



**Zululand**  
District Municipality

**Zululand District Municipality  
Annual Financial Statements  
for the year ended 30 June 2023**

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## General Information

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### Nature of business and principal activities

Water provision as per Water services Act and Schedule B of Municipal Structures Act

### Mayoral committee

Mayor	Cllr. Buthelezi TD
Speaker	Cllr. Memela DT
Deputy Mayor	Cllr. Mbatha SI (From February 2023)
Member of the Executive Committee	Cllr. Ndlela NP
Member of the Executive Committee	Cllr. Hadebe ISM
Member of the Executive Committee	Cllr. Khumalo BK
Member	Cllr. Dlamini FM
Member	Cllr. Dlamini VV
Member	Cllr. Dubazane MR
Member	Cllr. Magagula NS
Member	Cllr. Masondo ND
Member	Cllr. Mavundla CN
Member	Cllr. Mavuso NP
Member	Cllr. Mbatha SI
Member	Cllr. Mdalose SM (Until May 2023)
Member	Cllr. Mdletshe AT
Member	Cllr. Mncwango BJ
Member	Cllr. Mncwango SA (replaced Cllr. Zulu Prince MMM - From February 2023)
Member	Cllr. Mngomezulu ND
Member	Cllr. Mtambo M
Member	Cllr. Ndwandwe TM
Member	Cllr. Nhlabathi BC
Member	Cllr. Nkwanyana SE
Member	Cllr. Ntombela SS
Member	Cllr Ntshangase TA
Member	Cllr. Nxumalo B
Member	Cllr. Nxumalo SV
Member	Cllr. Nxumalo-Sibiya CM
Member	Cllr. Selepe PP
Member	Cllr. Shelembe S
Member	Cllr. Sibiya AM
Member	Cllr. Sithole BH
Member	Cllr. Williams MP
Member	Cllr. Zulu Prince MMM (Until November 2022)(deceased)
Member	Cllr. Zulu RM
Member	Cllr. Zungu NF
Member	Cllr. Zungu ZH

### Grading of local authority

Grade 4, Category 3 in terms of the Upper limit of Office bearers Act

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## General Information

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<b>Accounting Officer</b>	Mr Hlongwa RN
<b>Chief Finance Officer (CFO)</b>	Ms Msibi NS (From December 2022)
<b>Chief Financial Officer (CFO)</b>	Mr Hlongwa RN (Until July 2022)
<b>Chief Operations Officer (COO)</b>	Mr SP Mosia
<b>General Manager Corporate Services</b>	Ms MS Linda
<b>General Manager Community Services</b>	Ms FK Nene
<b>General Manager Technical Services</b>	Ms RN Msimango
<b>General Manager Planning Services</b>	Mr TG Soko
<b>Audit and Performance Committee Members</b>	Mr EN Sithole (Chairperson) Mr VR Nhleko (Member) Ms N Thungo (Member)
<b>Registered office</b>	B-400 GAGANE STREET ULUNDI 3838
<b>Business address</b>	B-400 GAGANE STREET ULUNDI SOUTH AFRICA 3838
<b>Postal address</b>	PRIVATE BAG X76 ULUNDI 3838
<b>Bankers</b>	ABSA Bank Limited
<b>Auditors</b>	Auditor-General South Africa
<b>Attorneys</b>	Stowels & Co. Inc. Garlicke & Bousfield Inc. Ntanga Nkuhlu Inc. Attorneys
<b>Telephone</b>	035 874 5500
<b>Fax Number</b>	035-874 5589/91
<b>Email address</b>	mm@zululand.org.za

Zululand District Municipality is situated in the north-eastern part of KwaZulu-Natal, It comprises five local municipalities: Ulundi, Nongoma, uPhongolo, eDumbe and AbaQulusi. Ulundi local municipality is the headquarters of the Zululand District Municipality.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

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

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### Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Responsibilities and Approval

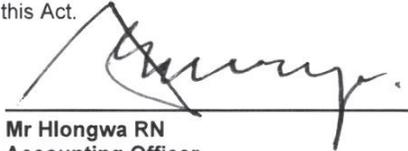
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The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information 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 are given unrestricted access to all financial records and related data.

The management has concluded that the financial statements present fairly the municipality's financial position, financial performance and the cash flows.

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.

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 79 in terms of Section 126(1) of the Municipal Finance Management Act and which I signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 27 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 Office Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.



Mr Hlongwa RN  
Accounting Officer

31 August 2023

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Position as at 30 June 2023

	Note(s)	2023 R	2022 Restated* R
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	27 426 614	20 468 193
Trade Receivables from exchange transactions	4	27 788 003	15 287 291
Receivables from exchange transactions	5	1 855 826	719 310
Receivables from non-exchange transactions	6	14 398 777	12 850 282
VAT Receivable	7	76 892 047	58 160 757
Inventories	8	2 824 420	2 556 479
		<b>151 185 687</b>	<b>110 042 312</b>
<b>Non-Current Assets</b>			
Receivables from non-exchange transactions	6	18 178 535	17 334 576
Property, plant and equipment	9	4 991 969 914	4 594 997 303
Heritage assets	10	7 816 633	7 816 633
Intangible assets	11	51 828	18 377
		<b>5 018 016 910</b>	<b>4 620 166 889</b>
<b>Total Assets</b>		<b>5 169 202 597</b>	<b>4 730 209 201</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	12	1 483 991	901 761
Payables from exchange transactions	13	454 405 633	361 724 739
Consumer deposits	14	3 620 160	3 621 245
Unspent conditional grants and receipts	15	1 559 960	2 410 794
Employee benefit obligation (Medical Aid)	16	500 000	405 000
Employee benefit obligation (Long Service Award)	16	1 654 000	1 973 000
Operating lease liability	17	542 591	234 409
		<b>463 766 335</b>	<b>371 270 948</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	12	1 201 738	1 091 760
Employee benefit obligation (Medical Aid)	16	30 426 000	27 166 000
Employee benefit obligation (Long Service Award)	16	13 061 000	13 552 000
Payables from exchange transactions (Non-current)	18	32 779 089	39 865 128
		<b>77 467 827</b>	<b>81 674 888</b>
<b>Total Liabilities</b>		<b>541 234 162</b>	<b>452 945 836</b>
<b>Net Assets</b>		<b>4 627 968 435</b>	<b>4 277 263 365</b>
Accumulated surplus		4 627 968 430	4 277 263 359
<b>Total Net Assets</b>		<b>4 627 968 430</b>	<b>4 277 263 359</b>

\* See Note 53

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Performance

	Note(s)	2023 R	2022 Restated* R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	19	54 000 979	50 999 303
Rental of facilities	20	180 833	195 241
Interest on receivables	21	75 296	283 013
Other income	22	2 076 013	1 069 758
Interest received - (investment)	23	7 433 381	3 705 403
<b>Total revenue from exchange transactions</b>		<b>63 766 502</b>	<b>56 252 718</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants and subsidies	24	1 269 331 843	1 149 226 650
Public contributions and donations	25	-	24 347 385
Fines, Penalties and Forfeits	26	909 670	208 783
<b>Total revenue from non-exchange transactions</b>		<b>1 270 241 513</b>	<b>1 173 782 818</b>
<b>Total revenue</b>		<b>1 334 008 015</b>	<b>1 230 035 536</b>
<b>Expenditure</b>			
Employee related costs	27	(286 175 778)	(263 557 613)
Remuneration of councillors	28	(9 275 904)	(8 616 470)
Depreciation and amortisation	29	(100 249 044)	(92 819 133)
Finance costs	30	(552 621)	(398 515)
Debt Impairment	31	(6 428 187)	(35 062 865)
Bad-debts written off	32	(2 191 696)	(323 376)
Contracted services	33	(364 771 463)	(341 093 132)
Transfers and Subsidies	34	(4 682 749)	(11 295 134)
Inventory consumed	35	(51 978 067)	(48 575 032)
General expenses	36	(163 288 156)	(131 381 520)
<b>Total expenditure</b>		<b>(989 593 665)</b>	<b>(933 122 790)</b>
<b>Operating surplus</b>		<b>344 414 350</b>	<b>296 912 746</b>
Inventories losses/write-downs	8	(135 106)	-
(Loss) gain on disposal	37	2 214 818	(95 073)
Actuarial (losses) gains	16	4 211 000	(2 532 143)
Impairment loss	38	-	(6 777 432)
		<b>6 290 712</b>	<b>(9 404 648)</b>
<b>Surplus for the year</b>		<b>350 705 062</b>	<b>287 508 098</b>

\* See Note 53

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Changes in Net Assets

	Accumulated surplus / deficit R	Total net assets R
<b>Balance at 01 July 2021</b>	<b>3 989 755 261</b>	<b>3 989 755 261</b>
Changes in net assets		
Surplus for the year	287 508 098	287 508 098
Total changes	<u>287 508 098</u>	<u>287 508 098</u>
Opening balance as previously reported	4 340 844 262	4 340 844 262
Adjustments		
Correction of errors 53	(63 580 894)	(63 580 894)
<b>Restated* Balance at 01 July 2022 as restated*</b>	<b>4 277 263 368</b>	<b>4 277 263 368</b>
Changes in net assets		
Surplus for the year	350 705 062	350 705 062
Total changes	<u>350 705 062</u>	<u>350 705 062</u>
<b>Balance at 30 June 2023</b>	<b>4 627 968 430</b>	<b>4 627 968 430</b>

\* See Note 53

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Cash Flow Statement

		2023	2022
	Note(s)	R	Restated* R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		28 012 943	33 007 674
Grants		1 269 416 509	1 149 347 000
Interest income (investments)		6 765 524	3 701 500
Rental Income		180 833	195 241
Interest on Receivables		75 296	283 011
Other Income		2 074 928	1 057 880
Fines and penalties		909 670	208 783
		<u>1 307 435 703</u>	<u>1 187 801 089</u>
<b>Payments</b>			
Employee costs		(284 654 448)	(263 803 849)
Suppliers		(516 531 157)	(429 338 021)
Finance costs		-	-
Transfers and Subsidies		(4 682 749)	(11 295 134)
		<u>(805 868 354)</u>	<u>(704 437 004)</u>
<b>Net cash flows from operating activities</b>	40	<b><u>501 567 349</u></b>	<b><u>483 364 085</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(497 890 586)	(478 258 879)
Proceeds from sale of property, plant and equipment	9	2 901 567	-
Purchase of other intangible assets	11	(51 269)	-
Purchase of heritage assets	10	-	(6 593 998)
		<u>(495 040 288)</u>	<u>(484 852 877)</u>
<b>Cash flows from financing activities</b>			
Finance lease movement		431 352	1 898 727
		<u>431 352</u>	<u>1 898 727</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6 958 413</b>	<b>409 935</b>
Cash and cash equivalents at the beginning of the year		20 468 193	20 058 248
<b>Cash and cash equivalents at the end of the year</b>	3	<b><u>27 426 606</u></b>	<b><u>20 468 183</u></b>

\* See Note 53

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	80 500 000	(24 247 226)	<b>56 252 774</b>	54 000 979	<b>(2 251 795)</b>	(a)
Rental of facilities	183 486	25 456	<b>208 942</b>	180 833	<b>(28 109)</b>	(b)
Interest on receivables	85 000	114 867	<b>199 867</b>	75 296	<b>(124 571)</b>	(c)
Other income	710 500	790 695	<b>1 501 195</b>	2 076 013	<b>574 818</b>	(d)
Licences and permits	-	72 682	<b>72 682</b>	-	<b>(72 682)</b>	(e)
Investment revenue	6 000 000	(3 000 000)	<b>3 000 000</b>	7 433 381	<b>4 433 381</b>	(f)
<b>Total revenue from exchange transactions</b>	<b>87 478 986</b>	<b>(26 243 526)</b>	<b>61 235 460</b>	<b>63 766 502</b>	<b>2 531 042</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants and subsidies	973 612 000	300 066 826	<b>1 273 678 826</b>	1 269 331 843	<b>(4 346 983)</b>	(h)
Fines, penalties and forfeits	150 000	(91 835)	<b>58 165</b>	909 670	<b>851 505</b>	(i)
<b>Total revenue from non-exchange transactions</b>	<b>973 762 000</b>	<b>299 974 991</b>	<b>1 273 736 991</b>	<b>1 270 241 513</b>	<b>(3 495 478)</b>	
<b>Total revenue</b>	<b>1 061 240 986</b>	<b>273 731 465</b>	<b>1 334 972 451</b>	<b>1 334 008 015</b>	<b>(964 436)</b>	
<b>Expenditure</b>						
Employee related costs	(268 152 047)	(1 889 190)	<b>(270 041 237)</b>	(286 175 778)	<b>(16 134 541)</b>	(j)
Remuneration of councillors	(8 770 722)	(250 000)	<b>(9 020 722)</b>	(9 275 904)	<b>(255 182)</b>	(k)
Depreciation and amortisation	(80 000 005)	-	<b>(80 000 005)</b>	(100 249 044)	<b>(20 249 039)</b>	(l)
Finance costs	-	(552 774)	<b>(552 774)</b>	(552 621)	<b>153</b>	(m)
Debt Impairment	(14 000 000)	-	<b>(14 000 000)</b>	(6 428 187)	<b>7 571 813</b>	(n)
Bad debts written-off	-	-	-	(2 191 696)	<b>(2 191 696)</b>	(o)
Contracted services	(106 387 709)	(94 836 718)	<b>(201 224 427)</b>	(364 771 463)	<b>(163 547 036)</b>	(p)
Transfers and subsidies	(3 070 000)	(1 810 848)	<b>(4 880 848)</b>	(4 682 749)	<b>198 099</b>	(q)
Inventory consumed	(33 319 977)	3 311 992	<b>(30 007 985)</b>	(51 978 067)	<b>(21 970 082)</b>	(r)
General expenses	(112 460 099)	(3 276 900)	<b>(115 736 999)</b>	(163 288 156)	<b>(47 551 157)</b>	(s)
<b>Total expenditure</b>	<b>(626 160 559)</b>	<b>(99 304 438)</b>	<b>(725 464 997)</b>	<b>(989 593 665)</b>	<b>(264 128 668)</b>	
<b>Operating surplus</b>	<b>435 080 427</b>	<b>174 427 027</b>	<b>609 507 454</b>	<b>344 414 350</b>	<b>(265 093 104)</b>	
(Loss) gain on disposal	-	-	-	2 214 818	<b>2 214 818</b>	
Actuarial (losses) gains	-	-	-	4 211 000	<b>4 211 000</b>	
Inventories losses/write-downs	-	-	-	(135 106)	<b>(135 106)</b>	(t)
	-	-	-	<b>6 290 712</b>	<b>6 290 712</b>	
<b>Surplus before taxation</b>	<b>435 080 427</b>	<b>174 427 027</b>	<b>609 507 454</b>	<b>350 705 062</b>	<b>(258 802 392)</b>	
<b>Actual Amount on Comparable Basis</b>	<b>435 080 427</b>	<b>174 427 027</b>	<b>609 507 454</b>	<b>350 705 062</b>	<b>(258 802 392)</b>	

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
R	R	R	R	R	

### Variance explanations

(a) The meters installed have assisted in correcting the billing. However there are still customers who are billed on average due to faulty meters.

