

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Balance unspent at beginning of year	4 825	127 018
Current year receipts	890 000	800 000
Conditions met - transferred to Revenue: Operating Expenses	(890 102)	(822 193)
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>4 723</u>	<u>4 825</u>

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

26.7 National: Department Energy

Balance unspent at beginning of year	-	-
Current year receipts	20 000 000	30 000 000
Conditions met - transferred to Revenue: Operating Expenses	(20 000 000)	(30 000 000)
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>-</u>	<u>-</u>

The grant was received from the Department of Mineral and Energy for the upgrading of substations and electrical installations within the greater municipal area.

26.8 Provincial: Dept Cooperative Government & Traditional Affairs (Cogta)

Balance unspent at beginning of year	5 142 095	-
Current year receipts	3 530 597	8 000 000
Conditions met - transferred to Revenue: Operating Expenses	(7 252 947)	(2 857 905)
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>1 419 745</u>	<u>5 142 095</u>

This grant is utilised as funding of "Operation Clean Audit" a National Government initiative.

26.9 Provincial: Department Economic Affairs and Trade (DEAT)

Balance unspent at beginning of year	230 072	520 729
Current year receipts	2 400 000	-
Conditions met - transferred to Revenue: Operating Expenses	(1 479 281)	(290 657)
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>1 150 791</u>	<u>230 072</u>

This grant was received to assist in local economic development and the promotion of tourism. No funds have been withheld.

27 PUBLIC CONTRIBUTIONS AND DONATIONS

Conditional Contributions:	-	-
Unconditional Contributions	56 100	-
Other Donations	64 200	6 000
Total Public Contributions and Donations	<u>120 300</u>	<u>6 000</u>

28 SERVICE CHARGES

Refuse Removal	1 325 645	2 116 831
Total Service Charges	<u>1 325 645</u>	<u>2 116 831</u>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

29 RENTAL OF FACILITIES AND EQUIPMENT

Operating Lease Rental Revenue:		
- Other Rental Revenue	1 513 088	1 243 728
Rental Revenue from Amenities	182 154	215 932
Rental Revenue from Halls	93 374	54 307
Rental Revenue from Other Facilities	15 647	23 258
Total Rental of Facilities and Equipment	<u>1 814 263</u>	<u>1 537 225</u>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

30 INTEREST EARNED



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	2014 R	2013 R
External Investments:		
Bank Account	884 524	194 242
Investments	2 288 602	2 066 539
	<u>3 173 126</u>	<u>2 250 781</u>
Outstanding Debtors:		
Outstanding Billing Debtors	1 139 373	1 138 910
	<u>1 139 373</u>	<u>1 138 910</u>
Total Interest Earned	<u>4 312 499</u>	<u>3 389 691</u>
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Financial assets at Amortised Cost	3 173 126	2 250 781
Loans and Receivables	1 139 373	1 138 910
	<u>4 312 499</u>	<u>3 389 691</u>

31 OTHER REVENUE

Advertising	84 473	83 627
Awards	300 000	545 000
Building Plan Fees	338 628	88 571
Clearance Certificate	-	263
Flea Market	5 553	737
Funeral Plot Fees	12 204	9 844
LG Seta	121 012	243 516
Parks	351	804
Pound Fees	349 914	378 091
Rezoning Certificate	819	899
Sales: Wood & Aloe	4 635	18
SG Diagrams	111	527
Sportsfield	-	18 277
Storage of Goods	6 087	3 596
Subdivision	8 851	1 606
Sundry Income	435 530	154 127
Tender Fees	258 642	253 367
Tourism	13 228	7 044
Towing Fees	6 913	11 381
Total Other Revenue	<u>1 946 952</u>	<u>1 801 598</u>

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 22 to 30, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

32 EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	32 210 566	27 402 643
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	6 060 885	5 553 683
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	4 405 741	4 064 102
Housing Benefits and Allowances	2 077 531	1 885 947
Performance Bonuses	844 636	728 176
Total Employee Related Costs	<u>45 599 361</u>	<u>39 434 554</u>

No advances were made to employees.

Remuneration to Section 57 employees was within the upper limits set by the South African Local Government Association (SALGA).

Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager: Mr. GPT Noto

Annual Remuneration	852 911	848 775
Car and Other Allowances	258 446	280 865
Company Contributions to UIF, Medical and Pension Funds	176 175	138 486
Total	<u>1 287 532</u>	<u>1 268 126</u>



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	2014 R	2013 R
<i>Remuneration of the Chief Financial Officer : Mrs. X. Venn</i>		
Annual Remuneration	589 004	490 669
Car and Other Allowances	269 037	166 750
Company Contributions to UIF, Medical and Pension Funds	43 676	44 290
Total	901 717	721 709
<i>Remuneration of the Manager: Community Services : Mr. M Sineke</i>		
Annual Remuneration	623 048	587 628
Car and Other Allowances	305 002	269 107
Company Contributions to UIF, Medical and Pension Funds	-	-
Total	928 051	873 735
<i>Remuneration of the Manager: Corporate Services : Ms. N Kubone</i>		
Annual Remuneration	623 048	587 503
Car and Other Allowances	284 055	267 932
Company Contributions to UIF, Medical and Pension Funds	30 481	28 515
Total	937 584	883 950
<i>Remuneration of the Manager: Local Economic Development : Ms. SL Batyi</i>		
Annual Remuneration	585 684	456 220
Car and Other Allowances	284 958	243 556
Company Contributions to UIF, Medical and Pension Funds	43 676	30 225
Total	914 317	732 010
<i>Remuneration of the Manager: Infrastructure and Planning : Mr. SP Ntonga</i>		
Annual Remuneration	698 406	589 125
Car and Other Allowances	321 923	308 151
Company Contributions to UIF, Medical and Pension Funds	-	-
Total	1 018 329	895 276
<i>Remuneration of the Manager: Chief Operations Officer : Mr. S Kulu</i>		
Annual Remuneration	623 048	602 669
Car and Other Allowances	256 432	231 003
Company Contributions to UIF, Medical and Pension Funds	58 883	55 121
Total	938 363	888 783

No compensation was payable to key management personnel in terms of IAS 19 as at 30 June.

33 REMUNERATION OF COUNCILLORS

Mayor	949 672	937 005
Speaker	279 738	285 427
Chief Whip	262 254	253 918
Executive Committee Members	1 625 975	1 569 719
Councillors	4 601 481	4 125 753
Company Contributions to UIF, Medical and Pension Funds	928 297	1 610 566
Other Allowances (Cellular Phones, Housing, Transport, etc)	5 800 447	5 037 586
Total Councillors' Remuneration	13 847 864	13 219 975

Remuneration of Councillors:

Councillors were compensated within the limits set by the Remuneration of Public Office Bearers Act No 20 of 1998.

For details per Councillor see Appendix G

In-kind Benefits

Councillors may utilise official Council transportation when engaged in official duties.

The Mayor had an official office and car.



