial year and R 28 733 958 during the current financial year. that was ratified by Full Council at the resoeective meetings held during the financial year ended 30 June 2018.

44. Subsequent events

It must be highlighted that a former senior employee was convicted of defrauding the District Municipality of R190 000, by falsely misrepresenting the purchase of a 'Jaws of Life' equipment. The court ruled that the full amount of R190 000 be repaid to the District Municipality. Currently R100 000 has been repaid and the remaining amount of R90 0000 will be repaid over a period of nine months with effect from 1 January 2019.

45. Budget differences

Material differences between budget and actual amounts

- A) Budget was overstated. However actual income earnings increased owing to tariff increases.
- B) Investments were fully utilised to meet cash flow commitments..
- C) Over estimation of planned revenue from other sources ie less donations etc were received.
- D) A submission of a project for Economic Development Agency via Cogta for a grant.
- E) Budget was understated with increased number of debtors defaulting, interest charges increased. Debtors balances increased by R 117 million.
- F) Provided in the budget was anticipated income for drought relief. However no income was received. Equitable share was also reduced R 7 million,
- G) The actual amount related to retentions. Service provider defaulted and retention fee withheld.
- H) New appointments deferred to ensuing financial year.
- I) Councillor approved allocation was less then budget in terms remuneration of Public Office bearers act.
- J) Debtors were examined and impairment calculated and provided for.
- K) Budget projections were understated and actual calculations are in compliance with fixed assets.
- L) Budget understated and finance costs relates to DBSA loan repayment.
- M) Water to be supplied to additional identified areas.
- N) Reduction in costs relating to contracted services.
- O) Expenditure was reduced in terms of austerity measures, cost containment etc.
- P) Amount provided in terms actuarial report by valuers.