(b) The initial budgeted rental was not achieved due to one tenant vacating the building prior to the year end, thus the rental received became less than expected.

(c) The municipality charged the interest on outstanding water account for the businesses only as per credit policy. The interest is less than budgeted due to its dependence on outstanding account

(d) Other revenue consists of Skills development levy refund, Registration fees, landing fees, administrative handling fees, clearance certificates and Sale of tender documents. Major increase above budget is on skills development levy refund and sale of tender documents

(e) These are the licences issued by the municipal health on the renewal date.

(f) This is dependent on the availability of funds that were not immediately required to settle payments. Therefore, invested to call account.

(h) The MSIG grant was gazetted but never received. Borehole intervention programme grant was not fully spent by end of June. The MOU extend beyond June 2023. ART council SA grant was not fully spent and will continue to pay for help desk until the end of the contract.

(i) Fines, penalties, forfeits is amounts charged on illegal connections, deposit forfeits and health fines based on health inspections and reconnection fees on non-paying disconnected customers. The municipality adjusted the budget based on the fact that the training was provided to environmental health practitioners. However, the benefit did not materials in 2022-2023 financial year.

(j) The leave pay include leave provision and leave paid, the municipality has overspent on leave pay, bonus leave provision was overspent, standby allowance that was overspent by the municipality due to circumstances that arise during the year in water and sewer plants.

(k) These are third-party contributions to medical aid and pension fund. There are contributions that were added during the year resulting from the change in councillors.

(l) The significant increase in depreciation was due to completed assets transferred from work in process, and started to depreciate and extended above budget.

(m) The municipality have lease agreement that is finance lease. The interest is included in finance cost line and interest resulting in overdue accounts.

(n) This is dependent on the actual debtors as at the end of the financial year.

(o) These are debtors written off following the council resolution on debtors that are indigent and there was no budget allocated to write off.

(p) The contracted services comprise of maintenance of municipal infrastructure or assets, Business and Advisory Services and project management. The major cost drivers are water tankers, security and maintenance. This also include MIG expenditure resulting from VIP toilets which the municipality handover to community while does not have control after handover. The budget was allocated under capital expenditure.

(q) This is support given to the community by municipality in the form of lightning conductors, disaster relief material, economic recovery fund and LED projects.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

(r) This includes the purchase of raw water, portable water, material and supplies. The major increase is in purchase of raw water.

(s) The municipality has incurred the excessive expenditure in internet charge, Eskom, fuel and S&T.

(t) This is loss resulting from inventory write off.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	240 335 120	(74 481 247)	<b>165 853 873</b>	27 426 614	<b>(138 427 259)</b>	(a)
Consumer debtors	67 303 330	(27 516 553)	<b>39 786 777</b>	27 788 003	<b>(11 998 774)</b>	(b)
Receivables from exchange transactions	1 181 823	(588 313)	<b>593 510</b>	1 855 826	<b>1 262 316</b>	(c)
Receivables from non-exchange transactions	6 918 568	2 361 869	<b>9 280 437</b>	14 398 777	<b>5 118 340</b>	(d)
VAT Receivable	4 400 000	34 965 975	<b>39 365 975</b>	76 892 047	<b>37 526 072</b>	(e)
Inventories	2 472 960	83 518	<b>2 556 478</b>	2 824 420	<b>267 942</b>	(f)
	<b>322 611 801</b>	<b>(65 174 751)</b>	<b>257 437 050</b>	<b>151 185 687</b>	<b>(106 251 363)</b>	
<b>Non-Current Assets</b>						
Receivables from non-exchange transactions	16 302 248	1 032 328	<b>17 334 576</b>	18 178 535	<b>843 959</b>	(g)
Property, plant and equipment	4 188 951 602	658 031 650	<b>4 846 983 252</b>	4 991 969 914	<b>144 986 662</b>	(h)
Heritage assets	-	-	-	7 816 633	<b>7 816 633</b>	(i)
Intangible assets	13 489	11 172	<b>24 661</b>	51 828	<b>27 167</b>	(j)
	<b>4 205 267 339</b>	<b>659 075 150</b>	<b>4 864 342 489</b>	<b>5 018 016 910</b>	<b>153 674 421</b>	
<b>Total Assets</b>	<b>4 527 879 140</b>	<b>593 900 399</b>	<b>5 121 779 539</b>	<b>5 169 202 597</b>	<b>47 423 058</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Finance lease obligation	-	-	-	1 483 991	<b>1 483 991</b>	(k)
Payables from exchange transactions	218 943 753	123 272 800	<b>342 216 553</b>	454 405 633	<b>112 189 080</b>	(l)
Consumer deposits	3 633 124	(11 879)	<b>3 621 245</b>	3 620 160	<b>(1 085)</b>	(m)
Unspent conditional grants and receipts	-	-	-	1 559 960	<b>1 559 960</b>	(n)
Employee benefit obligation (Medical Aid)	249 000	156 000	<b>405 000</b>	500 000	<b>95 000</b>	(o)
Employee benefit obligation (Long Service Award)	1 506 000	467 000	<b>1 973 000</b>	1 654 000	<b>(319 000)</b>	(p)
Operating lease liability	-	-	-	542 591	<b>542 591</b>	
	<b>224 331 877</b>	<b>123 883 921</b>	<b>348 215 798</b>	<b>463 766 335</b>	<b>115 550 537</b>	
<b>Non-Current Liabilities</b>						
Finance lease obligation	-	1 091 760	<b>1 091 760</b>	1 201 738	<b>109 978</b>	(q)
Payables from exchange transactions (Non-current)	-	-	-	32 779 089	<b>32 779 089</b>	(r)
Employee benefit obligation (Medical Aid)	22 289 000	7 472 000	<b>29 761 000</b>	30 426 000	<b>665 000</b>	(s)
Employee benefit obligation (Long Service Award)	11 615 000	1 464 000	<b>13 079 000</b>	13 061 000	<b>(18 000)</b>	(t)
	<b>33 904 000</b>	<b>10 027 760</b>	<b>43 931 760</b>	<b>77 467 827</b>	<b>33 536 067</b>	
<b>Total Liabilities</b>	<b>258 235 877</b>	<b>133 911 681</b>	<b>392 147 558</b>	<b>541 234 162</b>	<b>149 086 604</b>	
<b>Net Assets</b>	<b>4 269 643 263</b>	<b>459 988 718</b>	<b>4 729 631 981</b>	<b>4 627 968 435</b>	<b>(101 663 546)</b>	

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	4 269 643 263	459 988 718	<b>4 729 631 981</b>	4 627 968 435	<b>(101 663 546)</b>	(u)

### Variance explanations

(a) Cash and cash equivalent is estimated based on the expected performance on expenditure (Considering payments of suppliers, employees, and capital grants) and revenue, and considering the collection level of the municipality. The large variance is because the municipality has paid huge amounts of creditors from previous year on top of the current budgeted payment.

(b) Trade and other receivables from exchange transactions include debtors from water, sanitation services, other service charges and rental properties. The municipality's actual debtors have decreased as compared to the budget due to the impairment on water and sanitation debtors, and the decrease in rentals due to one tenant vacating the building.

(c) This includes the prepayment of ESKOM deposits. The municipality pays the deposits for a new connection on water schemes, which is above the expected cost as per budget.

(d) This includes all other non-exchange debtors, including shared services debtors from Local municipalities, outstanding amount from DWS and all other debtors. The municipality's budgeted higher than the actual debtors, this means that the municipality has managed to reduce the amount of other debtors.

(e) VAT Receivable is the net amount of input VAT raised less output VAT received. The municipality's budget is less than the actual due to the municipality's large amount of payment during the year end, which resulted in increased VAT input.

(f) Inventories consist of water stock, material and supplies and consumable stores. The budget is higher than actual because of consumable stock issued during the year.

(g) These are deposits made that have a duration of more than 12 months, majority being ESKOM, deposits are deposited by the municipality when opening a new account.

(h) Property plant and equipment include capital acquisition and the amount of all assets owned by the municipality, Capital acquisition which are additions to property plant and equipment. The municipality has under budgeted in the property plant and equipment.

(i) The municipality Heritage asset is the statue and was not included on the budget.

(l) The Payables from exchange transactions consist of trade payables and all other payables. The significant increase is due to trade payables, retention, and current position of DWS long term debt.

(n) The municipality has unspent grants, the municipality has spent grants within the limits of grant conditions. Unspent grants will be spent in 2023-2024. The municipality was not anticipating for unspent grant.

(k&q) The municipality is in a lease agreement with Business Connections (BCX), the contract is for the laptops that the municipality will use for the agreed period and will be given to the Municipality at the end of the contract. The municipality has introduced new laptops during the year that resulted in actual being above the budget.

(r) This is the long-term debt with DWS. An arrangement has been signed by the Municipality and the department of water and sanitation. This resulted in the new amount being calculated and being above the budget.

(o&s) The municipality budgeted slightly different from the actual calculation of the employee benefits.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

(p&t) The municipality budgeted slightly different from the actual calculation of the employee benefits.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Sale of goods and services	60 573 750	(17 747 993)	<b>42 825 757</b>	28 012 943	<b>(14 812 814)</b>	(a)
Grants	973 612 000	298 425 009	<b>1 272 037 009</b>	1 269 416 509	<b>(2 620 500)</b>	(b)
Interest income	6 000 000	(3 000 000)	<b>3 000 000</b>	6 765 524	<b>3 765 524</b>	(c)
Other receipts	80 905 165	44 321 378	<b>125 226 543</b>	3 240 727	<b>(121 985 816)</b>	(d)
	<b>1 121 090 915</b>	<b>321 998 394</b>	<b>1 443 089 309</b>	<b>1 307 435 703</b>	<b>(135 653 606)</b>	

##### Payments

Employee costs	(276 922 769)	(2 139 190)	<b>(279 061 959)</b>	(284 654 448)	<b>(5 592 489)</b>	(e)
Suppliers	(293 523 459)	(63 900 356)	<b>(357 423 815)</b>	(516 531 157)	<b>(159 107 342)</b>	(f)
Other cash item	-	-	-	(4 682 749)	<b>(4 682 749)</b>	(g)
	<b>(570 446 228)</b>	<b>(66 039 546)</b>	<b>(636 485 774)</b>	<b>(805 868 354)</b>	<b>(169 382 580)</b>	

<b>Net cash flows from operating activities</b>	<b>550 644 687</b>	<b>255 958 848</b>	<b>806 603 535</b>	<b>501 567 349</b>	<b>(305 036 186)</b>	
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#### Cash flows from investing activities

Purchase of property, plant and equipment	(332 161 738)	(206 880 762)	<b>(539 042 500)</b>	(497 890 586)	<b>41 151 914</b>	(h)
Proceeds from sale of property, plant and equipment	-	-	-	2 901 567	<b>2 901 567</b>	(i)
Purchase of other intangible assets	-	-	-	(51 269)	<b>(51 269)</b>	
<b>Net cash flows from investing activities</b>	<b>(332 161 738)</b>	<b>(206 880 762)</b>	<b>(539 042 500)</b>	<b>(495 040 288)</b>	<b>44 002 212</b>	

#### Cash flows from financing activities

Finance lease movement	-	(901 761)	<b>(901 761)</b>	431 352	<b>1 333 113</b>	(j)
Net increase/(decrease) in cash and cash equivalents	218 482 949	48 176 325	<b>266 659 274</b>	6 958 413	<b>(259 700 861)</b>	
Cash and cash equivalents at the beginning of the year	72 671 115	(52 202 921)	<b>20 468 194</b>	20 468 194	-	
<b>Cash and cash equivalents at the end of the year</b>	<b>291 154 064</b>	<b>(4 026 596)</b>	<b>287 127 468</b>	<b>27 426 607</b>	<b>(259 700 861)</b>	

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
R	R	R	R	R	

### Variance explanations

(a) The budgeted collection of Sale of goods and services is 65%. The actual collection rate is above 50%. This results from low collection level from debtors.

(b) Some of the grants were not fully spent thus not recognised as revenue, grants such as borehole intervention. MSIG was gazetted, but never transferred to the municipality

(c) Interest on investment is interest received when the Municipality makes cash investments or call accounts. The investment performance during the first half of the year was not good, the budget interest was adjusted down, however the performance improved in the second half of the year and the municipality received more interest.

(d) Other revenue includes amounts for tender fees, skills development levy refund and any other revenue the Municipality may be entitled to receive such as VAT refund. The Treasury template for cash flow statements presentation in the budget is different from cash flow statements presented in AFS. On the AFS, refund from SARS is considered in working capital, whilst on the budget is treated direct as other revenue.

(e) The municipality overspent on standby allowance and overtime payments due to circumstances that arose during the financial year.

(f) Payments to suppliers and employees reflects all payments paid to suppliers, the municipality overspent in most expenditure categories as presented on the budget statement of financial performance above.

(g) Transfers and subsidies are goods provided as subsidies or aid to the communities for poverty alleviation or community development and/or any other support that may be required by community and provided by the municipality. The municipality budget is included in Suppliers and employees due to limitations on the budget template.

(h) The municipality's capital acquisition budget is high than the actual acquisition because there are expenditures that were capital in nature, but could not be capitalised, so they were expensed, such as VIP toilets.

(i) These are the proceeds from the sale of assets, the municipality did not provide the budget, but the necessity to dispose prevail during the year.