34 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	29 672 828	26 467 590
Amortisation: Intangible Assets	533 305	387 612
Total Depreciation and Amortisation	30 206 134	26 855 203

35 IMPAIRMENT LOSSES

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	2014 R	2013 R
35.1 Impairment Losses on Fixed Assets		
Impairment Losses Recognised:	93 234	-
Property, Plant and Equipment	93 234	-
35.2 Impairment Losses on Financial Assets		
Impairment Losses Recognised:	2 232 283	6 511 608
Receivables from Exchange Transactions	(2 852 495)	1 528 281
Receivables from Non-exchange Transactions	3 201 860	5 174 136
Minus impairment of VAT Debtors (Not an expense to entity)	1 882 918	(190 810)
Impairment Losses Reversed:	(75 747)	(38 163)
Receivables from Non-exchange Transactions	(75 747)	(38 163)
Total Impairment Losses	2 249 770	6 473 445
36 REPAIRS AND MAINTENANCE		
Land and Buildings	541 475	584 746
Infrastructure - Road Transport	1 073 611	726 666
Community Assets	473 086	705 323
Other Assets	243 482	292 026
Total Repairs and Maintenance	2 331 654	2 308 761
37 FINANCE COSTS		
Creditors Overdue	0	33 432
Finance Leases	70 157	100 058
Loans and Payables at amortised cost	1 250 137	-
Provisions	594 627	122 476
Total Interest Paid on External Borrowings	1 914 921	255 966
38 CONTRACTED SERVICES		
Internal Audit	819 718	737 904
Debt Collection	578 380	509 947
Security Services	3 994 851	3 454 796
Valuation Services	253 457	890 658
Total Contracted Services	5 646 406	5 593 305
<p><i>Contracted Services have been restated to correctly disclose the expenditure for Contracted Services in terms of Security Services. Refer to Note 41.3 on "Correction of Error" for details of the restatement.</i></p>		
39 GRANTS AND SUBSIDIES PAID		
Conditional Grants Paid (Electrification)	-	28 315 789
Community & Local Economic Development Projects	1 087 505	1 935 549
Free Basic Services	2 258 321	2 824 082
Other Grants and Subsidies Paid	25 341	-
Total Grants and Subsidies	3 371 167	31 075 421
<p>Community Projects are in respect of community cultural programs and catering & transport cost of community development workers within the municipality's area of jurisdiction.</p> <p>Free Basic Services are in respect of assistance to and providing basic service levels to indigent households.</p>		
40 GENERAL EXPENSES		
Included in General Expenses are the following:		
Advertising Fees	730 279	596 850
Agrarian Reform	1 820 302	1 150 702
Annual Report	97 700	-
Audit Fees	2 587 099	3 357 505

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730 279	596 850
1 820 302	1 150 702
97 700	-
2 587 099	3 357 505

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	2014 R	2013 R
Bank Charges	326 491	195 172
Batho Pele Programmes	73 600	50 794
Books & Publications	38 976	30 056
Branding & Marketing	488 139	497 731
Building Control Awareness	1 400	46 462
Bursaries (Internal)	199 676	69 121
Bursaries (Scarce Skills)	428 941	240 000
Career Exhibition	407 754	318 269
Catering	525 008	604 517
Cleaning Services	350 837	704 036
Communication Strategy	182 945	172 680
Community Based Planning	146 681	150 003
Community Radio Support	187 195	232 998
Conference Fees	112 667	115 792
Consultant & Professional Fees	2 086 243	2 289 381
Consumeables & Beverages	85 124	42 310
Customer Care	232	48 520
Disaster Management Plan	79 736	94 918
Drivers Licence Cards	20 400	48 338
Electricity And Water Purchases	1 229 859	710 368
Employee Relations Programmes	221 124	322 880
Entertainment	119 748	132 384
Environmental Management	225 144	177 555
Equipment Rental	87 866	501 031
Events & Programs	786 863	806 279
Financial Systems	-	830 606
Fleet Rental Services	518 848	981 718
Food For Waste	2 525 736	1 164 087
Forestry Development	91 880	36 955
Fuel & Oil	1 962 735	1 403 423
Health & Safety	211 596	83 540
Hiv/Aids	38 600	44 934
ICT Expenses	382 700	243 633
IDP Out Reach	99 653	103 419
Induction Program	-	6 780
Insurance: External	632 885	676 247
Intergovernmental Relations (Igr)	20 800	93 980
Internal Audit Committee	615 878	1 237 442
Investment Promotion	536 336	75 514
Job Evaluation	-	145 598
Legal Fees	782 741	1 353 902
Material & Stores	54 719	72 931
Membership Fees	10 502	13 137
Outreach Program	329 710	150 436
Performance Management System	-	144 816
Policy Formulation & Review	-	3 640
Policy Roll Out Program	179 079	3 500
Post Boxes	86 238	1 266 510
Postage	3 481	4 652
Pound Fees	43 442	61 339
Printing & Stationery	1 647 163	1 085 754
Promotional Material	314 162	343 218
Public Safety	736 220	227 288
Ratepayers Incentive	290 600	118 158
Recruitment Activities	55 652	106 425
Refuse Bags & Bins	631 969	385 516
SMME Development	1 112 094	303 379
Sports, Arts And Culture	474 658	283 415
Spu Programs	536 875	392 111
Strategic Planning	960 792	696 926
Strategic Support And Ind	180 150	80 355
Subscriptions	-	999
Subsistence And Travelling	4 294 757	3 441 620
Sundry Expenses	667 974	-
Survey And Planning	1 879 040	742 094
Telephone	-	2 612 009
Tourism	748 969	241 920


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	2014 R	2013 R
Training	1 456 046	811 283
Uniforms & Protective Clothing	493 919	265 285
Vehicle Licensing	83 626	7 508
Ward Committees	3 275 135	2 296 500
Workman'S Compensation Assura	448 049	2 055 485
Year End Function	209 591	131 512
Total General Expenses	47 322 460	39 923 731

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

No other extra-ordinary expenses were incurred.

41 GOVERNMENT GRANTS (CONDITIONAL)

The following operating expenditure were financed by the grants as indicated:

Municipal Systems Improvement Grant (MSIG)	851 876	864 659
Financial Management Grant (FMG)	1 472 790	1 510 448
Municipal Infrastructure Grant (MIG/PMU)	882 878	-
Department of Cooperative Government and Traditional Affairs (COGTA)	6 574 247	2 667 196
Department Education and Training (DEAT)	1 401 806	274 702
Extended Public Works Program (EPWP)	2 785 247	2 739 855
	13 968 844	8 056 859

The MSIG is used for capacity building of Councillors, Ward Committee seating allowance and implementation of the MPRA.

The FMG is used for salaries of the financial interns, staff capitation and the improvement of systems.

The COGTA grant is utilised on "Operation Clean Audit" a National Government initiative to improve operations of Local Government.

The DEAT grant is used for environmental impact assessments and project management.

The EPWP grant is utilised for cleaning up operations in the municipal area.

42 GAINS / LOSSES ON DISPOSAL OF CAPITAL ASSETS

Proceeds on Sale of Assets	2 928 800	36 274
Assets Disposed at Carrying Value	(3 253 774)	(75 240)
Total Gains / Losses on Disposal of Capital Assets	(324 974)	(38 967)

The loss on the sale of land was caused by properties sold below it's market value to a developer for the construction of low cost housing.

43 CHANGE IN ACCOUNTING POLICY

The municipality adopted the following Accounting Standards for the first time during the financial year 2013/14 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1:

- GRAP 20 Related Parties
- GRAP 25 Employee Benefits
- GRAP 31 Intangible Assets

43.1 GRAP 20 - Related Parties

The municipality changed its Accounting Policy from IPSAS 20 to GRAP 20 with no effect on the financial information previously disclosed.

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2014
R 2013
R

43.2 GRAP 25 - Employee Benefits

The municipality changed its Accounting Policy from IAS 19 to GRAP 25 with no effect on the financial information previously disclosed other than the liability in respect of Long Services Awards being reclassified from "Non-Current Liabilities" to "Employee Benefit Liabilities" on the face of the Statement of Financial Position.

The amount of R9 989 493 previously disclosed as Non-Current Liabilities was restated to exclude the amount of R868 290 in respect of Long Services Awards which is now restated under Employee Benefit Liabilities.

43.3 GRAP 31 - Intangible Assets

The municipality changed its Accounting Policy from GRAP 102 to GRAP 31 with no effect on the financial information previously disclosed.

44 CORRECTION OF ERROR

44.1 Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June 2013 and 30 June 2012

Appropriations are summarised as follows:

	2013	2012
Non-current Assets Held-for-Sale	-152 500	-
Receivables from Exchange Transactions	-6 554	-7 365
Receivables from Non-exchange Transactions	-15 440	-
Cash and Cash Equivalents	-63 572	-877
Operating Lease Receivables	3 481	-
Property, Plant and Equipment	5 228 471	66 821 579
Intangible Assets	-3 103	427 374
Investment Property	-	-6 242 500
Payables from Exchange Transactions	748 554	2 169
Payables from Non-exchange Transactions	-	40 535
Non-current Provisions	3 499 765	-
	<u>9 239 083</u>	<u>61 040 914</u>
Increase / (Decrease) in Accumulated Surplus Account		

44.2 Reclassification of Revenue - 2011/12

	AFS	RESTATED	ADJUSTMENT
Other Revenue	2 083 734	2 142 006	-58 271
			<u>-58 271</u>
Detail :			
<u>Other Revenue</u>			-
Writing off of various unsupported balances			17 737
Write Unknown Deposits back to revenue			40 535
			<u>58 271</u>
			-

44.3 Reclassification of Revenue - 2012/13

	AFS	RESTATED	ADJUSTMENT
Fines	438 192	438 742	-550
Rental of Facilities and Equipment	1 533 784	1 537 226	-3 461
Other Revenue	1 764 770	1 801 596	-36 827
			<u>-40 838</u>
Detail :			<u>ADJUSTMENT</u>
<u>Fines</u>			-
Traffic Fines received and receipted			550
			<u>550</u>
<u>Rental of Facilities and Equipment</u>			-
Hawkers (42) agreements started 17 July 2012. Increase Operating Lease Asset with straight lined portion of revenue and account for straight-lined portion of revenue.			3 461
			<u>3 461</u>
<u>Other Revenue</u>			-
Tender Fees received and receipted			300
Unknown deposits for 2012/13 transferred to revenue			36 527
			<u>36 827</u>
			-

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	2014 R	2013 R	
44.4 Reclassification of Expenditure	AFS	RESTATED	ADJUSTMENT
Depreciation and Amortisation	29 180 816	-37 355 829	-66 536 645
Impairment Losses	7 732 054	8 223 495	491 440
Loss on Disposal of Property, Plant and Equipment	-	5 062 562	5 062 562
			-60 982 643

Detail :

Depreciation and Amortisation

Assets which was still Work In Progress was incorrectly depreciated (2011/12 and 2012/13). Refer to Assets Register 30 June 2013. Asset ID 3588, 3619, 3625 and 3653.

Accumulated Depreciation recalculated due to the change of the Economic Useful Life of Mobile Buildings from 5 years to 10 years.

During the physical stock take of moveable assets items were found which were fully depreciated but still in use. A condition assessment was done on these items and a new Remaining Useful Life was determined. Accordingly the depreciation between the Economic Useful Life and the new Remaining Useful Life had to be written back and caused the restatement of Accumulated Depreciation at 30 June 2012 as well as Depreciation Expenses before and after said date.

- Intangible Assets
- Other Assets

After the changing of the economic useful life of gravel roads from 3 to 10 years there were still roads which was fully depreciated. With a condition assessment a remaining useful life at 30 June 2014 was determined. The accumulative depreciation on these roads have to be restated at 30 June 2012.

Accumulated Depreciation recalculated due to the change of the Economic Useful Life of gravel roads from 3 years to 10 years.

New Remaining Useful Lives in respect of gravel roads fully depreciated were determined and depreciation had to be adjusted retrospectively in accordance with said new remaining useful lives.

New Remaining Useful Lives in respect of fencing fully depreciated were determined and depreciation had to be adjusted retrospectively in accordance with said new remaining useful lives.

The recalculation of accumulative depreciation based on it's lapsed Economic Useful life made it necessary to adjust the Depreciation Cost for periods before the 2012/13 Financial Year.

- Community Assets
- Infrastructure Assets
- Intangible Assets
- Buildings
- Other Assets

Other remaining assets with zero carrying value - Determine remaining useful life based on condition assesment and adjust depreciation accordingly.

Intangible assets with zero carrying value - Determine remaining useful life based on condition assesment and adjust depreciation accordingly.

Impairment Losses

Roads which was reconstructed should have been written off at 30 June 2012. The cost o these roads was R15 830 784.40 and the accumulated depreciation thereon was R15 339 344.08 which leave a carrying value of R491 440.32

Loss on Disposal of Property, Plant and Equipment

Properties sold long ago was incorrectly expensed during the previous financial year. It happened before and should be stated as such.(PPE)

Erf 1571 Mount Frere were sold the development of low cost housing. The subdivided erven were added to the Assets Register but the parent erf (1571) have never been removed.

During the physical stock take of moveable assets items were found which was not recorded in the Assets Register. The age of said assets were determined based on the Remaining Useful Life and the Economic Useful life of each asset item. The assets were all older than two years at 30 June 2014. The items were thus capitalised and depreciated from the estimated acquisition date to 30 June 2012

Computer Hub (Asset ID 34421) appeared on the Assets Register without a value. CRC value had been obtained and Remaining Useful Life had been determined based on a condition assessment. Accordingly the asset and depreciation thereon had to be restated. (Value at Cost - R3 997.79 Accumulated Depreciation R998.99).

Investment properties sold long ago but not yet transferred to new owners were still in the Assets Register.