(j) This is the finance lease paid during the financial year.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and MFMA)	Final adjustments (i.t.o. s31 of the MFMA)	Shifting of funds (i.t.o. 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
	R	R	R	R	R	R	R	R	R	R	R
<b>2023</b>											
<b>Financial Performance</b>											
Service charges	80 500 000	(24 247 226)	56 252 774	-	-	56 252 774	54 000 979		(2 251 795)	96 %	67 %
Investment revenue	6 000 000	(3 000 000)	3 000 000	-	-	3 000 000	7 433 381		4 433 381	248 %	124 %
Transfers recognised - operational	601 306 000	60 425 009	661 731 009	-	-	661 731 009	658 829 922		(2 901 087)	100 %	110 %
Other own revenue	1 128 986	911 865	2 040 851	-	-	2 040 851	3 241 812		1 200 961	159 %	287 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>688 934 986</b>	<b>34 089 648</b>	<b>723 024 634</b>	<b>-</b>	<b>-</b>	<b>723 024 634</b>	<b>723 506 094</b>		<b>481 460</b>	<b>100 %</b>	<b>105 %</b>
Employee costs	(268 152 047)	(1 889 190)	(270 041 237)	-	-	(270 041 237)	(286 175 778)		(16 134 541)	106 %	107 %
Remuneration of councillors	(8 770 722)	(250 000)	(9 020 722)	-	-	(9 020 722)	(9 275 904)		(255 182)	103 %	106 %
Debt impairment	(14 000 000)	-	(14 000 000)			(14 000 000)	(6 428 187)		7 571 813	46 %	46 %
Depreciation and asset impairment	(80 000 005)	-	(80 000 005)			(80 000 005)	(100 249 044)		(20 249 039)	125 %	125 %
Finance charges	-	(552 774)	(552 774)	-	-	(552 774)	(552 621)		153	100 %	DIV/0 %
Materials and bulk purchases	(33 319 977)	3 311 992	(30 007 985)	-	-	(30 007 985)	(51 978 067)		(21 970 082)	173 %	156 %
Transfers and grants	(3 070 000)	(1 810 848)	(4 880 848)	-	-	(4 880 848)	(4 682 749)		198 099	96 %	153 %
Other expenditure	(218 847 808)	(98 113 618)	(316 961 426)	-	-	(316 961 426)	(530 251 315)		(213 289 889)	167 %	242 %
<b>Total expenditure</b>	<b>(626 160 559)</b>	<b>(99 304 438)</b>	<b>(725 464 997)</b>	<b>-</b>	<b>-</b>	<b>(725 464 997)</b>	<b>(989 593 665)</b>		<b>(264 128 668)</b>	<b>136 %</b>	<b>158 %</b>
<b>Surplus/(Deficit)</b>	<b>62 774 427</b>	<b>(65 214 790)</b>	<b>(2 440 363)</b>	<b>-</b>	<b>-</b>	<b>(2 440 363)</b>	<b>(266 087 571)</b>		<b>(263 647 208)</b>	<b>10 904 %</b>	<b>(424)%</b>

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Appropriation Statement

	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
	R	R	R	R	R	R	R	R	R	R	R
Transfers recognised - capital	372 306 000	239 641 817	611 947 817	-	-	611 947 817	610 501 921		(1 445 896)	100 %	164 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>435 080 427</b>	<b>174 427 027</b>	<b>609 507 454</b>	<b>-</b>	<b>-</b>	<b>609 507 454</b>	<b>344 414 350</b>		<b>(265 093 104)</b>	<b>57 %</b>	<b>79 %</b>
<b>Surplus/(Deficit) for the year</b>	<b>435 080 427</b>	<b>174 427 027</b>	<b>609 507 454</b>	<b>-</b>	<b>-</b>	<b>609 507 454</b>	<b>344 414 350</b>		<b>(265 093 104)</b>	<b>57 %</b>	<b>79 %</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	332 161 738	206 880 762	539 042 500	-	-	539 042 500	497 941 855		(41 100 645)	92 %	150 %

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments (i.t.o. council approved policy)	Shifting of funds (i.t.o. 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
	R	R	R	R	R	R	R	R	R	R	R
<b>Cash flows</b>											
Net cash from (used) operating	550 644 687	255 958 848	806 603 535	-	-	806 603 535	501 567 349		(305 036 186)	62 %	91 %
Net cash from (used) investing	(332 161 738)	(206 880 762)	(539 042 500)	-	-	(539 042 500)	(495 040 288)		44 002 212	92 %	149 %
Net cash from (used) financing	-	-	-	(901 761)	(901 761)	(901 761)	431 352		1 333 113	(48)%	DIV/0 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>218 482 949</b>	<b>49 078 086</b>	<b>267 561 035</b>	<b>(901 761)</b>	<b>(901 761)</b>	<b>266 659 274</b>	<b>6 958 413</b>		<b>(259 700 861)</b>	<b>3 %</b>	<b>3 %</b>
Cash and cash equivalents at the beginning of the year	72 671 115	(52 202 921)	20 468 194	-	-	20 468 194	20 468 193		(1)	100 %	28 %
<b>Cash and cash equivalents at year end</b>	<b>291 154 064</b>	<b>(3 124 835)</b>	<b>288 029 229</b>	<b>(901 761)</b>		<b>287 127 468</b>	<b>27 426 606</b>		<b>259 700 862</b>	<b>10 %</b>	<b>9 %</b>

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

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

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All figures are rounded to the nearest Rand.

#### 1.2 Significant judgements and sources of estimation uncertainty

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

##### Trade receivables

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

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

In assessing the recoverability of trade receivables the assumption is that all organisations are excluded from the calculation. The remainder of accounts representing residential accounts are assessed as per their payment record. Those that have not been available to pay for the account in a more than twelve months are then provided for doubtful debt.

##### Impairment testing

The recoverable amounts 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 indigent assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of 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. 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 tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand, together with economic factors such as exchange rates inflation interest.

##### 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 16 - Provisions.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### Contingencies

Contingencies recognised in the current year required estimates and judgments, refer to note 43 on entity combinations.

#### Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

#### Post-retirement benefits and Other long term obligations

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

#### Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### Non-Cash Generating Assets

The Municipality considers its objective of using an asset to designate non-cash generating assets. Those assets that are not used in the objective of generating a commercial return but to deliver services are designated as non-cash generating assets

### 1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months. The assessment is done as per note 45.

### 1.4 Comparative figures

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

### 1.5 Property, plant and equipment

#### Initial Recognition

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

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 period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured 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 management. Trade discounts and rebates are deducted in arriving at the cost.

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, it's 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.

#### 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.

#### 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 assets' residual value where applicable.

The useful lives of items of property, plant and equipment have been assessed as follows:

Assets to be Impaired are identified and recognised after considering internal and external indicators, impairment is measured at carrying amount of the asset which exceeds its recoverable service amount.

Impairment (loss) gain is recorded on the statement of financial performance and accumulated impairment is recorded in the statement of financial position.

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Item	Depreciation method	Average useful life
Land	Straight line	Infinity
Infrastructure	Straight line	
• Water		7-70 years
• Sewerage		7-70 years

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# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

Community	Straight line	
• Buildings		15-70 years
• Recreational Facilities		15-70 years
Other property, plant and equipment	Straight line	
• Buildings		10-50 years
• Specialist vehicles		4-15 years
• Other vehicles		4-15 years
• Office equipment		3-25 years
• Furniture and fittings		3-5 years
• Emergency equipment		10-30 years
• Computer equipment		3-11 years
• Office equipment		5 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

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.

#### 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.

#### Repairs and maintenance

The municipality separately disclose expenditure incurred to repair and maintain property, plant and equipment in the notes to the annual financial statements. The disclosure categorises expenditure over all classes of property, plant and equipment.

### 1.6 Heritage assets

#### 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.

#### 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.

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### 1.6 Heritage assets (continued)

#### Subsequent measurement

The municipality uses the cost model to value each class of heritage asset. Subsequent expenditure relating to heritage assets is capitalised if that expenditure meets all the requirements 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.

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

#### Derecognition

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 depreciation and impairment) and the disposal proceeds and included in the Statement of Financial Performance.

### 1.7 Intangible assets

#### Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. 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.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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.

#### 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.

#### 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.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

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Item	Depreciation method	Average useful life
Computer software	Straight line	5-7 years

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#### Derecognition

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### 1.7 Intangible assets (continued)

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

### 1.8 Inventories

#### 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 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.

#### Subsequent measurement

Inventories, consisting of consumable stores, materials and water, 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.

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### 1.9 Financial instruments

#### Initial recognition

The Municipality recognises financial assets using trade date accounting.

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 Municipality 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.

#### Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Accounts receivable and payable	Financial asset measured at amortised cost

#### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following category:

- Financial instruments at amortised cost.

All financial assets measured at amortised cost, are subject to an impairment review.

#### Impairment and uncollectible of financial assets

All financial assets measured at amortised 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.

#### Derecognition

##### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

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.

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### 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 are considered indicators that the trade and other receivable are 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 and other receivables are accounted for by reducing the carrying amount of trade and other 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

Financial liabilities consist of trade payables. 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.

### 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

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

# Zululand District Municipality

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### 1.16 Leases (continued)

#### Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

#### Operating leases - lessor

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

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.17 Provisions and contingencies

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 from exchange transactions

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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### 1.18 Revenue from exchange transactions (continued)

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

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.

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### 1.19 Revenue from non-exchange transactions

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

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.

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### 1.20 Grants, transfer 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.

### 1.21 Borrowing costs

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

### 1.22 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 provision 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.

#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

#### 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.

#### 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.

#### 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.

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### 1.22 Employee benefits (continued)

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.

### 1.23 VAT

The municipality accounts for VAT on the accrual basis, based on the approval received from the Commissioner for South African Revenue Services to an application by the Municipality, permission has been given to remit or claim for value - added tax on the payments basis for debtors and creditors.

VAT is a statutory receivable in terms of the VAT act, levied at 15% on qualifying payments and receipts.

Input VAT accrual and input VAT (receivable from SARS) are recognised when expenditure is incurred and when cash payments are made, respectively.

Output VAT accrual is recognised when revenue is billed. Output VAT (payable to SARS) is recognised once payment is received from debtors or when cash receipts are recorded. Output VAT impairment is recognised when debtors are impaired.

Statutory receivables/payables are recognised when VAT submission has been made to SARS.

### 1.24 Budget information

The approved budget covers the financial period from 2022/07/01 to 2023/06/30.

The annual budget figures have been prepared in accordance with the GRAP. 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 under spending in 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 for the Statement of financial performance and the statement of financial position, cash basis for the approved cashflow statement.

The approved budget is classified by economic nature per items on the same basis as adopted in the financial statements.

### 1.25 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.

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### 1.26 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 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.

The municipality determines present value of the remaining service potential of non-generating assets (value in use) through depreciated replacement cost model

### 1.27 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

#### Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

#### Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

#### Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

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### Statutory receivables (continued)

#### Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

### 1.28 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

### 1.29 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

### 1.30 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

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### 1.30 Events after reporting date (continued)

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
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### 2. New standards and interpretations

#### 2.1 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact.
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact.
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact.
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2023	Unlikely there will be a material impact.
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact.
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact.
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact.
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact.

#### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103 (as revised): Heritage Assets	Still to be determined	Unlikely there will be a material impact

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	800	800
Bank balances	27 425 814	20 467 393
	<u>27 426 614</u>	<u>20 468 193</u>

#### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
ABSA BANK - Primary Account - 4047-716-2045	27 075 408	20 467 393	20 057 448	27 075 408	20 466 912	20 057 448
ABSA BANK - NSF - Account - 937-555-1092	350 405	-	-	350 405	-	-
<b>Total</b>	<u>27 425 813</u>	<u>20 467 393</u>	<u>20 057 448</u>	<u>27 425 813</u>	<u>20 466 912</u>	<u>20 057 448</u>

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>4. Trade receivable from exchange transaction</b>		
<b>Gross balances</b>		
Water	152 780 376	133 196 793
Waste water	42 794 358	38 205 887
Housing rental	65 165	71 396
Other	24 284	23 961
	<b>195 664 183</b>	<b>171 498 037</b>
<b>Less: Allowance for impairment</b>		
Water	(141 271 689)	(120 775 099)
Waste water	(26 562 262)	(35 393 418)
Housing rental	(27 070)	(27 070)
Other	(15 159)	(15 159)
	<b>(167 876 180)</b>	<b>(156 210 746)</b>
<b>Net balance</b>		
Water	11 508 687	12 421 694
Waste water	16 232 096	2 812 469
Housing rental	38 095	44 326
Other	9 125	8 802
	<b>27 788 003</b>	<b>15 287 291</b>
<b>Water</b>		
Current (0 -30 days)	7 024 072	8 036 564
31 - 60 days	2 707 585	3 036 284
61 - 90 days	2 529 404	2 960 924
91 - 120 days	3 085 588	2 329 341
121 - 365 days	17 938 308	20 039 273
> 365 days	119 495 419	96 794 407
Less: Allowance for impairment	(141 271 689)	(120 775 099)
	<b>11 508 687</b>	<b>12 421 694</b>
<b>Waste water</b>		
Current (0 -30 days)	1 925 891	2 210 274
31 - 60 days	794 553	764 571
61 - 90 days	746 365	693 310
91 - 120 days	772 426	611 899
121 - 365 days	4 615 879	4 382 423
> 365 days	33 939 245	29 543 411
Less: Allowance for impairment	(26 562 263)	(35 393 419)
	<b>16 232 096</b>	<b>2 812 469</b>
<b>Housing rental</b>		
Current (0 -30 days)	21 238	39 267
31 - 60 days	9 442	8 346
61 - 90 days	9 302	8 346
91 - 120 days	9 302	5 518
121 - 365 days	9 062	9 919
> 365 days	6 819	-
Less: Allowance for impairment	(27 070)	(27 070)
	<b>38 095</b>	<b>44 326</b>

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>4. Trade receivable from exchange transaction (continued)</b>		
<b>Other</b>		
Current (0 -30 days)	8 535	558
31 - 60 days	107	7 236
61 - 90 days	191	-
91 - 120 days	161	2 940
121 - 365 days	747	12 438
> 365 days	14 543	789
Less: Allowance for impairment	(15 159)	(15 159)
	<b>9 125</b>	<b>8 802</b>
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	5 240 352	5 444 127
31 - 60 days	2 205 072	2 751 905
61 - 90 days	2 219 830	2 523 381
91 - 120 days	2 637 199	2 277 972
121 - 365 days	16 133 995	18 963 765
> 365 days	136 943 755	116 183 742
	165 380 203	148 144 892
Less: Allowance for impairment	(143 164 869)	(138 614 151)
	<b>22 215 334</b>	<b>9 530 741</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	1 359 802	1 794 752
31 - 60 days	410 641	453 245
61 - 90 days	417 968	570 560
91 - 120 days	456 946	300 711
121 - 365 days	2 258 618	2 739 456
> 365 days	8 924 006	9 446 344
	13 827 981	15 305 068
Less: Allowance for impairment	(11 572 728)	-
	<b>2 255 253</b>	<b>15 305 068</b>
<b>National and provincial government</b>		
Current (0 -30 days)	2 379 582	3 245 698
31 - 60 days	895 975	622 448
61 - 90 days	647 466	579 616
91 - 120 days	773 331	371 015
121 - 365 days	4 171 384	2 847 902
> 365 days	7 588 260	195 574
Less: Allowance for impairment	-	-
	<b>16 455 998</b>	<b>7 862 253</b>

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>4. Trade receivable from exchange transaction (continued)</b>		
<b>Total</b>		
Current (0 -30 days)	8 979 736	10 985 087
31 - 60 days	3 511 687	3 840 073
61 - 90 days	3 285 263	3 761 267
91 - 120 days	3 867 477	3 599 382
121 - 365 days	22 563 997	28 075 892
> 365 days	153 456 023	121 236 336
	<u>195 664 183</u>	<u>171 498 037</u>
Less: Allowance for impairment	(167 876 180)	(156 210 746)
	<b><u>27 788 003</u></b>	<b><u>15 287 291</u></b>
<b>Less: Allowance for impairment</b>		
Current (0 -30 days)	(2 854 611)	(4 233 896)
31 - 60 days	(1 119 912)	(2 271 574)
61 - 90 days	(1 009 281)	(2 084 087)
91 - 120 days	(1 606 213)	(1 968 361)
121 - 365 days	(7 389 527)	(16 978 899)
> 365 days	(153 896 636)	(128 673 929)
	<u>(167 876 180)</u>	<u>(156 210 746)</u>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(156 210 746)	(115 598 498)
Contributions to allowance	(11 665 434)	(40 612 248)
	<u>(167 876 180)</u>	<u>(156 210 746)</u>

### Consumer debtors pledged as security

There are no debtors pledged as security.