44.5 Reclassification of Expenditure - 2012/13

	AFS	RESTATED	ADJUSTMENT
Employee Related Costs	39 573 154	39 434 554	-138 600
Depreciation and Amortisation	32 018 334	26 555 203	-5 463 132
Repairs and Maintenance	2 368 019	2 308 781	-57 238
Finance Costs	972 496	255 966	-716 530

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Contracted Services	2 138 509	5 593 305
Grants and Subsidies Paid	31 103 518	31 075 421
General Expenses	43 517 526	39 923 731
Government Grants (Conditional)	8 166 609	8 056 859
Loss on Disposal of Property, Plant and Equipment	2 584 867	38 967
		-2 545 900
		-9 186 245
Detail :		ADJUSTMENT
<u>Employee Related Costs</u>		
<i>Reversal of Creditors raised on 30 June 2013</i>		-249
<i>The Employee Assistance Program was previous incorrectly disclosed under Employee Related Cost. It should be General Expenses.</i>		-138 355
		-138 600
<u>Depreciation and Amortisation</u>		
<i>Assets which was still Work In Progress was incorrectly depreciated (2011/12 and 2012/13). Refer to Assets Register 30 June 2013, Asset ID 3588, 3619, 3625 and 3853.</i>		-463 843
<i>Depreciation counted back on Roads which were upgraded/ New assets created before 30 June 2012</i>		-462 950
<i>Depreciation recalculated due to the change of the Economic Useful Life of gravel roads from 3 years to 10 years.</i>		-9 704 350
<i>The Economic Useful Life of Mobile Offices were changed from 5 years to 10 years and the depreciation was restated accordingly.</i>		-39 752
<i>During the physical stock take of moveable assets items were found which was not recorded in the Assets Register. The age of said assets were determined based on the Remaining Useful Life and the Economic Useful life of each asset item. The assets were all older than two years at 30 June 2014. The items were thus capitalised and depreciated for the 2012/13 financial year.</i>		401 647
<i>During the physical stock take of moveable assets items were found which were fully depreciated but still in use. A condition assessment was done on these items and a new Remaining Useful Life was determined. Accordingly the depreciation between the Economic Useful Life and the new Remaining Useful Life had be written back and caused the restatement of Accumulated Depreciation at 30 June 2012 as well as Depreciation Expenses fore 2012/13</i>		
<i>- Intangible Assets</i>		3 866
<i>- Other Assets</i>		55 621
<i>Computer Hub (Asset ID 34421) appeared on the Assets Register without a value. CRC value had been obtained and Remaining Useful Life had been determined based on a condition assessment. Accordingly the asset and depreciation thereon had to be restated.</i>		998
<i>After the changing of the economic useful life of gravel roads from 3 to 10 years there were still roads which was fully depreciated. With a condition assessment a remaining useful life at 30 June 2014 was determined. The depreciation on these roads have to be restated for the previous financial year.</i>		146 831
<i>New Remaining Useful Lives in respect of gravel roads fully depreciated were determined and depreciation had to be adjusted retrospectively in accordance with said new remaining useful lives.</i>		
<i>Reverse Depreciation already expensed</i>		-747 381
<i>Add depreciation in accordance with the new Remaining Useful Lives</i>		5 476 000
<i>New Remaining Useful Lives in respect of fencing fully depreciated were determined and depreciation had to be adjusted retrospectively in accordance with said new remaining useful lives.</i>		
<i>Reverse Depreciation already expensed</i>		-69 802
<i>Add depreciation in accordance with the new Remaining Useful Lives</i>		115 836
<i>The refurbishment of the Mount Ayloff hall was completed on 24/01/2013 and the old asset should have been combined with the new structure. Depreciation needs to be adjusted accordingly.</i>		-2 356
<i>The recalculation of accumulative depreciation based on it's lapsed Economic Useful life made it necessary to adjust the Depreciation Cost for the 2012/13 Financial Year.</i>		
<i>Intangible Assets Amortisation</i>		7 935
<i>Other remaining assets with zero carrying value - Determine remaining useful life based on condition assesment and adjust depreciation accordingly.</i>		-274 186
<i>Intangible assets with zero carrying value - Determine remaining useful life based on condition assesment and adjust depreciation accordingly.</i>		92 757
		-5 483 132
<u>Repairs and Maintenance</u>		
<i>Reversal of Creditors raised on 30 June 2013</i>		-57 238
		-57 238
<u>Finance Costs</u>		
<i>The valuation of the Rehabilitation of the Landfill sites was not correctly calculated during the previous financial year due to a discounting error made and interest was restated accordingly.</i>		-716 530
		-716 530
<u>Contracted Services</u>		
<i>Security Services is a Contracted Service but was previously disclosed under General Expenses.</i>		3 454 796

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	2014 R	2013 R
		3 454 796
<u>Grants and Subsidies Paid</u>		-
Reversal of Creditors raised on 30 June 2013		-28 087
		-28 087
<u>General Expenses</u>		-
Reversal of Creditors raised on 30 June 2013		-386 283
Security Services is a Contracted Service but was previously disclosed under General Expenses.		-3 454 796
General expenses (Oil etc.) bought with Brush Cutters were incorrectly capitalised as part of the asset.		32 995
The Employee Assistance Program was previous incorrectly disclosed under Employee Related Cost. It should be General Expenses.		138 355
Stationery incorrectly expensed to an Investment Account		75 934
		-3 593 795
<u>Government Grants (Conditional)</u>		-
Reversal of Creditors raised on 30 June 2013		-109 750
		-109 750
<u>Less on Disposal of Property, Plant and Equipment</u>		-
Erven sold very long ago was incorrectly expensed during 2012/13 and two erven only transferred during 2013/14 was incorrectly disclosed as Non-Current Assets Held for Sale. This cause the Statement of Financial Performance to disclose "Unauthorised Expenditure" which was not correct as the expenditure was inflated by this amount which was not included in the budget.		-2 545 900
		-2 545 900

44.6 Reclassification of Statement of Financial Position : 30 June 2012

	AFS	RESTATED	ADJUSTMENT
Receivables from Exchange Transactions	104 968	97 603	-7 365
Cash and Cash Equivalents	34 559 735	34 558 858	-877
Property, Plant and Equipment	197 521 037	264 342 615	66 821 579
Intangible Assets	895 144	1 322 518	427 374
Investment Property	29 922 300	23 679 800	-6 242 500
Payables from Exchange Transactions	-9 793 108	-9 790 939	2 169
Payables from Non-exchange Transactions	-1 036 722	-996 167	40 535
			61 040 914
<u>Detail :</u>			ADJUSTMENT
<u>Receivables from Exchange Transactions</u>			-
Unsupported Debtors written off.			-7 365
			-7 365
<u>Cash and Cash Equivalents</u>			-
Unsupported balance written off			-877
			-877
<u>Property, Plant and Equipment</u>			-
Assets which was still Work In Progress was incorrectly depreciated (2011/12 and 2012/13). Refer to Assets Register 30 June 2013. Asset ID 3568, 3619, 3625 and 3853.			85 419
Properties already transferred as being sold was included in the AG listing of properties to be transferred to Investment Property (Undetermined Land)			2 676 500
Three roads which falls within the jurisdiction of the Matatiele Local Municipality and one road which is within the jurisdiction of Mthatha Local Municipality was previously incorrectly included in the Assets Register.			-1 066 306
The gravel roads mentioned above were fully depreciated and have therefore no effect on the Accumulated Surplus			1 066 306
Roads which was reconstructed should have been written off at 30 June 2012. The cost o these roads was R15 830 784.40 and the accumulated depreciation thereon was R15 339 344.08 which leave a carrying value of R491 440.32			-491 440
Accumulated Depreciation recalculated due to the change of the Economic Useful Life of gravel roads from 3 years to 10 years.			40 716 866
The Economic Useful Life of Mobile Offices were changed from 5 years to 10 years and the depreciation was restated accordingly.			99 587
During the physical stock take of moveable assets items were found which was not recorded in the Assets Register. The age of said assets were determined based on the Remaining Useful Life and the Economic Useful Life of each asset item. The assets were all older than two years at 30 June 2014. The items were thus capitalised and depreciated from the estimated acquisition date to 30 June 2012			1 645 888
- Asset Value			-447 039
- Accumulated Depreciation			

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	2014 R	2013 R
<i>During the physical stock take of moveable assets items were found which were fully depreciated but still in use. A condition assessment was done on these items and a new Remaining Useful Life was determined. Accordingly the depreciation between the Economic Useful Life and the new Remaining Useful Life had to be written back and caused the restatement of Accumulated Depreciation at 30 June 2012 as well as Depreciation Expenses before and after said date.</i>		149 990
<i>Computer Hub (Asset ID 34421) appeared on the Assets Register without a value. CRC value had been obtained and Remaining Useful Life had been determined based on a condition assessment. Accordingly the asset and depreciation thereon had to be restated. (Value at Cost - R3 987.79 Accumulated Depreciation R986.99).</i>		2 989
<i>After the changing of the economic useful life of gravel roads from 3 to 10 years there were still roads which was fully depreciated. With a condition assessment a remaining useful life at 30 June 2014 was determined. The accumulative depreciation on these roads have to be restated at 30 June 2012.</i>		986 450
<i>Properties sold long ago was incorrectly expensed during the previous financial year. It happened before and should be stated as such.</i>		-2 698 400
<i>Mpendle Internal Roads retention should have been capitalised as part of asset</i>		23 810
<i>New Remaining Useful Lives in respect of gravel roads fully depreciated were determined and depreciation had to be adjusted retrospectively in accordance with said new remaining useful lives.</i>		26 924 988
<i>New Remaining Useful Lives in respect of fencing fully depreciated were determined and depreciation had to be adjusted retrospectively in accordance with said new remaining useful lives.</i>		379 406
<i>The recalculation of accumulative depreciation based on it's lapsed Economic Useful life made it necessary to adjust the Accumulative Depreciation at 30 June 2012.</i>		
<i>Community Assets</i>		-577 355
<i>Infrastructure Assets</i>		5 645
<i>Buildings</i>		-5 913 474
<i>Other Assets</i>		368 312
<i>Other remaining assets with zero carrying value - Determine remaining useful life based on condition assessment and adjust accumulative depreciation accordingly.</i>		2 904 429
		66 821 579

Intangible Assets

<i>During the physical stock take of moveable assets items were found which were fully depreciated but still in use. A condition assessment was done on the computer serviced by the software and a new Remaining Useful Life was determined. Accordingly the amortisation between the Economic Useful Life and the new Remaining Useful Life had to be written back and caused the restatement of Accumulated Amortisation at 30 June 2012 as well as Amortisation Expenses before and after said date.</i>		9 279
<i>The recalculation of accumulative depreciation based on it's lapsed Economic Useful life made it necessary to adjust the Accumulative Amortisation at 30 June 2012.</i>		46 707
<i>Intangible assets with zero carrying value - Determine remaining useful life based on condition assessment and adjust accumulative depreciation accordingly.</i>		371 388
		427 374

Investment Property

<i>Properties already transferred as being sold was included in the AG listing of properties to be transferred to Investment Property (Undetermined Land)</i>		-2 676 500
<i>Erf 1571 Mount Frere were sold the development of low cost housing. The subdivided erven were added to the Assets Register but the parent erf (1571) have never been removed.</i>		-1 197 500
<i>Properties sold long ago but not yet transferred to new owners were still in the Assets Register.</i>		-2 368 500
		-6 242 500

Payables from Exchange Transactions

<i>Unsupported Creditors written off</i>		25 979
<i>Mpendle Internal Roads retention should have been capitalised as part of asset</i>		-23 810
		2 169

Payables from Non-exchange Transactions

<i>Write Unknown deposits back as revenue.</i>		40 535
		40 535

44.7 Reclassification of Statement of Financial Position : 30 June 2013

	AFS	RESTATED	ADJUSTMENT
Non-current Assets Held-for-Sale	152 500	-	-152 500
Receivables from Exchange Transactions	74 840	68 287	-6 554
Receivables from Non-exchange Transactions	1 631 271	1 615 831	-15 440
Cash and Cash Equivalents	49 511 022	49 447 451	-63 572
Operating Lease Receivables	106 514	109 975	3 461
Property, Plant and Equipment	279 735 462	284 963 933	5 228 471
Intangible Assets	1 424 415	1 421 313	-3 103
Payables from Exchange Transactions	-13 144 628	-12 398 075	746 554
Non-current Provisions	-9 121 203	-5 621 438	3 499 765
			9 239 063