### Credit quality of consumer debtors

Based on historical information debtors that are past due nor impaired do pay within a period of 12 months.

Trade receivables are recognised as financial instruments since the customer willingly enters into a contractual arrangement with the municipality for the supply of services. The transaction arises as a result of billing revenue for the use of water and sewer.

In assessing the recoverability of trade receivables the assumption is that all organisations(e.g. government departments) are excluded from the calculation. The remainder of accounts representing residential accounts and business accounts are assessed as per the following methodology.

The municipality classifies accounts into four categories

Category O - Debtors with credit balance. These are not financial assets and will not be considered for impairment assessment.

Category A - Debtors with only current balances. There are no indicators of impairment and as such not to be impaired.

Category B - Debtors that are paying but not enough to clear their balance to at least current but enough to the amount paid is more than opening balance.

Category C - Debtors paying below their opening and debtors with payment at all in the year.

Government debtors - Special consideration was placed on debtors. Normal government (departments and municipality), no impaired was consider as engagements are on-going and if services termination is put forward payments are made.

Government property with residential occupancy, these were considered as normal debtors as Government Departments and Entities requires the tenants to settle their bills.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>5. Receivables from exchange transactions</b>		
Employee costs in advance	18 346	125 799
Prepaid expenses	1 807 978	564 009
Other debtors	29 502	29 502
	<b>1 855 826</b>	<b>719 310</b>
<b>Reconciliation of provision for impairment of Receivables from exchange transactions</b>		
Opening balance	-	(323 376)
Provision for impairment reversal	-	323 376
	-	-
<b>6. Receivables from non-exchange transactions</b>		
Debtors: Deposits Made	18 178 535	17 334 576
Debtor: Department of Art and Culture	-	955 500
Debtor: Department of Water and Sanitation	2 717 840	2 717 840
Debtor: Abaqulusi Municipality	1 266 921	1 293 313
Debtor: Ulundi Municipality	1 303 907	1 041 662
Debtor: Nongoma Municipality	1 333 792	1 061 547
Debtor: eDumbe Municipality	583 864	622 412
Debtor: Upongola Municipality	1 054 521	792 275
Debtor: Enduneni Constructors	783 423	783 423
Debtor: World Focus	284 241	284 241
Debtor: Amanzi Ichweba	1 431 988	1 431 988
Debtor:BP Drakensburg	136 888	136 888
Debtor: Tracker - Rand Machant	134 248	134 248
Debtor: Lindani Catering	1 950	1 950
Debtor: Insurance Claim	-	136 710
Debtor: KwaZulu-Natal Amafa and Research Institute	20 000	-
Debtor: Sizolwenkosi	116 841	116 841
Debtor: Telkom	-	4 729
Debtor: Accrued Interest	711 195	43 338
Debtor: Accrued Income	148 003	36 900
Recoverable fruitless and wasteful expenditure	1 333 903	1 333 903
Debtors: Under/Over Banking	1 062 894	1 062 894
Debtor: Debit orders Absa	1 035 252	3 562 885
Less: Provision for impairment	(1 062 894)	(4 705 205)
	<b>32 577 312</b>	<b>30 184 858</b>
Non-current assets	18 178 535	17 334 576
Current assets	14 398 777	12 850 282
	<b>32 577 312</b>	<b>30 184 858</b>
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b>		
Opening balance	4 705 207	4 705 207
Provision for impairment	1 062 894	-
Provision for impairment reversal	(4 705 207)	-
	<b>1 062 894</b>	<b>4 705 207</b>

Debt impairment reversal on receivables from non-exchange transactions resulted from the reclassification of balances.

Debt impairment is provided for irrecoverable amounts based on the assessment that monies might not be recoverable.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>7. VAT Receivable</b>		
The VAT 201 return for May 2023 and June 2023 were outstanding at 30 June 2023 amounting to <b>R27 524 833</b> .		
The VAT 201 return for May 2022 and June 2022 were outstanding at 30 June 2022 amounting to <b>R10 896 204</b> .		
Input VAT accrual	48 031 225	38 778 746
Input VAT (receivable from SARS)	5 257 011	11 373 586
Output VAT accrual	(24 893 002)	(21 872 792)
Output VAT accrual impairment	21 326 933	19 731 998
Output VAT (payable to SARS)	(354 953)	(746 985)
Statutory receivables	27 524 833	10 896 204
	<b>76 892 047</b>	<b>58 160 757</b>
<b>8. Inventories</b>		
Consumable stores	1 193 177	1 529 252
Water for distribution	1 631 243	1 027 227
	<b>2 824 420</b>	<b>2 556 479</b>
<b>Consumable stores and materials and supplies</b>		
Opening	1 529 251	1 973 108
Additions	9 277 497	7 590 355
Issued / Expensed	(9 304 560)	(8 034 212)
Adjustments	(173 906)	-
Write offs	(135 106)	-
	<b>1 193 176</b>	<b>1 529 251</b>
<b>Water for Distribution</b>		
Opening	1 027 227	2 167 236
Additions	43 276 501	40 540 820
Issued / Expensed	(42 672 485)	(40 540 820)
Adjustments	-	(1 140 009)
	<b>1 631 243</b>	<b>1 027 227</b>

### Inventory pledged as security

There was no inventory pledged as security.

**Zululand District Municipality**  
Annual Financial Statements for the year ended 30 June 2023  
**Notes to the Annual Financial Statements**

Figures in Rand

**9. Property, plant and equipment**

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	470 000	-	470 000	470 000	-	470 000
Buildings	45 445 591	(20 975 460)	24 470 131	45 445 591	(19 691 702)	25 753 889
Infrastructure	4 337 722 769	(740 204 605)	3 597 518 164	4 095 595 922	(662 797 573)	3 432 798 349
Community	47 657 343	(16 249 928)	31 407 415	31 103 312	(15 256 001)	15 847 311
Other property, plant and equipment	72 848 260	(50 096 838)	22 751 422	84 435 813	(57 304 510)	27 131 303
Capital work in progress	1 315 352 782	-	1 315 352 782	1 092 996 451	-	1 092 996 451
<b>Total</b>	<b>5 819 496 745</b>	<b>(827 526 831)</b>	<b>4 991 969 914</b>	<b>5 350 047 089</b>	<b>(755 049 786)</b>	<b>4 594 997 303</b>

**Reconciliation of property, plant and equipment - 2023**

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	470 000	-	-	-	-	470 000
Buildings	25 753 889	-	-	-	(1 283 758)	24 470 131
Infrastructure	3 432 798 349	-	(672)	254 336 446	(89 615 959)	3 597 518 164
Community	15 847 311	-	-	16 554 032	(993 928)	31 407 415
Other property, plant and equipment	27 131 303	4 643 777	(686 079)	-	(8 337 579)	22 751 422
Capital work in Progress	1 092 996 451	493 246 809	-	(270 890 478)	-	1 315 352 782
	<b>4 594 997 303</b>	<b>497 890 586</b>	<b>(686 751)</b>	<b>-</b>	<b>(100 231 224)</b>	<b>4 991 969 914</b>

**Zululand District Municipality**  
Annual Financial Statements for the year ended 30 June 2023

**Notes to the Annual Financial Statements**

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**9. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2022**

	Opening balance	Additions	Disposals	Transfers received	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	470 000	-	-	-	-	-	-	-	470 000
Buildings	26 996 629	-	-	-	-	-	(1 242 740)	-	25 753 889
Infrastructure	2 912 904 625	8 702 072	-	24 307 385	587 303 518	(11 311 453)	(83 987 019)	(5 120 779)	3 432 798 349
Community	6 351 205	-	(28 056)	-	-	11 311 453	(130 639)	(1 656 652)	15 847 311
Other property, plant and equipment	27 464 163	7 149 270	(67 017)	40 000	(10 000)	-	(7 445 113)	-	27 131 303
Capital work in Progress	1 217 892 432	462 407 537	-	-	(587 303 518)	-	-	-	1 092 996 451
	<b>4 192 079 054</b>	<b>478 258 879</b>	<b>(95 073)</b>	<b>24 347 385</b>	<b>(10 000)</b>	<b>-</b>	<b>(92 805 511)</b>	<b>(6 777 431)</b>	<b>4 594 997 303</b>

**Pledged as security**

There is no restriction on title and Property, plant and Equipment pledged as security:

**Assets subject to finance lease (Net carrying amount)**

Other property, plant and equipment	2 538 896
	<u>1 940 255</u>

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R	
<b>9. Property, plant and equipment (continued)</b>			
<b>Property, plant and equipment in the process of being constructed or developed</b>			
<b>Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected</b>			
Ceza Stand Alone Water Supply Phase 4 : Bulk. Reason for delay: Increase of the original scope for the subcontractor.	27 779 646	27 779 646	
Nkonjeni Borehole Augmentation. Reason for delay: Eskom Power Supply.	29 516 516	-	
Usuthu Holinyoka Pump Station Mechanical Installation. Reason for delay: Bulk pipeline constructed long ago has now leaks which delays commissioning of this project as it is complete.	28 893 937	28 893 937	
Usuthu Lindizwe Pump Station Mechanical Installation. Reason for delay: Bulk pipeline constructed long ago has now leaks which delays commissioning of this project as it is complete.	33 893 937	33 893 937	
Upgrade of Nongoma Reticulation Ward 14 Phase 2. Reason for delay: Increase of the original scope (114 households have been added)	11 659 881	-	
Simdlangentsha West Regional Water Supply Scheme - Construction Frischgewaagd, Abstraction Works, Staff Accommodation and Bilanyoni Booster Pumpstation. Reason for delay: Delays on Eskom power for the transformer.	29 272 306	29 272 306	
	<b>161 016 223</b>	<b>119 839 826</b>	
<b>Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)</b>			
Zululand Rudimentary Programme: Siting, Drilling, Testing and Equipping of Borehole North. Reason for delay: Contractor Terminated due to poor performance and re-advertised, awaiting contractor's appointment letter.]	36 388 800	-	
Mandlakazi RWSS Phase 5.1 - Construction of Mngamunde Domestic Reticulation Network for Zone B / B1. Reason for delay: Contractor Terminated due to poor performance, and re-advertised, awaiting contractor's appointment letter.	18 125 011	-	
Construction of Mandlakazi Phase 5.2 : Bulk Water Supply. Reason for delay: The project was suspended due to budget constraint. Now that the budget is available, the contractor is back on site.	65 450 000	-	
	<b>119 963 811</b>	<b>-</b>	
<b>Reconciliation of Work-in-Progress 2023</b>			
	Included within Infrastructure	Included within Community	Total
Opening balance	1 078 168 494	14 827 956	1 092 996 450
Additions/capital expenditure	491 520 734	1 726 075	493 246 809
Transferred to completed items	(254 336 448)	(16 554 031)	(270 890 479)
	<b>1 315 352 780</b>	<b>-</b>	<b>1 315 352 780</b>

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R	
<b>9. Property, plant and equipment (continued)</b>			
<b>Reconciliation of Work-in-Progress 2022</b>			
	Included within Infrastructure	Included within Community	Total
Opening balance	1 217 892 431	7 862 758	1 225 755 189
Additions/capital expenditure	447 579 581	6 965 198	454 544 779
Transferred to completed items	(587 303 518)	-	(587 303 518)
	<b><u>1 078 168 494</u></b>	<b><u>14 827 956</u></b>	<b><u>1 092 996 450</u></b>
<b>Class of Property Plant and Equipment (Repairs and Maintenance)</b>			
<b>Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance per class</b>			
Motor vehicles	4 728 491		10 071 408
Computers	20 466		21 614
Buildings	1 384 461		1 960 839
Infrastructure	120 585 689		119 855 195
Equipment	676 227		859 899
	<b><u>127 395 334</u></b>		<b><u>132 768 955</u></b>

**Zululand District Municipality**  
 Annual Financial Statements for the year ended 30 June 2023  
**Notes to the Annual Financial Statements**

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**10. Heritage assets**

	2023		2022			
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	10 000	-	10 000	10 000	-	10 000
Art collections and exhibit	7 806 633	-	7 806 633	7 806 633	-	7 806 633
<b>Total</b>	<b>7 816 633</b>	<b>-</b>	<b>7 816 633</b>	<b>7 816 633</b>	<b>-</b>	<b>7 816 633</b>

**Reconciliation of heritage assets 2023**

Art Collections, antiquities and exhibits	Opening balance	Total
Art collections and exhibits	10 000	10 000
	7 806 633	7 806 633
	<b>7 816 633</b>	<b>7 816 633</b>

**Reconciliation of heritage assets 2022**

Art Collections, antiquities and jewellery	Opening balance	Additions	Transfers	Total
Art collections and exhibit	-	-	10 000	10 000
	1 212 635	6 593 998	-	7 806 633
	<b>1 212 635</b>	<b>6 593 998</b>	<b>10 000</b>	<b>7 816 633</b>

**Pledged as security**

There is no heritage assets pledged as security:

**Zululand District Municipality**  
Annual Financial Statements for the year ended 30 June 2023

**Notes to the Annual Financial Statements**

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**11. Intangible assets**

	2023		2022	
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment
Computer software	(186 074)	51 828	186 632	(168 255)
				18 377

**Reconciliation of intangible assets - 2023**

Computer software	Opening balance	Additions	Amortisation	Total
	18 377	51 269	(17 818)	51 828

**Reconciliation of intangible assets - 2022**

Computer software	Opening balance	Amortisation	Total
	31 999	(13 622)	18 377

**Pledged as security**

There is no intangible assets pledged as security:

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>12. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	1 659 780	901 764
- in second to fifth year inclusive	1 260 086	1 277 499
	<u>2 919 866</u>	<u>2 179 263</u>
less: future finance charges	(234 137)	(185 739)
<b>Present value of minimum lease payments</b>	<b><u>2 685 729</u></b>	<b><u>1 993 524</u></b>
<b>Present value of minimum lease payments due</b>		
- within one year	1 483 991	782 909
- in second to fifth year inclusive	1 201 738	1 210 615
	<u>2 685 729</u>	<u>1 993 524</u>
Non-current liabilities	1 201 738	1 091 760
Current liabilities	1 483 991	901 761
	<u>2 685 729</u>	<u>1 993 521</u>
<p>The Municipality entered into a three year finance lease agreements for the procurement of laptops and printers.</p> <p>The lease period is 36 months,</p> <p>The first lease agreement is for the procurement of computers commencing in December 2021 at a borrowing rate of 7% per annum</p> <p>The second lease agreement is also for the procurement of computers commencing in September 2022 at a borrowing rate of 9 % per annum</p> <p>The third lease agreement is for the procurement of printers commencing in September 2022 at a borrowing rate of 9 % per annum</p>		
<b>13. Payables from exchange transactions</b>		
Accrued leave pay	21 777 588	19 074 245
Accrued bonus	5 745 257	5 417 690
Creditors	269 380 527	214 275 971
Unallocated Deposits	517 567	503 547
Retention Services	59 431 586	43 987 151
Debtors with credit balances	3 712 947	2 642 118
Other Creditors	-	63 922
Department of water and sanitation	29 854 118	8 400 000
Accrued Employee Related cost	2 730 821	1 720 497
Zanamanzi	26 711 371	32 172 874
Water Tankers	25 999 945	26 511 655
Abaqulusi Municipality	8 543 906	6 955 069
	<u>454 405 633</u>	<u>361 724 739</u>
<b>14. Consumer deposits</b>		
Water	3 614 796	3 613 461
Property rental	5 364	7 784
	<u>3 620 160</u>	<u>3 621 245</u>
<p>No guaranties are held in lieu of water deposits</p>		

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>15. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Rural Roads Asset Management Grant	-	768 977
KZN-KwaMajomela Project	-	1 641 817
National Skills Fund Grant	79 821	-
Accelerated Intervention Programme (Boreholes)	1 445 896	-
National Arts Council Grant	34 243	-
	<b>1 559 960</b>	<b>2 410 794</b>
<b>Movement during the year</b>		
Balance at the beginning of the year	2 410 794	2 290 444
Additions during the year	682 859 009	1 148 391 500
Income recognition during the year	(682 940 866)	(1 148 271 150)
Repayment of unspent conditional grant during the year	(768 977)	-
	<b>1 559 960</b>	<b>2 410 794</b>

See note 24 for reconciliation of grants from National/Provincial Government, and explanations for unspent conditional grants.