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	2014 R	2013 R
Detail :		ADJUSTMENT
<u>Non-current Assets Held-for-Sale</u>		-
<i>Erven sold very long ago was incorrectly expensed during 2012/13 and two erven only transferred during 2013/14 was incorrectly disclosed as Non-Current Assets Held for Sale.</i>		-152 500
		<u>-152 500</u>
<u>Receivables from Exchange Transactions</u>		-
<i>Third parties receipts reversed</i>		3 927
<i>Unknown deposits for 2012/13 transferred to revenue</i>		-10 481
		<u>-6 554</u>
<u>Receivables from Non-exchange Transactions</u>		-
<i>Amount reversed against the Consumer Control Account</i>		-15 440
		<u>-15 440</u>
<u>Cash and Cash Equivalents</u>		-
<i>Receipts on Debtors accounts</i>		15 440
<i>Tender Fees and Traffic Fines receipted</i>		850
<i>Third parties receipts reversed</i>		-3 927
<i>Stationery incorrectly expensed to an Investment Account</i>		-75 834
		<u>-63 572</u>
<u>Operating Lease Receivables</u>		-
<i>Hawkers (42) agreements started 17 July 2012. Increase Operating Lease Asset with straight lined portion of revenue and account for straight-lined portion of revenue.</i>		3 481
		<u>3 481</u>
<u>Property, Plant and Equipment</u>		
<i>Assets which was still Work In Progress was incorrectly depreciated (2011/12 and 2012/13). Refer to Assets Register 30 June 2013. Asset ID 3568, 3619, 3625 and 3853</i>		463 843
<i>Creditors already transferred to Work In Progress at 30 June 2013 was reversed.</i>		-255 361
<i>The Retention raised in 2012/13 included VAT which was also capitalised as part of the DLTC Building</i>		-3 259
<i>A payment done early July 2013 towards the DLTC Building should have been capitalised and a creditor raised at the end of the year.</i>		97 825
<i>Roads Reconstructed - New Assets Created - Should have been Written Off - Reverse Depreciation 2012/13</i>		462 950
<i>Accumulated Depreciation recalculated due to the change of the Economic Useful Life of gravel roads from 3 years to 10 years.</i>		9 704 350
<i>The Economic Useful Life of Mobile Offices were changed from 5 years to 10 years and the depreciation was restated accordingly.</i>		39 752
<i>Parking Meter Server Computer Software with the Carrying Value of R R30 543.81 (Cost R30 585 minus Depreciation R441.19) was previously incorrectly included with Property Plant and Equipment. It must be disclosed under intangible Assets.</i>		-30 544
<i>General expenses (Oil etc.) bought with Brush Cutters were incorrectly capitalised as part of the asset.</i>		-32 986
<i>During the physical stock take of moveable assets items were found which was not recorded in the Assets Register. The age of said assets were determined based on the Remaining Useful Life and the Economic Useful life of each asset item. The assets were all older than two years at 30 June 2014. The items were thus capitalised and depreciated for the 2012/13 financial year.</i>		-401 647
<i>During the physical stock take of moveable assets items were found which were fully depreciated but still in use. A condition assessment was done on these items and a new Remaining Useful Life was determined. Accordingly the depreciation between the Economic Useful Life and the new Remaining Useful Life had be written back and caused the restatement of Accumulated Depreciation at 30 June 2012 as well as Depreciation Expenses before and after said date.</i>		-55 621
<i>Computer Hub (Asset ID 34421) appeared on the Assets Register without a value. CRC value had been obtained and Remaining Useful Life had been determined based on a condition assessment. Accordingly the asset and depreciation thereon had to be restated</i>		-996
<i>After the changing of the economic useful life of gravel roads from 3 to 10 years there were still roads which was fully depreciated. With a condition assessment a remaining useful life at 30 June 2014 was determined. The accumulative depreciation on these roads have to be restated at 30 June 2013.</i>		-146 831
<i>Properties sold long ago was incorrectly expensed during the previous financial year. It happened before and should be stated as such.</i>		2 698 400
<i>Intangible Asset was accounted for as Property, Plant and Equipment</i>		-70 912
<i>Malwana Road was completed and the retention should have been capitalised as part of the asset</i>		40 861
<i>New Remaining Useful Lives in respect of gravel roads fully depreciated were determined and depreciation had to be adjusted retrospectively in accordance with said new remaining useful lives.</i>		
<i>Reverse Depreciation already expensed</i>		747 381
<i>Add depreciation in accordance with the new Remaining Useful Lives</i>		-5 476 000
<i>New Remaining Useful Lives in respect of fencing fully depreciated were determined and depreciation had to be adjusted retrospectively in accordance with said new remaining useful lives.</i>		
<i>Reverse Depreciation already expensed</i>		69 802

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	2014 R	2013 R
<i>Add depreciation in accordance with the new Remaining Useful Lives</i>		-115 836
<i>The refurbishment of the Mount Aylliff hall was completed on 24/01/2013 and the old asset should have been combined with the new structure. Accumulative depreciation needs to be adjusted accordingly.</i>		2 356
<i>Other remaining assets with zero carrying value - Determine remaining useful life based on condition assessment and adjust accumulative depreciation accordingly.</i>		274 188
<i>The valuation of the Rehabilitation of the Landfill sites was not correctly calculated during the previous financial year due to a discounting error made and the asset was restated accordingly.</i>		-2 783 236
		5 228 471
<u>Intangible Assets</u>		
<i>Parking Meter Server Computer Software with the Carrying Value of R R30 543.81 (Cost R30 985 minus Depreciation R441.19) was previously incorrectly included with Property Plant and Equipment. It must be disclosed under Intangible Assets.</i>		30 544
<i>During the physical stock take of moveable assets items were found which were fully depreciated but still in use. A condition assessment was done on the computer serviced by the software and a new Remaining Useful Life was determined. Accordingly the amortisation between the Economic Useful Life and the new Remaining Useful Life had to be written back and caused the restatement of Accumulated Amortisation at 30 June 2012 as well as Amortisation Expenses before and after said date.</i>		-3 868
<i>Intangible Asset was accounted for as Property, Plant and Equipment</i>		70 912
<i>Additional amortisation on intangible assets due to the recalculation of accumulated amortisation based on passed Economic Useful Life.</i>		-7 935
<i>Intangible assets with zero carrying value - Determine remaining useful life based on condition assessment and adjust accumulative depreciation accordingly.</i>		-92 757
		-3 103
<u>Payables from Exchange Transactions</u>		
<i>Reversal of Creditors raised on 30 June 2013</i>		864 572
<i>Creditors Raised at 30 June 2013</i>		-27 599
<i>The Retention raised on the DLTC building in 2012/13 included VAT which caused the creditor to be</i>		3 259
<i>A payment done early July 2013 towards the DLTC Building should have been capitalised and a creditor raised at the end of the year.</i>		-97 825
<i>Malwana Road Retention should have been raised</i>		-40 881
<i>Unknown deposits for 2012/13 transferred to revenue</i>		47 008
		748 553
<u>Non-current Provisions</u>		
<i>The valuation of the Rehabilitation of the Landfill sites was not correctly calculated during the previous financial year due to a discounting error made and the asset was restated accordingly.</i>		-
<i>Asset Recorded</i>		2 783 236
<i>Interest Allocated</i>		716 530
		3 499 765

4.4.8 Reclassification of Cash Flow Statement:

	AFS	RESTATED	ADJUSTMENT
<u>Receipts</u>			
Property Rates	6 541 325	6 556 764	-15 439
Government Grant and Subsidies	185 705 000	185 705 000	-
Public Contributions and Donations	6 000	6 000	-
Service Charges	809 636	809 636	-
Interest Received	2 367 222	2 367 222	-
Other Receipts	4 258 363	4 302 294	-43 931
<u>Payments</u>			
Employee Related Costs	-38 769 788	-38 631 188	-138 599
Remuneration of Councillors	-13 219 975	-13 219 975	-
Interest Paid	-972 496	-255 966	-716 529
Suppliers Paid	-50 175 651	-54 117 983	3 942 331
Other Payments	-31 103 518	-31 075 421	-28 096
	65 446 118	62 448 384	2 999 734
<u>Investing activities</u>			
Purchase of Property, Plant and Equipment	-49 826 528	-46 819 453	-3 007 074
	-50 175 205	-47 239 042	-2 936 162
<u>Financing Activities</u>			
Repayment of Borrowings	-318 749	-318 749	-
	-318 749	-318 749	-
<u>Net movement in Cash and Cash Equivalents</u>			
Cash and Cash Equivalents at Beginning of Period	34 559 735	34 559 856	-121
Cash and Cash Equivalents at End of Period	49 511 900	49 511 451	449



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	2014 R	2013 R	ADJUSTMENT
Details :			
<u>Property Rates</u>			
Receipts on Property Rates		15 439	15 439
			15 439
<u>Other Receipts</u>			
Tender Fees and Traffic Fines received		-850	-850
Third parties receipts reversed		3 926	3 926
Unknown Deposits 2012/13 recognised as revenue.		-47 007	-47 007
			-43 931
			-
<u>Employee Related Costs</u>			
Cost reduced due to Creditors reversal on 30 June 2013		-245	-245
The Employee Assistance Program was previous incorrectly disclosed under Employee Related Cost. It should be General Expenses.			-138 354
			-138 599
<u>Interest Paid</u>			
The valuation of the Rehabilitation of the Landfill sites was not correctly calculated during the previous financial year due to a discounting error made and interest was restated accordingly.			-716 529
			-716 529
<u>Suppliers Paid</u>			
Cost reduced due to Creditors reversal on 30 June 2013		293 702	293 702
Overstated by the Vat on the Retention of the DLTC Building		3 259	3 259
Understated payment on the DLTC Building		-97 826	-97 826
General expenses (Oil etc.) bought with Brush Cutters were incorrectly capitalised as part of the asset.		32 995	32 995
The Employee Assistance Program was previous incorrectly disclosed under Employee Related Cost. It should be General Expenses.			138 354
Retention on Molwana Road		-40 861	-40 861
Stationery incorrectly expensed to an Investment Account		75 934	75 934
Landfill Site Cost previously disclosed			
Contribution to asset		2 783 236	2 783 236
Interest		716 529	716 529
Unknown deposits for 2012/13 transferred to revenue		47 008	47 008
			3 942 331
			-
<u>Other Payments</u>			
Cost reduced due to Creditors reversal on 30 June 2013		-28 096	-28 096
			-28 096
<u>Purchase of Property, Plant and Equipment</u>			
Work in Progress reduced with Creditors reversed at 30 June 2013		-265 360	-265 360
Overstated by the Vat on the Retention of the DLTC Building		-3 259	-3 259
Understated payment on the DLTC Building		87 826	87 826
General expenses (Oil etc.) bought with Brush Cutters were incorrectly capitalised as part of the asset.		-32 995	-32 995
Intangible Assets accounted for as Property, Plant and Equipment		-70 912	-70 912
Retention Molwana Road		40 861	40 861
Increase in Rehabilitation of Landfill site/Asset recorded reversed		-2 783 236	-2 783 236
			-3 007 074
			-
<u>Purchase of Intangible Assets</u>			
Intangible Assets accounted for as Property, Plant and Equipment		70 912	70 912
			70 912
<u>Cash and Cash Equivalents at Beginning of Period</u>			
Unsupported balance written off			877
<u>Cash and Cash Equivalents at End of Period</u>			
Receipts on Debtors accounts		-15 440	-15 440
Tender Fees and Traffic Fines received		-850	-850
Third parties receipts reversed		3 926	3 926
Stationery incorrectly expensed to an Investment Account		75 934	75 934
			64 448
			-

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2014
R

2013
R

45 CHANGE IN ACCOUNTING ESTIMATES

The municipality did not receive any new information or notice of new developments during the financial year that need to be disclosed in terms of GRAP 3.

46 CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	79 704 465	5 152 144
Adjustment for:		
Changes in Accounting Policies	-	
Correction of Prior Year Errors		(75 934)
Depreciation and Amortisation	30 206 134	32 018 334
Impairment Losses on Property, Plant and Equipment	93 234	-
Losses / (Gains) on Disposal of Property, Plant and Equipment	(397 250)	2 584 867
Loss on Sale of Land	324 974	-
Property, Plant and Equipment transferred to Assets Held-for-Sale	-	152 500
Other Movement on Property, Plant and Equipment		(3 007 074)
Other Movement on Intangible Assets		70 912
Expenditure incurred from Long Service Awards Liability	(219 454)	(81 299)
Contribution to Provisions - Current	261 263	20 177
Contribution to Provisions - Non-current	537 089	78 936
Expenditure incurred from Provisions - Non-current	-	3 499 765
Contribution to Employee Benefits	(25 539)	284 192
Contribution to Impairment Provision	2 156 536	6 473 445
Operating surplus before working capital changes	112 881 472	47 170 964
Decrease/(Increase) in Inventories	103 728	(31 100)
Decrease/(Increase) in Non-Current Assets Held-for-Sale	-	(152 500)
Decrease/(Increase) in Receivables from Exchange Transactions	(1 342 437)	(1 508 597)
Decrease/(Increase) in Receivables from Non-exchange Transactions	(11 905 380)	(6 118 076)
Decrease/(Increase) in VAT Receivable	(4 105 459)	(1 959 515)
Decrease/(Increase) in Operating Lease Assets	(11 288)	(22 904)
Increase/(Decrease) in Payables from Exchange Transactions	(2 244 077)	3 544 498
Increase/(Decrease) in Payables from Non-exchange Transactions	1 716 343	(307 964)
Increase/(Decrease) in Conditional Grants and Receipts	(20 991 772)	21 829 596
Cash generated by / (utilised in) Operations	73 881 130	62 446 384

47 NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2013/14 financial year.

48 FINANCING FACILITIES

The municipality did not have any Financing Facilities available at any time during the two financial years.

49 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities (See Note 18)	50 588 079	936 730
Used to finance Property, Plant and Equipment - at cost	(588 079)	(936 730)
Bridging Finance to the Department of Mineral and Energy towards the Electrification of the area.	(50 000 000)	
Cash invested for Repayment of Long-term Liabilities	-	-

Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash is available to ensure that Long-term Liabilities can be repaid on the scheduled redemption dates.

50 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

50.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

Opening balance		10 219 713
Written off by Council		(7 634 846)
Amount on arven sold previous years incorrectly expensed against last years budget		(2 584 867)
Unauthorised Expenditure awaiting authorisation		-



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	2014 R	2013 R
50.2 Fruitless and Wasteful Expenditure		
Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	80 793	13 845
Fruitless and Wasteful Expenditure current year	0	80 794
Written off by Council		(13 845)
Recovered from responsible officials - Interest on late payment - Various Creditors (2012/13)	(33 432)	
Transfer to receivables for recovery - Penalty paid to the Department of Transport. (2012/13)	(47 361)	-
Fruitless and Wasteful Expenditure awaiting condonement	(0)	80 793

Incident	Disciplinary Steps / Criminal Proceedings
Interest on late payment - Various Creditors - R0 (2013: R33 432)	Recovered from responsible officials.