## 16. Employee benefit obligations

### 16.1 Multi-employer pension funds

Employees belong to a variety of approved pension and provident funds.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.

(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided in sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

### 16.2 Post retirement medical benefit plan

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>16. Employee benefit obligations (continued)</b>		
<b>The amounts recognised in the statement of financial position are as follows:</b>		
<b>Carrying value</b>		
Present value of the defined benefit obligation-partly or wholly unfunded	(27 571 000)	(22 538 000)
Fair value of plan assets	(3 355 000)	(5 033 000)
	<b>(30 926 000)</b>	<b>(27 571 000)</b>
Non-current liabilities	(30 426 000)	(27 166 000)
Current liabilities	(500 000)	(405 000)
	<b>(30 926 000)</b>	<b>(27 571 000)</b>
<b>Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening balance	27 571 000	22 538 000
Net expense recognised in the statement of financial performance	3 355 000	5 033 000
	<b>30 926 000</b>	<b>27 571 000</b>
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	2 156 000	1 717 000
Interest cost	3 730 000	2 360 000
Actuarial (gains) losses	(2 038 000)	1 258 143
Benefits paid	(493 000)	(302 143)
	<b>3 355 000</b>	<b>5 033 000</b>
<b>Key assumptions used</b>		
Independent actuaries and consultants carry out a statutory valuation on an annual basis.		
The Municipality operated on five accredited Medical Aid schemes, namely Keyhealth, LA Health, SAMWUMED, Bonitas and Hosmed.		
Financial variables: Two most important variables used in our valuation are discount rate and medical aid inflation rate. Nominal and real zero curve as at 30 June 2022 that was supplied by JSE to determine discount rate and CPI assumptions at each relevant time period.		
Assumptions used at the reporting date:		
Average retirement age	63	63
Discount rates used	14.28 %	13.11 %
Consumer price inflation	8.72 %	8.96 %
Medical cost trend rates	10.22 %	10.46 %
Net effective discount rate	3.68 %	2.40 %
	SA 85-90	SA 85-90
	PA 90-1	PA 90-1

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>16. Employee benefit obligations (continued)</b>		
<b>17.3 Long service awards</b>		
Independent actuaries and consultants carry out a statutory valuation on an annual basis.		
The principal actuarial assumptions used were as follows:		
Discount rate per annum	11.24 %	11.23 %
General salary inflation (long term)	7.17 %	8.56 %
Net effective discount rate	3.80 %	2.46 %
Average retirement age	63	63
<b>Eligible employees</b>	<b>Members</b>	<b>Members</b>
Age 20-29	36	19
Age 30-39	207	190
Age 40-49	225	198
Age 50-59	115	113
Age 60+	46	33
<b>Membership summary</b>		
Number of members	629	553
Average past service (years)	10.5	11.4
Average salary (annual)	272 467	262 24
<b>Benefit Structure</b>		
<b>Service years</b>	<b>Award (Number of days)</b>	<b>Award (Number of days)</b>
5	5	5
10	10	10
15	20	20
20	30	30
25	30	30
30	30	30
35	30	30
40	30	30
45	30	30

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>16. Employee benefit obligations (continued)</b>		
Movement in the defined benefit obligation is as follows:		
Balance at beginning of the year	15 525 000	13 121 000
Current service cost	1 391 000	1 263 000
Interest cost	1 749 000	1 158 000
Expected benefit payments	(1 777 000)	(1 291 000)
Recognised actuarial (gains)/losses	(2 173 000)	1 274 000
<b>Balance at end of year</b>	<b>14 715 000</b>	<b>15 525 000</b>
The amounts recognised in the Statement of Financial Performance were as follows:		
Current service cost	1 391 000	1 263 000
Interest cost	1 749 000	1 158 000
Expected benefit payments	(1 777 000)	(1 291 000)
Recognised actuarial (gains) losses	(2 173 000)	1 274 000
	<b>(810 000)</b>	<b>2 404 000</b>
In conclusion these are the balances that has been incurred during the year:		
<b>Statement of Financial Position obligation</b>		
Current	1 654 000	1 973 000
Non-Current	13 061 000	13 552 000
	<b>14 715 000</b>	<b>15 525 000</b>
<b>Statement of Financial Performance</b>	<b>810 000</b>	<b>2 404 000</b>
<b>17. Operating lease asset (liability)</b>		
Current liabilities	(542 591)	(234 409)
The municipality entered into an operating lease agreement for the lease of office space, the lease term is from November 2021 to September 2031 (9 years 11 months), rentals shall escalate at a rate of 7% per annum. No contingent rent is payable.		
<b>18. Payables from exchange transactions (Non-current)</b>		
An arrangement has been signed by the Municipality and the department of water and sanitation		
Department of water and sanitation	32 779 089	39 865 128
<b>19. Service charges</b>		
Sale of water	39 169 620	38 486 444
Sewerage and sanitation charges	14 831 359	12 512 859
	<b>54 000 979</b>	<b>50 999 303</b>
<b>20. Rental of facilities</b>		
<b>Facilities and equipment</b>		
Rental of facilities	180 833	195 241

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>20. Rental of facilities (continued)</b>		
Included in the above rentals are operating lease rentals at straight-lined amounts.		
<b>21. Interest on receivables</b>		
Interest on receivables (water)	56 992	262 836
Interest on receivables (sewer)	16 963	18 558
Interest on receivables (Other)	988	1 619
Interest on receivables (Property Rentals)	353	-
	<b>75 296</b>	<b>283 013</b>
<b>22. Other income</b>		
Entrance fees	26 214	-
Consumables	62 847	-
Trading	11 211	-
Inspection fees	4 350	-
Skills Levy Refunds	534 649	408 390
Non-refundable tender deposit	1 336 431	515 556
Clearance certification	335	108
Handling fees	8 015	8 994
Insurance claim	-	136 710
Health Certificates	76 304	-
Landing fees	15 657	-
	<b>2 076 013</b>	<b>1 069 758</b>
<b>23. Investment revenue</b>		
<b>Interest revenue</b>		
Interest on Bank account	1 636 743	1 221 650
Short term Investments and call accounts	5 796 638	2 483 753
	<b>7 433 381</b>	<b>3 705 403</b>
The amount included in Investment revenue arising from exchange transactions amounted to R 7 433 381.		
<b>24. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Equitable share	586 390 977	524 645 000
Expanded Public Works Program	8 517 000	9 612 000
Finance Management Grant	1 200 000	1 200 000
KZN grant Indonsa Culture Center	1 911 000	1 911 000
KZN grant-Capacity building Spatial	-	241 770
KZN Grant- Capacity building-Tourism	-	269 354
KZN Amafa and Research Institute	200 000	100 000
National Skills Fund Grant	59 613 288	-
LGSETA Grant	478 000	-
National Arts Council Grant	19 657	-
Prince Mangosuthu Airport Grant	500 000	-
	<b>658 829 922</b>	<b>537 979 124</b>
<b>Capital grants</b>		
Regional Bulk Infrastructure Grant	250 247 000	222 531 000

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>24. Government grants &amp; subsidies (continued)</b>		
Municipal Infrastructure Grant	259 530 000	269 111 000
Water Services Infrastructure Grant	95 000 000	110 000 000
Rural Roads Asset Management Grant	2 529 000	1 647 023
KZN-KwaMajomela Project	1 641 817	7 958 503
Accelerated Intervention Programme (Boreholes)	1 554 104	-
	<b>610 501 921</b>	<b>611 247 526</b>
	<b>1 269 331 843</b>	<b>1 149 226 650</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grants received	682 940 866	624 581 650
Unconditional grants received	586 390 977	524 645 000
	<b>1 269 331 843</b>	<b>1 149 226 650</b>
<b>Equitable Share</b>		
Current-year receipts	586 390 977	524 645 000
Conditions met - transferred to revenue	(586 390 977)	(524 645 000)
	<b>-</b>	<b>-</b>
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>Municipal Infrastructure Grant</b>		
Current-year receipts	259 530 000	269 111 000
Conditions met - transferred to revenue	(259 530 000)	(269 111 000)
	<b>-</b>	<b>-</b>
Conditional grants are spent as per approved business plan		
<b>Road Asset Management Grant</b>		
Balance unspent at beginning of year	768 977	-
Current-year receipts	2 529 000	2 416 000
Conditions met - transferred to revenue	(2 529 000)	(1 647 023)
Conditions not met - Repayment of unspent	(768 977)	-
	<b>-</b>	<b>768 977</b>
Conditional grants are spent as per approved business plan		
<b>Regional Bulk Infrastructure Grant</b>		
Current-year receipts	250 247 000	222 531 000
Conditions met - transferred to revenue	(250 247 000)	(222 531 000)
	<b>-</b>	<b>-</b>
Conditional grants are spent as per approved business plan		

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>24. Government grants &amp; subsidies (continued)</b>		
<b>Water Infrastructure Grant</b>		
Current-year receipts	95 000 000	110 000 000
Conditions met - transferred to revenue	(95 000 000)	(110 000 000)
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan		
<b>Financial Management Grant</b>		
Current-year receipts	1 200 000	1 200 000
Conditions met - transferred to revenue	(1 200 000)	(1 200 000)
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan		
<b>Expanded Public Works Program</b>		
Current-year receipts	8 517 000	9 612 000
Conditions met - transferred to revenue	(8 517 000)	(9 612 000)
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan		
<b>INDONSA</b>		
Current-year receipts	1 911 000	955 500
Conditions met - transferred to revenue	(1 911 000)	(955 500)
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan		
Indonsa Grant was not received as gazetted, a debtor has been raised to recognise the outstanding revenue of R955 500		
<b>Capacity Building Grant- Spatial</b>		
Balance unspent at beginning of year	-	241 770
Conditions met - transferred to revenue	-	(241 770)
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan		
<b>Tourism Strategy Grant</b>		
Balance unspent at beginning of year	-	269 354
Conditions met - transferred to revenue	-	(269 354)
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan		

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>24. Government grants &amp; subsidies (continued)</b>		
<b>KwaMajomela Project</b>		
Balance unspent at beginning of year	1 641 817	1 779 320
Current-year receipts	-	7 821 000
Conditions met - transferred to revenue	(1 641 817)	(7 958 503)
	<u>-</u>	<u>1 641 817</u>
Conditional grants are spent as per approved business plan		
<b>KZN Amafa and Research Institute</b>		
Current-year receipts	200 000	100 000
Conditions met - transferred to revenue	(200 000)	(100 000)
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan.		
<b>Prince Mangosuthu Airport Grant</b>		
Current-year receipts	500 000	-
Conditions met - transferred to revenue	(500 000)	-
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan.		
<b>National Skills Fund Grant</b>		
Current-year receipts	59 693 109	-
Conditions met - transferred to revenue	(59 613 288)	-
	<u>79 821</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 15).		
Conditional grants are spent as per approved business plan.		
The grant conditions in terms of the MOU indicate that the grant is a multi year contract effective from the date of sign off to 26 May 2026, as at 30 June 2023 the municipality had an unspent receipt.		
<b>Accelerated Intervention Programme (Boreholes)</b>		
Current-year receipts	3 000 000	-
Conditions met - transferred to revenue	(1 554 104)	-
	<u>1 445 896</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 15).		
Conditional grants are spent as per approved business plan.		
The grant conditions in terms of the MOU indicate that the grant is a seven month contract effective from January 2023 to July 2023, unless an extension of the agreement is agreed upon in writing by both parties. as at 30 June 2023 the municipality had an unspent receipt.		

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>24. Government grants &amp; subsidies (continued)</b>		
<b>LG SETA Grant</b>		
Current-year receipts	478 000	-
Conditions met - transferred to revenue	(478 000)	-
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan.		
<b>National Arts Council Grant</b>		
Current-year receipts	53 900	-
Conditions met - transferred to revenue	(19 657)	-
	<u>34 243</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 15).		
Conditional grants are spent as per approved business plan.		
The grant conditions in terms of the MOU indicate that the grant is a fixed twelve month contract effective from April 2023 to 31 March 2024, as at 30 June 2023 the municipality had an unspent receipt.		
<b>25. Public contributions and donations</b>		
Transfers Received - Donation	<u>-</u>	<u>24 347 385</u>
The assets was donated by the provincial government in the form of infrastructure borehole across the municipality in 2021/22 financial year.		
<b>26. Fines, Penalties and Forfeits</b>		
Illegal Connections Fines	152 521	146 421
Deposits Forfeits	24 912	250
Retention Forfeits	732 237	62 112
	<u>909 670</u>	<u>208 783</u>

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>27. Employee related costs</b>		
Basic	184 972 801	171 829 544
Bonus	12 696 109	11 678 071
Medical aid - company contributions	14 860 079	13 623 777
UIF	1 531 186	1 438 623
Stand by allowance	3 848 301	7 971 853
Employee Benefits	6 756 000	4 904 857
Leave pay provision charge	5 523 383	3 223 448
Industrial bargaining council levy	167 189	212 320
Defined contribution plans	23 207 498	21 867 435
Motor car allowances	10 357 436	8 704 117
Overtime payments	2 902 580	4 912 229
Long-service awards	1 995 360	1 376 013
Acting allowances	1 191 062	436 711
Housing benefits and allowances	1 669 055	1 379 224
Cellular phone allowance	739 685	663 084
Shift allowance	3 812 726	2 198 744
	<b>276 230 450</b>	<b>256 420 050</b>
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration	1 055 869	1 153 950
Car Allowance	385 367	288 883
Other Allowances	112 136	79 221
Service Related Benefits	218 074	354 304
Performance Bonuses	80 544	-
Contributions to UIF, Medical and Pension Funds	2 243	2 052
	<b>1 854 233</b>	<b>1 878 410</b>
<b>Remuneration of Chief Financial Officer</b>		
Annual Remuneration	613 299	1 020 330
Car Allowance	153 693	255 557
Performance Bonuses	111 296	-
Other Allowances	50 938	80 489
Service Related Benefits	360 530	37 827
Contributions to UIF, Medical and Pension Funds	1 503	2 249
	<b>1 291 259</b>	<b>1 396 452</b>
<b>Remuneration - Director of Planning</b>		
Annual Remuneration	934 293	148 700
Car Allowance	225 289	18 634
Performance Bonuses	97 384	-
Other Allowances	85 953	12 560
Service Related Benefits	-	70 265
Contributions to UIF, Medical and Pension Funds	2 957	375
	<b>1 345 876</b>	<b>250 534</b>
<b>Remuneration of Director Technical Services</b>		
Annual Remuneration	935 411	988 297
Car Allowance	227 525	210 302
Performance Bonuses	97 384	-
Other Allowances	93 003	79 210

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>27. Employee related costs (continued)</b>		
Contributions to UIF, Medical and Pension Funds	2 432	2 383
	<b>1 355 755</b>	<b>1 280 192</b>
<b>Remuneration - Chief Operations Officer</b>		
Annual Remuneration	885 662	-
Car Allowance	211 520	-
Performance Bonuses	73 511	-
Other Allowances	68 280	-
Contributions to UIF, Medical and Pension Funds	222 692	-
	<b>1 461 665</b>	<b>-</b>
<b>Remuneration - Director of Corporate services</b>		
Annual Remuneration	945 475	892 203
Car Allowance	228 084	223 612
Performance Bonuses	97 384	-
Other Allowances	103 351	75 378
Contributions to UIF, Medical and Pension Funds	2 255	2 249
	<b>1 376 549</b>	<b>1 193 442</b>
<b>Employee costs - Director of Community services</b>		
Annual Remuneration	866 650	798 613
Car Allowance	208 331	212 964
Performance Bonuses	92 747	-
Other Allowances	76 550	67 074
Service Related Benefits	13 646	10 345
Contributions to UIF, Medical and Pension Funds	2 067	49 537
	<b>1 259 991</b>	<b>1 138 533</b>
<b>Total employee related cost</b>	<b>286 175 778</b>	<b>263 557 613</b>
<b>28. Remuneration of councillors</b>		
Mayor	1 346 543	905 318
Deputy Mayor	785 981	632 885
Executive Committee Members	1 916 493	1 995 559
Speaker	790 358	734 675
Councillors	4 436 529	4 348 033
	<b>9 275 904</b>	<b>8 616 470</b>
<b>In-kind benefits</b>		

The Speaker, the Mayor, the Deputy Mayor the and Executive Committee Members are full-time.

The Speaker, Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Speaker, Mayor and Deputy Mayor are provided with bodyguards.

The Councillors are provided with body guards where request has been approved.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>29. Depreciation and amortisation</b>		
Property, plant and equipment	100 231 224	92 805 511
Intangible assets	17 820	13 622
	<b>100 249 044</b>	<b>92 819 133</b>
<b>30. Finance costs</b>		
Finance leases	260 856	94 794
Other interest paid	291 765	303 721
	<b>552 621</b>	<b>398 515</b>
<b>31. Debt impairment</b>		
Contributions to debt impairment provision	6 428 187	35 062 865
Debt impairment adjustment on trade receivables from exchange transactions in the current and prior year resulted from a change in accounting policy.		
Debt impairment adjustment of <b>R1 062 894</b> on receivables from non-exchange transactions is based on the assessment that monies have been withheld by the recovery source.		
Debt impairment reversal of <b>R4 705 206</b> on receivables from non-exchange transactions resulted from the reclassification of balances.		
<b>Impairment per class</b>		
Trade Receivables from exchange transactions	10 070 499	35 386 241
Other Receivables from exchange transactions	-	(323 376)
Receivables from non-exchange transactions	(3 642 312)	-
	<b>6 428 187</b>	<b>35 062 865</b>
<b>32. Bad-Debts written off</b>		
Bad debts written off	2 191 696	323 376
Write offs resulted from successful indigent applications and a subsequent council resolution		
<b>Bad Debts written off per class</b>		
Trade Receivables from exchange transactions	2 189 652	-
Other Receivables from exchange transactions	-	323 376
Receivables from non-exchange transactions	2 044	-
	<b>2 191 696</b>	<b>323 376</b>
<b>33. Contracted services</b>		
<b>Outsourced Services</b>		
Business and Advisory	12 610 936	12 203 794
Catering Services	3 863 207	1 503 474
Cleaning Services	2 018 803	2 013 868
Hygiene Services	280 593	439 428
Internal Auditors	3 278 794	5 219 511
Meter Management	633 640	1 610 498
Human resource and training	60 784 042	233 120
Security Services	35 775 589	40 070 441
Water Takers	71 798 272	86 277 130

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>33. Contracted services (continued)</b>		
<b>Consultants and Professional Services</b>		
Business and Advisory	17 877 165	23 333 296
Legal Cost	4 382 474	2 488 830
<b>Contractors</b>		
Artists and Performers	919 885	690 750
Audio-visual Services	-	21 000
Maintenance of Buildings and Facilities	1 384 461	1 960 839
Maintenance of Equipment	696 693	881 514
Maintenance of Unspecified Assets	120 585 689	120 073 621
Maintenance of Transport Assets	4 728 491	9 852 982
Medical Services	142 500	336 925
Pest Control and Fumigation	26 328	-
Photographer	63 250	16 000
Sewerage Services	21 776 579	31 045 861
Stage and Sound Crew	1 144 072	820 250
	<b>364 771 463</b>	<b>341 093 132</b>
<b>34. Transfer and subsidies</b>		
<b>Other subsidies</b>		
Poverty alleviation	4 682 749	11 295 134
<b>35. Inventory Consumed</b>		
Materials and supplies	7 968 906	1 972 337
Water	42 672 597	40 540 820
Consumable stores	1 336 564	6 061 875
	<b>51 978 067</b>	<b>48 575 032</b>

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>36. General expenses</b>		
Achievements and awards	56 650	1 095 652
Advertising and publication	6 330 128	1 522 506
Auditors remuneration	4 114 565	3 861 370
Bank charges	382 000	320 510
Discount allowed	739 543	-
Entertainment	139 028	12 404
Operating leases	6 417 471	3 166 977
Hire charges	13 429 914	8 297 990
Insurance	2 034 539	4 170 391
External computer expenses	1 783 864	3 109 608
Skills development levy	2 456 009	2 287 900
Driver's licenses and permits	331 496	580 662
Signage	33 050	-
Fuel and oil	14 734 409	7 166 032
Communication	6 205 815	890
Printing and Publication	720 902	157 131
Eskom Connection fees	748 173	898 531
Registration	109 910	41 187
Subscriptions and membership fees	2 713 374	1 763 192
Telephone and fax	2 558 597	6 372 582
Transport and freight	2 392 135	1 710 588
Travel - local	17 158 347	15 148 476
Title deed search fees	-	153
Small tools	180 462	9 893
Municipal Services	67 747 574	66 401 197
Uniforms	2 277 832	1 727 943
Management fees	4 725 589	165 000
Workmans compensation	2 140 796	865 989
Honoraria	129 500	171 000
Vehicle Tracking	221 251	269 095
Staff Bursary	85 772	62 400
Amakhosi sitting allowance	3 299	24 271
Warrantees & Guarantees	186 162	-
	<b>163 288 156</b>	<b>131 381 520</b>
<b>37. Gains (loss) on disposal</b>		
Proceeds on disposal	2 901 566	-
Disposal	(686 748)	(95 073)
	<b>2 214 818</b>	<b>(95 073)</b>
<b>38. Impairment loss</b>		
<b>Impairments</b>		
Property, plant and equipment	-	6 777 432
The impairment was recognized as a result of obsolete and physically damaged assets.		
<b>39. Auditors' remuneration</b>		
Fees	4 114 565	3 861 370

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>40. Cash generated from operations</b>		
Surplus	350 705 062	287 508 098
<b>Adjustments for:</b>		
Depreciation and amortisation	100 249 044	92 819 133
(Loss) gain on sale of assets and liabilities	(2 214 818)	95 073
Finance costs - Finance leases	260 856	94 794
Impairment loss	-	6 777 432
Debt impairment	6 428 187	35 062 865
Bad debts written off	2 191 696	323 376
Actuarial (losses) gains	(4 211 000)	2 532 143
Movements in operating lease assets and accruals	308 182	234 409
Movements in retirement benefit assets and liabilities	6 756 000	4 904 857
Inventory losses or write-downs	135 106	-
Non-cash donations and other in-kind benefits	-	(24 347 385)
<b>Changes in working capital:</b>		
Inventories	(403 047)	1 583 866
Receivables from exchange transactions	(1 136 516)	462 513
Trade receivables from exchange transactions	(21 120 595)	(12 628 142)
Receivables from non-exchange transactions	(1 548 495)	(4 644 829)
Non current receivables from non-exchange transactions	(843 959)	(1 032 328)
VAT Receivable	(18 731 290)	(33 848 116)
Non current payables from exchange transaction	(7 086 039)	18 107 183
Payables from exchange transactions	92 680 894	109 331 809
Taxes and transfers payable (non-exchange)	-	(81 137)
Unspent conditional grants and receipts	(850 834)	120 350
Consumer deposits	(1 085)	(11 879)
	<b>501 567 349</b>	<b>483 364 085</b>

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>41. Commitments</b>		
<b>41.1 .Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	<u>859 390 806</u>	<u>479 989 322</u>
<b>Total capital commitments</b>		
Already contracted for but not provided for	<u>859 390 806</u>	<u>479 989 322</u>
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	<u>859 390 806</u>	<u>479 989 322</u>

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.

### 41.2 Operating leases - as lessee (expense)

<b>Minimum lease payments due</b>		
- within one year	35 764 771	995 819
- in second to fifth year inclusive	43 092 078	3 425 561
- later than five years	5 127 505	7 363 946
	<u>83 984 354</u>	<u>11 785 326</u>

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of 9 years 11 months, rentals shall escalate at a rate of 7% per annum. No contingent rent is payable.

Operating lease payments represent rentals payable by the municipality for the rental of municipal vehicles. Leases are negotiated for an average term of 3 years, rentals shall escalate at a rate linked to CPI on the anniversary date of the lease contract. No contingent rent is payable.

Operating lease payments represent rentals payable by the municipality for the rental of Machinery and equipment. Leases are negotiated for an average term of 3 years, rentals are fixed for an average of three years. No contingent rent is payable.

### Rental expenses relating to operating leases

Minimum lease payments	<u>6 417 471</u>	<u>708 862</u>
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### 41.3 Operating leases - as lessor (income)

<b>Minimum lease payments due</b>		
- within one year	361 760	206 128
- in second to fifth year inclusive	766 080	1 159 760
	<u>1 127 840</u>	<u>1 365 888</u>

The Municipality rents out some of its office space.

The rent income has an escalation of 7% per annum.

The lease term is 3 years.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>42. Water losses</b>		
Unavoidable annual real losses	<u>279 386 777</u>	<u>233 952 719</u>
<b>Water loss volumes</b>		
Units purchased	17 468 516	19 659 471
Units sold	(4 175 238)	(4 309 764)
Units supplied through water tankers	(231 168)	(246 239)
	<u><b>13 062 110</b></u>	<u><b>15 103 468</b></u>
<b>Water loss percentage %</b>		
Technical losses	<u>75 %</u>	<u>77 %</u>

Zululand District Municipality produces water for both urban and rural areas. The Municipality currently has mainly urban areas on their billing system. The remaining rural areas being mainly indigent, water is supplied through subsidised schemes, hence the contributing factor to water loss not falling within the norm of 15-30%, due to the difference between consumers who qualified to be billed versus households that do not fall into this category, and water that is produced for both rural and urban areas. In addition other contributing factors are water leaks, illegal connections and aging infrastructure.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>43. Contingencies</b>		
<b>Year 2023</b>		
ZDM // ABSA and another		15 525 238
ZDM // Employee 1 Labour Court Review		50 000
ZDM // MEC COGTA (COGTA's report)		500 000
ZDM // MEC COGTA (Exco Composition)		350 000
ZDM / ROCLA		1 000 000
PG MAVUNDLA & ANO // ZDM		350 000
ESKOM HOLIDINGS // ZDM		2 196 569
ZDM / MINISTER OF WATER & SANITATION		40 000 000
ZDM / MOTOKO CONSTRUCTION		2 205 459
TMS // ZDM		350 000
ZDM // DEPARTMENT OF EDUCATION		500 000
ZDM // DLAMINI NDLOVU ENGINEERING		500 000
MULTISOLUTIONS // ZDM		8 213 829
ZDM//ABAQULUSI MUNICIPALITY		2 151 988
		<b>73 893 083</b>

### ZDM // ABSA and another

Recovery of money from ABSA..

### ZDM // SL Employee 1: Labour Court Review

Employee 1 launched a review application to review and set aside an arbitration award declaring his suspension fair. ZDM has filed its answering affidavit. No further steps have been taken by Employee 1 at this stage. Subsequent to Employee 1 being suspended he was dismissed. He then referred an unfair dismissal dispute to the bargaining council. The dismissal was found to be unfair and ZDM was directed to reinstate him and pay him R 194 056.00. Employee 1 launched an urgent application to find the Municipality, the Municipal Manager and other officials in contempt of court of the arbitration award under case no: KPD 042202. ZDM is opposing the urgent application. The application was heard on 17 March 2023 and postponed to the opposed roll. The matter is pending a set down date. Employee 1 refused to follow instructions to report to eDumbe after he was instructed to do so. He alleges that the instructions are in contempt of the arbitration award under case no: KPD 042202. He was accordingly charged with gross insubordination and being absent without permission. He was found guilty and dismissed. In February 2023, Employee 1 referred an unfair dismissal dispute to the council and is seeking reinstatement. The matter was initially set down for 13 and 14 July 2023, but was postponed to 31 July 2023.

The prospects of succeeding with the review application are reasonable only if the preliminary points successful. The prospects of succeeding with the urgent application and the alleged unfair dismissal dispute are both reasonable.

### ZDM // MEC COGTA (COGTA's report)

ZDM successfully applied to have COGTA's report purportedly conducted in terms of section 106(1)(b) of the Municipal Systems Act declared unlawful, reviewed and set aside. COGTA filed an application for leave to appeal and ZDM has served a notice of opposition. The Municipality successfully defended the application for leave to appeal. COGTA then petitioned the SCA for leave to appeal. The Municipality opposed this petition. On the 18th May 2023 the SCA granted COGTA's petition for leave to appeal to the full court of the KwaZulu-Natal Division of the High Court, Pietermaritzburg. The costs order of the court a quo in dismissing the application for leave to appeal was set aside and the costs of the application for leave to appeal in the SCA and the court a quo are now costs in the appeal. If COGTA does not proceed with the appeal, they will be liable for the SCA costs. COGTA has taken no further steps to date.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>43. Contingencies (continued)</b>		
<b>ZDM // MEC COGTA (Exco Composition)</b>		
MEC-COGTA – KwaZulu-Natal instituted an application against the Municipality and Nongoma Local Municipality to challenge the composition numbers of the Municipal Executive Committee. The Municipality opposed this application on the basis that it believes the MEC COGTA – KZN has misconstrued and misinterpreted the 2021 amendments of the Municipal Systems Act as placing a restriction on when the Municipal Council is able to change the composition of the Municipal Executive Committee. The matter was set down for 27 July 2023 but COGTA has removed the matter from the roll. Matter is now set down on 11 September 2023.		
<b>ZDM / ROCLA</b>		
High Court urgent application brought by Rocla. Declarator order sought compelling ZDM to purchase 15000 units per the contract data. Matter referred to the SCA.		
<b>PG MAVUNDLA &amp; ANO // ZDM</b>		
Mr Mavundla and Mr Nkosi have issued papers against ZDM to have the court declare them the lawful NFP councillors at the Municipality. The matter has been adjourned sine die.		
<b>ESKOM HOLIDNGS // ZDM</b>		
ESKOM has sued ZDM for damages sustained to its aircraft at the ZDM airport. A plea has been filed and Eskom has not taken the matter further.		
<b>ZDM / MINISTER OF WATER &amp; SANITATION</b>		
Minister is suing ZDM for approximately R40million for water and water levies charges. The Minister of Water and Sanitation is pushing this matter to trial despite attempts at settlement. No trial date has been allocated as yet.		
<b>ZDM / MOTENKO CONSTRUCTION</b>		
Moteko Construction has issued summons against ZDM for R156 6847.58 and ZDM has filed a counter-claim for R638 612.06. Plaintiff has not yet set the matter down for trial. It has remained dormant for years.		
<b>TMS // ZDM</b>		
TMS has issued papers against ZDM to review and set aside a tender for water services but have not proceeded to set it down. The matter is no longer dormant and has been set down again.		
<b>ZDM // DEPARTMENT OF EDUCATION</b>		
ZDM has issued summons against DOE for recovery of unpaid invoices. The matter is in the early stages of exchange of pleadings.		
<b>ZDM // DLAMINI NDLOVU ENGINEERING</b>		
ZDM has issued summons against Dlamini Ndlovu for recovery of an overpayment due to their negligence. The matter is in the early stages of exchange of pleadings.		
<b>MULTISOLUTIONS // ZDM</b>		
Multisolutions has issued an application against ZDM for payment of R8 213 829, 00 in respect of services rendered. ZDM has opposed the application. The matter has not been set down after the opposing affidavit was filed by ZDM.		

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>43. Contingencies (continued)</b>		
<b>ZDM//ABAQULUSI MUNICIPALITY</b>		
Zululand district municipality has a dispute with Abaqulusi municipality for services received for the month of May and June 2023.		
<b>Year 2022</b>		
<b>Litigation</b>		
Matter between Zululand District Municipality // Employee 1 Labour Court Review. (The prospects of succeeding with the review application are reasonable)		50 000
<b>Litigation</b>		
Zululand District Municipality // MEC COGTA (Exco Composition) (The Municipality has good prospects of opposing this application)		1 000 000
<b>Litigation</b>		
Zululand District Municipality // MEC COGTA and others (Review Report) (reasonable prospects of success)		2 000 000
<b>Litigation</b>		
Zululand District Municipality // Moteko Construction (Plaintiff has not yet set the matter down for trial)		800 000
<b>Litigation</b>		
Zululand District Municipality // ESKOM Holding SOC (A plea has been filed and ESKOM has not taken the matter further)		500 000
<b>Litigation</b>		
Zululand District Municipality // ROCLA (This matter is still to be argued but should be referred to arbitration per the contract)		500 000
<b>Litigation</b>		
Zululand District Municipality // Pongola local municipality (reasonable prospects of success)		300 000
<b>Litigation</b>		
Zululand District Municipality // Mr Mavundla & Mr Nkosi (The matter has been adjourned sine die)		350 000
<b>Litigation</b>		
Zululand District Municipality // Department of Water Affairs (The Minister of water and sanitation is pushing this matter to trial despite attempts at settlement.)		2 000 000
		<b>7 500 000</b>

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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	2023	2022
	R	R

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### 44. Risk management

#### Financial risk management

The Department Financial Services monitors and manages the financial risk relating to the operations through internal policies and procedures. These risks include interest rate and liquidity risk. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis and annually by external auditors. The municipality does not enter or trade financial instruments for speculative purposes.

#### Revenue

On assessment of the outstanding debtors material impairment was noted as most customers are a subject of indigent verification. Revenue Enhancement Strategy is in place that is looking to different ways to expand revenue base.

#### Expenses

Due to increased expectation for access to better hygiene practices, water as the core service delivery mandate of the municipality, must reach communities at an increased volume.

Therefore intervention through grant reprioritisation is seen as the solution. The diverting of grants for capital projects to support operations and operation expenditure. This has a possibility of sustained expectation.

#### Assets

There is no indication that an impairment loss has been incurred on assets except for the ones already recognised in the statement of financial performance.

#### Liabilities

There are no promises, commitments or obligations that have been made that requires to determine whether a liability exist at the reporting date or whether disclosure is needed in the notes to the financial statement.

#### 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 timeous basis and, if required, additional new arrangement are established at competitive rates to ensure that cash flow requirements are met. The municipality has agreed to a payment plan with the respective creditor to settle its non-current liabilities.

#### Capital risk management

The municipality's objectives when managing capital structure are to safeguard the municipality's ability to continue as a going concern to provide returns and benefits for all stakeholders, while delivering sustainable services and to maintain an optional capital structure to reduce the cost of capital.

The capital structure of the municipality consists of cash and cash equivalents disclosed in Note 3 and accumulated surplus as disclosed in the Statement of Changes in Net Assets.

There are no changes on the capital structure as compared to the previous year.

#### Gearing ratio

The gearing ratio is nil since the municipality does not have borrowed funds.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>45. Going concern</b>		
<p>We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R 4 627 968 430 and that the municipality's total assets exceed its liabilities by R 4 627 968 430.</p> <p>The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.</p> <p>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.</p> <ul style="list-style-type: none"><li>• The municipality is operating at a net asset position.</li><li>• There are no fixed term borrowings.</li><li>• There is no indication of withdrawals of support from creditors.</li><li>• The Municipality is not operating at an overdraft facility.</li><li>• The current ratio (CA/CL) is 0,35:1. However included in this calculation is retention of R 59 431 586 which is dependent on the future grant receipts and R 269 380 527 creditors at year-end. This retention does not have to be cash backed. Norm ratio is 2:1.</li><li>• 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.</li><li>• The municipality is still able to pay its creditors as they become due.</li><li>• National Sphere of Government will continue to allocate equitable share of national revenue and other Division of Revenue Act grants to municipalities.</li><li>• There is no labour difficulties that will render the Municipality dysfunctional.</li><li>• There are no material pending legal claims that may render municipality dysfunctional.</li><li>• There are no legal changes in law or regulation or government policy that may result in the liquidation of the municipality.</li><li>• The Municipal original budget was assessed as funded and later the adjustment budget was assessed as unfunded and the municipality adopted a budget funding plan.</li></ul>		
<b>46. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	2 680 493	2 394 670
Amount paid - current year	(2 680 493)	(2 394 670)
	<u>-</u>	<u>-</u>
<b>Audit fees</b>		
Current year subscription / fee	4 112 876	3 861 370
Amount paid - current year	(4 112 876)	(3 861 370)
	<u>-</u>	<u>-</u>
<b>PAYE and UIF</b>		
Current year subscription / fee	40 071 672	38 055 068
Amount paid - current year	(40 071 672)	(38 055 068)
	<u>-</u>	<u>-</u>
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	61 139 241	46 284 956
Amount paid - current year	(61 139 241)	(46 284 956)
	<u>-</u>	<u>-</u>

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R	
<b>46. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>			
<b>Councillors' arrear consumer accounts</b>			
The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:			
30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. Nkwanyana SE	450	1 098	1 548
Cllr. Nxumalo CM	-	55 192	55 192
	<b>450</b>	<b>56 290</b>	<b>56 740</b>
30 June 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. Nkwanyana SE	491	-	491
During the year the following Councillors' had arrear accounts outstanding for more than 90 days.			
<b>47. Unauthorised expenditure</b>			
Opening balance as previously reported	127 448 321	127 661 348	
Add: Unauthorised expenditure - current	233 980 163	127 448 321	
Less: Amount authorised - current	(127 448 321)	(127 661 348)	
<b>Closing balance</b>	<b>233 980 163</b>	<b>127 448 321</b>	
<b>Analysed as follows: non-cash</b>			
Employee related cost	9 786 910	4 904 857	
Depreciation and amortisation	20 249 039	23 738 574	
Bad Debts written off	2 191 696	-	
Loss on disposal of property, plant and equipment	-	95 073	
Provision of impairment	-	10 677 454	
Inventories losses/write-downs	135 106	-	
Actuarial (losses)gains	-	2 532 143	
Impairment loss	-	6 777 432	
Finance costs (savings)	(153)	-	
Debt Impairment (savings)	(7 571 813)	-	
Transfers and subsidies (savings)	(198 099)	-	
	<b>24 592 686</b>	<b>48 725 533</b>	
Unauthorised expenditure was taken to council and authorised / written off, no unauthorised expenditure is under investigation			
<b>Analysed as follows: cash</b>			
Employee related costs	6 347 631	-	
Remuneration of councillors	255 182	-	
Contracted services	130 545 585	-	
Inventory consumed	21 970 082	-	
General expenses	47 551 157	-	
Receivables from non exchange transactions	2 717 840	-	
	<b>209 387 477</b>	<b>-</b>	

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>48. Fruitless and wasteful expenditure</b>		
Opening balance as previously reported	303 721	437 053
Add: Fruitless and wasteful expenditure identified - current	1 046 939	303 721
Less: Amount written off - current	(303 721)	(437 053)
<b>Closing balance</b>	<b>1 046 939</b>	<b>303 721</b>

### Details of fruitless and wasteful expenditure

Interest on overdue accounts	295 889	303 721
Over payment of suppliers	136 888	-
Contractors standing time	614 162	-
	<b>1 046 939</b>	<b>303 721</b>

### Amount written-off

After the council committee investigations, council adopted the council committee recommendations to write-off an amount of R 303 721 from the total fruitless and wasteful expenditure amount as none of the expenditure attributed to gross negligence.

### 49. Irregular expenditure

Opening balance as previously reported	58 990 103	17 918 070
Add: Irregular expenditure - current	93 485 623	54 493 484
Add: Irregular expenditure - prior period	1 358 367	4 496 619
Less: Amount written off - current	(19 645 134)	-
Less: Amount written off - prior period	(44 956 103)	(17 918 070)
<b>Closing balance</b>	<b>89 232 856</b>	<b>58 990 103</b>

### Incidents/cases identified in the current year include those listed below:

Non-compliance MSCMR	70 717 422	21 096 366
Non-compliance with CIDBR	7 052 369	27 094 494
Non-compliance with PPPFA	17 074 199	10 799 243
	<b>94 843 990</b>	<b>58 990 103</b>

### Cases under investigation

cases related to non-compliance with procurement process requirements.

A forensic investigation was commissioned and it recommended that a case be opened with the South African Police Service. A case has been opened with the South African Police Service and the investigation is underway.

Municipal Supply Chain Management Policies or By-laws	13 995 316	13 995 316
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# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R
<b>49. Irregular expenditure (continued)</b>		
<b>Amount written-off</b>		
After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 44 956 103 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was no financial loss and no recovery is required in respect of the said amount.		
After the council adoption of committee recommendations, the municipality also wrote off all expenditure incurred in the current year amounting to R 19 645 134 that was part of the contracts previously investigated by council and written off.		
<b>50. Deviation from supply chain management regulations</b>		
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 annual financial statements.		
<b>Report on approved deviation</b>		
Municipal Supply Chain Management Regulations (MSCMR)	<u>9 756 406</u>	<u>6 006 203</u>

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023 R	2022 R		
<b>51. Related parties</b>				
Relationships				
Accounting Officer	Refer to accounting officers' report note			
<b>Remuneration of management</b>				
<b>Management class: Office bearers</b>				
<b>2023</b>				
	Basic salary	Other short-term employee benefits	Other benefits received	Total
<b>Name</b>				
Cllr Buthelezi TD	614 396	630 406	101 741	1 346 543
Cllr Memela DT	493 995	224 486	71 877	790 358
Cllr Ndlovu TD (Until January 2023)	294 653	130 764	41 855	467 272
Mbatha SI (From February 2023)	195 641	93 722	29 346	318 709
Executive committee Members	1 228 632	554 961	132 900	1 916 493
Other councillors	2 954 757	1 296 213	185 559	4 436 529
	<b>5 782 074</b>	<b>2 930 552</b>	<b>563 278</b>	<b>9 275 904</b>
<b>2022</b>				
		Basic salary	Other benefits received	Total
<b>Name</b>				
Cllr T.D. Buthelezi		556 859	348 459	905 318
Cllr Ndlovu TD		390 935	241 950	632 885
Cllr Memela DT		457 320	277 355	734 675
Executive committee Members		1 297 795	697 763	1 995 558
Other councillors		3 088 504	1 259 529	4 348 033
		<b>5 791 413</b>	<b>2 825 056</b>	<b>8 616 469</b>
<b>Management class: Executive management</b>				
<b>2023</b>				
	Basic salary	Other short-term employee benefits	Other benefits received	Total
<b>Name</b>				
R N Hlongwa	1 185 018	854 876	2 244	2 042 138
SP Mosia	895 724	448 977	222 691	1 567 392
NS Msibi	528 272	540 081	1 326	1 069 679
M S Linda	945 475	428 818	2 255	1 376 548
RN Msimango	935 411	333 772	2 255	1 271 438
TG Soko	934 293	327 473	2 957	1 264 723
FK Nene	856 587	281 963	2 067	1 140 617
PM Manqele	-	80 544	177	80 721
WJ Jordaan	-	73 038	177	73 215
RTM Gumede	-	9 052	-	9 052
S Kheswa	-	81 153	-	81 153
SB Zulu	-	4 594	-	4 594
BS Ngubane	-	11 102	-	11 102
	<b>6 280 780</b>	<b>3 475 443</b>	<b>236 149</b>	<b>9 992 372</b>

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

	2023	2022		
	R	R		
<b>51. Related parties (continued)</b>				
<b>2022</b>				
	Basic salary	Other short-term employee benefits	Other benefits received	Total
<b>Name</b>				
R N Hlongwa	1 020 330	363 528	2 249	1 386 107
PM Manqele	1 153 950	722 408	2 051	1 878 409
NS Msibi	-	10 345	-	10 345
TG Soko	148 700	31 197	375	180 272
RN Msimango	223 049	37 479	562	261 090
M S Linda	892 203	298 990	2 249	1 193 442
RTM Gumede	-	10 345	-	10 345
S Kheswa	-	70 263	-	70 263
SP Mosia	798 613	280 038	49 536	1 128 187
WJ Jordaan	765 247	252 034	1 821	1 019 102
	<b>5 002 092</b>	<b>2 076 627</b>	<b>58 843</b>	<b>7 137 562</b>

\*Refer to note 27 "Employee related costs"

## 52. Events after the reporting date

There are no events identified after reporting date that warrant disclosure.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

### 53. Prior period errors/Reclassification

#### Statement of Financial Position

	Audited	Prior year	Reclassifying	Restated
Note(s)	R	adjustments	adjustments	R
		R	R	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	20 468 193	-	-	20 468 193
Trade Receivables from exchange transactions	32 888 635	(17 601 344)	-	15 287 291
Receivables from exchange transactions	719 310	-	-	719 310
Receivables from non-exchange transactions	12 865 472	(15 190)	-	12 850 282
VAT Receivable	45 551 086	12 609 671	-	58 160 757
Inventories	2 556 479	-	-	2 556 479
	<b>115 049 175</b>	<b>(5 006 863)</b>	<b>-</b>	<b>110 042 312</b>
<b>Non-Current Assets</b>				
Receivables from non-exchange transactions	17 334 576	-	-	17 334 576
Property, plant and equipment	4 593 488 173	1 519 130	(10 000)	4 594 997 303
Heritage assets	7 806 633	-	10 000	7 816 633
Intangible assets	14 860	3 517	-	18 377
	<b>4 618 644 242</b>	<b>1 522 647</b>	<b>-</b>	<b>4 620 166 889</b>
<b>Total Assets</b>	<b>4 733 693 417</b>	<b>(3 484 216)</b>	<b>-</b>	<b>4 730 209 201</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Finance lease obligation	901 761	-	-	901 761
Payables from exchange transactions	328 369 652	33 355 087	-	361 724 739
Consumer deposits	3 621 245	-	-	3 621 245
Unspent conditional grants and receipts	2 410 794	-	-	2 410 794
Employee benefit obligation (Medical Aid)	405 000	-	-	405 000
Employee benefit obligation (Long Service Award)	1 973 000	-	-	1 973 000
Operating lease liability	-	234 409	-	234 409
	<b>337 681 452</b>	<b>33 589 496</b>	<b>-</b>	<b>371 270 948</b>
<b>Non-Current Liabilities</b>				
Finance lease obligation	1 091 760	-	-	1 091 760
Payables from exchange transactions (Non-current)	13 357 945	26 507 183	-	39 865 128
Employee benefit obligation (Medical Aid)	27 166 000	-	-	27 166 000
Employee benefit obligation (Long Service Award)	13 552 000	-	-	13 552 000
	<b>55 167 705</b>	<b>26 507 183</b>	<b>-</b>	<b>81 674 888</b>
<b>Total Liabilities</b>	<b>392 849 157</b>	<b>60 096 679</b>	<b>-</b>	<b>452 945 836</b>
<b>Net Assets</b>	<b>4 340 844 260</b>	<b>(63 580 895)</b>	<b>-</b>	<b>4 277 263 365</b>
<b>Net Assets</b>				
Accumulated surplus	4 340 844 253	(63 580 894)	-	4 277 263 359

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 53. Prior period errors/Reclassification (continued)

#### 53.1 Trade Receivables from exchange transactions

Balance previously reported	32 888 635
Prior period adjustment - interest billed	(4 748)
Prior period adjustment - provision for impairment	(17 596 596)
	<u>15 287 291</u>

Prior period error adjustment, correction of interest billed, provision for impairment correction.

#### 53.2 Receivables from non-exchange transactions

Balance previously reported	30 200 048
Prior period adjustment	(15 190)
	<u>30 184 858</u>

Prior period adjustment other income incorrectly raised.

#### 53.3 VAT Receivable

Balance previously reported	45 551 086
Prior period adjustment - Payments allocated to relevant period	10 367 911
Prior period adjustment - General expenses (Operating lease - straight lined)	30 575
Prior period adjustment - provision for output VAT impairment	2 211 185
	<u>58 160 757</u>

Prior period error relate to payments that were allocated in 2022/23 instead of 2021/22. Prior period adjustment relates to recognition of VAT on operating lease expense on a straight line bases, provision for output VAT impairment.

#### 53.4 Property, plant and equipment

Balance previously reported	4 593 488 173
Prior period adjustment	1 519 130
Reclassification to heritage asset	(10 000)
	<u>4 594 997 303</u>

Correction of prior error assets fully depreciated, Reclassification of mayoral regalia.

#### 53.5 Intangible assets

Balance previously reported	14 860
Prior period adjustment	3 517
	<u>18 377</u>

Prior period adjustment on fully depreciated intangible assets.

#### 53.6 Heritage assets

Balance previously reported	7 806 633
Reclassification from PPE	10 000
	<u>7 816 633</u>

Reclassification of mayoral regalia.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 53. Prior period errors/Reclassification (continued)

#### 53.7 Payables from exchange transactions

Balance previously reported	328 369 652
Prior period adjustment - Payments allocated in 2022/23 instead of 2021/22	33 466 724
Prior period adjustment - Accrued employee related cost	(111 637)
	<u>361 724 739</u>

Prior period adjustment relate to payments that were allocated in 2022/23 instead of 2021/22, prior period adjustment, reversal of employee cost accrued.

#### 53.8 Operating lease liability

Balance previously reported	-
Prior period adjustment	234 409
	<u>234 409</u>

Accounting for the straight-lining of operating leases.

#### 53.9 Payables from exchange transactions (Non-current)

Balance previously reported	13 357 945
Prior period adjustment	26 507 183
	<u>39 865 128</u>

Prior period adjustment relate to arrangement to pay off debt over a period of time.

#### 53.10 Accumulated surplus

Balance previously reported	4 340 844 253
Prior period adjustment - Payments allocated in 2022/23 instead of 2021/22	(49 621 185)
Prior period adjustment - Property, plant and equipment	1 522 649
Prior period adjustment - Trade Receivables from exchange transactions	(4 750)
Prior period adjustment - Accrued employee related cost	111 637
Prior period adjustment - General expenses	(203 834)
Prior period adjustment - Debt impairment	(15 385 411)
	<u>4 277 263 359</u>

Prior period adjustment relate to payments that were allocated in 2022/23 instead of 2021/22. correction of asset fully depreciated, correction of interest billed. Prior period adjustment of interest on receivables. Prior period adjustment, reversal of employee cost accrued, Prior period adjustment - General expenses relates to adjustment of operating lease expense on a straight line bases, provision for impairment correction.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

### 53. Prior period errors/Reclassification (continued)

#### Statement of Financial Performance

	Audited	Prior year	Reclassifying	Restated
Note(s)	R	adjustments	adjustments	R
		R	R	
<b>Revenue</b>				
<b>Revenue from exchange transactions</b>				
Service charges	50 999 303	-	-	50 999 303
Rental of facilities	195 241	-	-	195 241
Interest on receivables	287 762	(4 749)	-	283 013
Other revenue	1 084 948	(15 190)	-	1 069 758
Investment revenue	3 705 403	-	-	3 705 403
<b>Total revenue from exchange transactions</b>	<b>56 272 657</b>	<b>(19 939)</b>	<b>-</b>	<b>56 252 718</b>
<b>Revenue from non-exchange transactions</b>				
<b>Transfer revenue</b>				
Government grants and subsidies	1 149 226 650	-	-	1 149 226 650
Public contributions and donations	24 307 385	-	40 000	24 347 385
Fines, Penalties and Forfeits	208 783	-	-	208 783
<b>Total revenue from non-exchange transactions</b>	<b>1 173 742 818</b>	<b>-</b>	<b>40 000</b>	<b>1 173 782 818</b>
<b>Total revenue</b>	<b>1 230 015 475</b>	<b>(19 939)</b>	<b>40 000</b>	<b>1 230 035 536</b>
<b>Expenditure</b>				
Employee related costs	(263 669 250)	111 637	-	(263 557 613)
Remuneration of councillors	(8 616 470)	-	-	(8 616 470)
Depreciation, amortisation and impairments	(94 341 781)	1 522 648	-	(92 819 133)
Finance costs	(398 515)	-	-	(398 515)
Debt impairment	(19 677 454)	(15 385 411)	-	(35 062 865)
Bad debts written off	(323 376)	-	-	(323 376)
Contracted services	(318 039 519)	(23 053 613)	-	(341 093 132)
Transfers and subsidies	(11 295 134)	-	-	(11 295 134)
Inventory consumed	(8 034 212)	(26 552 382)	(13 988 438)	(48 575 032)
Bulk purchases	(13 988 438)	-	13 988 438	-
General Expenses	(131 177 686)	(203 834)	-	(131 381 520)
<b>Total expenditure</b>	<b>(869 561 835)</b>	<b>(63 560 955)</b>	<b>-</b>	<b>(933 122 790)</b>
<b>Operating surplus</b>	<b>360 453 640</b>	<b>(63 580 894)</b>	<b>40 000</b>	<b>296 912 746</b>
Loss on disposal of assets and liabilities	(95 073)	-	-	(95 073)
Actuarial gains/losses	(2 532 143)	-	-	(2 532 143)
Impairment loss	(6 777 432)	-	-	(6 777 432)
Gain from non-exchange transactions	40 000	-	(40 000)	-
	<b>(9 364 648)</b>	<b>-</b>	<b>(40 000)</b>	<b>(9 404 648)</b>
<b>Surplus for the year</b>	<b>351 088 992</b>	<b>(63 580 894)</b>	<b>-</b>	<b>287 508 098</b>

#### 53.11 Interest received (trading)

Balance previously reported	287 762
Prior period adjustment	(4 749)
	<b>283 013</b>

Prior period adjustment - correction of interest billed.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 53. Prior period errors/Reclassification (continued)

#### 53.12 Other income

Balance previously reported	1 084 948
Prior period adjustment	(15 190)
	<u>1 069 758</u>

Prior period adjustment other income incorrectly raised.

#### 53.13 Public contribution and donations

Balance previously reported	24 307 385
Reclassification	40 000
	<u>24 347 385</u>

Reclassification from gains from non-exchange transactions.

#### 53.14 Employee related costs

Balance previously reported	(263 669 250)
Prior period adjustment	111 637
	<u>(263 557 613)</u>

Prior period adjustment, reversal of employee cost accrued.

#### 53.15 Depreciation, amortisation and Impairments

Balance previously reported	(94 341 781)
Prior period adjustment	1 522 648
	<u>(92 819 133)</u>

Correction of prior error assets fully depreciated

#### 53.16 Debt impairment

Balance previously reported	(19 677 454)
Prior period adjustment	(15 385 411)
	<u>(35 062 865)</u>

Correction of prior period error - output VAT impairment adjustment.

#### 53.17 Inventory Consumed

Balance previously reported	(8 034 212)
Reclassification from bulk purchases water	(13 988 438)
Prior period correction	(26 552 382)
	<u>(48 575 032)</u>

Reclassification from bulk purchases water to inventory consumed (mSCOA alignment). Prior period correction - payments made in 2022/23 instead of 2021/22.

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 53. Prior period errors/Reclassification (continued)

#### 53.18 Bulk purchases

Balance previously reported	(13 988 438)
Reclassification to Inventory consumed	13 988 438
	<u>-</u>

Reclassification from bulk purchases water to inventory consumed (mSCOA alignment).

#### 53.19 Contracted services

Balance previously reported	(318 039 519)
Prior period adjustment - Payments allocated in 2022/23 instead of 2021/22	(23 053 613)
	<u>(341 093 132)</u>

Prior period adjustment relate to payments that were allocated in 2022/23 instead of 2021/22.

#### 53.20 General Expenses

Balance previously reported	(131 177 686)
Prior period adjustment	(203 834)
	<u>-</u>
	<u>(131 381 520)</u>

The prior period error relates to recognition of operating lease expense on a straight line bases.

#### 53.21 Gain from non-exchange transactions

Balance previously reported	40 000
Reclassification to Public contributions and donations	(40 000)
	<u>-</u>

Reclassification to Public contributions and donations.

### 54. Segment information

#### General information

##### Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: Community and public safety, Economic and environmental services and Trading services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The municipality's operations are in the KwaZulu Natal Province.

Separate financial and other relevant information on geographical areas in which the municipality operates is not available. The cost to develop the necessary information would be excessive.

2023

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

54. (continued)

	Community and public safety	Economic and environmental services	Trading services	Unallocated	Total
<b>Segment revenue</b>					
External revenue from non-exchange transactions	2 130 657	4 170 817	614 919 558	649 020 482	1 270 241 514
External revenue from exchange transactions	154 712	-	54 075 922	2 102 488	56 333 122
Interest revenue	-	-	-	7 433 380	7 433 380
<b>Total</b>	<b>2 285 369</b>	<b>4 170 817</b>	<b>668 995 480</b>	<b>658 556 350</b>	<b>1 334 008 016</b>
<b>Segment expenses</b>					
Total segment expenses	(27 047 969)	(22 619 210)	(507 497 487)	(325 336 611)	(882 501 277)
Depreciation and amortisation	(504 617)	(91 952)	(93 763 295)	(5 889 180)	(100 249 044)
Interest expense	-	-	-	(552 621)	(552 621)
<b>Total</b>	<b>(27 552 586)</b>	<b>(22 711 162)</b>	<b>(601 260 782)</b>	<b>(331 778 412)</b>	<b>(983 302 942)</b>
<b>Surplus for the year</b>	<b>(25 267 217)</b>	<b>(18 540 345)</b>	<b>67 734 698</b>	<b>326 777 938</b>	<b>350 705 074</b>
<b>Other information</b>					
Segment assets	(99 673)	22 307 212	4 454 341 365	194 711 837	4 671 260 741
Segment liabilities	(34 243)	-	(5 158 842)	(536 041 077)	(541 234 162)
Total capital expenditure	1 151 641	1 726 075	491 994 935	3 069 205	497 941 856

# Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

### 54. (continued)

2022	Community and public safety	Economic and environmental services	Trading services	Unallocated	Total
<b>Segment revenue</b>					
External revenue from non-exchange transactions	2 011 000	9 605 526	635 693 705	526 472 587	1 173 782 818
External revenue from exchange transactions	-	-	51 282 316	1 264 999	52 547 315
Interest revenue	-	-	-	3 705 403	3 705 403
<b>Total</b>	<b>2 011 000</b>	<b>9 605 526</b>	<b>686 976 021</b>	<b>531 442 989</b>	<b>1 230 035 536</b>
<b>Segment expenses</b>					
Total segment expenses	(24 611 163)	(24 398 816)	(543 525 996)	(256 773 815)	(849 309 790)
Depreciation and amortisation	(185 245)	(103 462)	(86 123 193)	(6 407 233)	(92 819 133)
Interest expense	-	-	-	(398 515)	(398 515)
<b>Total</b>	<b>(24 796 408)</b>	<b>(24 502 278)</b>	<b>(629 649 189)</b>	<b>(263 579 563)</b>	<b>(942 527 438)</b>
<b>Surplus for the year</b>	<b>(22 785 408)</b>	<b>(14 896 752)</b>	<b>57 326 832</b>	<b>267 863 426</b>	<b>287 508 098</b>
<b>Other information</b>					
Segment assets	(86 639)	15 432 286	4 084 302 661	145 708 015	4 245 356 323
Segment liabilities	-	(768 977)	(2 642 118)	(449 534 741)	(452 945 836)
Total capital expenditure	485 413	6 965 198	464 144 412	13 257 855	484 852 878