50.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:		
Opening balance	585 438	847 728
Irregular Expenditure current year	-	585 438
Written off by Council	(585 438)	(847 728)
Irregular Expenditure awaiting condonement	-	585 438

Incident	Disciplinary Steps / Criminal Proceedings
Various awards to persons in service of the state R0 (2013 : R423 640)	Written Off by Council
Various awards to persons in service of the municipality R0 (2013 : R161 793)	Written Off by Council

51 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

51.1 Contributions to organised local government - SALGA

Opening Balance	450 000	363 422
Council Subscriptions	493 223	450 000
Amount Paid - current year	(493 223)	-
Amount Paid - previous years	(450 000)	(363 422)
Balance Unpaid (included in Creditors)	-	450 000

51.2 Audit Fees

Opening Balance	273 896	282 956
Current year Audit Fee	2 587 099	3 353 404
Amount Paid - current year	(2 542 971)	(3 079 508)
Amount Paid - previous years	(273 896)	(282 955)
Balance Unpaid (included in Creditors)	44 128	273 896

51.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 6. All VAT returns have been submitted by the due date throughout the year.

51.4 PAYE, Skills Development Levy and UIF

Opening Balance	0	-
Current year Payroll Deductions	10 650 806	9 593 264
Amount Paid - current year	(10 612 074)	(9 593 264)
Balance Unpaid (included in Creditors)	38 733	0

51.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	8 303 870	7 076 948
Amount Paid - current year	(8 301 778)	(7 076 948)
Balance Unpaid (included in Creditors)	2 092	-

51.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

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51.7 Non-Compliance with the Municipal Finance Management Act

No known matters existed at reporting date.

51.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Date	Successful Tenderer	Reason	Amount
Citizen & Community Services	02/07/2013	Opto East Coast	Opto east coast is the preferred service provider that we have in our database and that installs and do repairs of weighbridge, the deviation is due to an exceptional case where it is impractical to follow official SCM processes (refer to ULM SCM policy 36 (1)(a)(v).	R 6 817.20
	22/07/2013	Truvelo Manufacturers (Pty) Ltd	Truvelo Manufacturers is the preferred service provider that we have in our database and that deals/ sells traffic equipment, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R 9 168.08
	23/07/2013	Government Printing	Government Printing is the preferred service provider that we have in our database and that sells application forms for learners licences, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R 4 382.84
	02/09/2013	Prodibe (Pty) Ltd	Prodibe (Pty) Ltd is the preferred service provider that we have in our database and that provides LCU cartridges, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R 6 328.28
	02/09/2013	Truvelo Manufacturers (Pty) Ltd	Truvelo Manufacturers (Pty) Ltd is the preferred service provider that we have in our database and that provides Traffic Equipment Laser Witness Speed Timing Machine, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R 195 000.00
	10/09/2013	Rand Data Forms (Pty) Ltd	Rand Data Forms (Pty) Ltd is the preferred service provider that we have in our database and that provides Compliance Notice Books and Section 56, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R 19 323.00
	10/09/2013	Spargs Superpar	Spargs Superpar is the preferred service provider that we have in our database and that provides with grocery and that the municipality has an account with, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R 101 254.48
	17/09/2013	Husqvarna	Husqvarna is the preferred service provider that we have in our database and that provides services & repairs on brush cutting machines, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R 28 886.13
	19/09/2013	Mindmuzik Media (PTY) LTD	Mindmuzik Media (PTY) LTD is the preferred service provider that we have in our database and that provides as they are the sole suppliers of the revised learners material as prescribed by the Department of Transport, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R 4 359.39
	16/10/2013	DMAC Hydraulics & Engineering	DMAC Hydraulics & Engineering is the preferred service provider that we have in our database that specialises in Bulk Bags and since the machine was also purchased from DMAC Hydraulics & Engineering, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R 14 250.00



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21/10/2013	Emcom	Emcom is the preferred service provider that we have in our database and that renders this type of service, and that the Base Station is already in use in Mt Ayikif and was purchased from EMCOM and MT Frene must have its own Base Station. The deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	20 790.75
04/11/2013	Marie's Workshop	Marie's Workshop is the sole service provider that we have in our database and that specialise on Appointment cards for traffic officers and since its an Act, it is proper to purchase the Cards from Marie Workshop. The deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	2 257.20
04/11/2013	Government Printing	Government Printing works is the preferred service provider that we have in our database that specialises on Theory test for learners licence and from th previous engagement, the design and layouts fees will not be included as other companies will charge latter, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	2 306.07
06/11/2013	Nefcon Roadtech	Nefcon Roadtech is the sole service provider that we have in our database and that specialise on repairs on scuff gauge, and tried to look for other quotes not all in vain. The deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	11 286.00
06/11/2013	Opto East Coast (PTY) LTD	Opto east coast is the preferred service provider that we have in our database and that installs and do repairs of weighbridge, the deviation is due to an exceptional case where it is impractical to follow official SCM processes(refer to ULM SCM policy 36 (1)(a)(v)	R	32 253.54
06/11/2013	Lexis Nexis	Lexis Nexis is the sole service provider that we have in our database and that specialise on selling Act books and amended statute, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	9 282.20
19/11/2013	FG Uniforms cc	FG Uniforms cc is the sole service provider that we have in our database and that specialise on law enforcement uniforms, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	192 509.18
22/11/2013	Mascor Mount Currie John Deere	Mascor Mount Currie John Deere is the sole service provider that we have in our database and that specialise on John Deere tractor, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	2 792.01
22/11/2013	FG Uniforms	F.G. Uniforms is the sole service provider that we have in our database and that specialise on Traffic Uniforms, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	175 355.03
15/01/2014	Truvelo Manufacturers (Pty) Ltd	Truvelo Manufacturers (Pty) Ltd is the sole service provider that we have in our database and that specialises on calibration of traffic equipment, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	7 611.94
22/01/2014	Rand Data Forms	Rand Data Forms is the sole service provider that we have in our database and that specialises on reprinting of forms stipulating and enforcing Traffic laws, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	8 410.90

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	27/01/2014	DMAC Hydraulics & Engineering	DMAC Hydraulics & Engineering is the sole service provider that we have in our database and that specialises on this kind of machine and the service is done by DMAC as it also covers guarantee and warranty. The deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	19 448.74
	04/02/2014	C & S Husqvarna	C & S Husqvarna is the preferred service provider that we have in our database and that provides repairs of brush cutters, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	24 478.02
	11/02/2014	Barloworld	Barloworld is the preferred service provider that we have in our database and that provides repairs and maintenance of CAT TLB and it also carries warranties and guarantees, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	14 930.52
	11/02/2014	Magna Business Consultants	Magna Business Consultants is the preferred service provider that we have in our database and that provides services on installation of of Trafman Image Processing system and they are the only one specialises on Trafman Equipment, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	160 491.48
	09/05/2014	LexisNexis	LexisNexis is the sole service provider that we have in our database and that can assist with this type of a product, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	4 986.36
	05/05/2014	Opto East Coast	Opto East Coast is the preferred and sole service provider that we have in our database that can render this type of a service and as a result it is proper that this equipment be purchased from Opto East Coast, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	26 547.00
27 Occasions occurred during the financial year for the procurement goods and services amounting to R 1105855					
Budget and Treasury	15/08/2013	King B	King B is the preferred service provider that we have in our database and that supply this type of receipt books, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	6 618
	19/11/2013	Munsolt	Munsolt is the sole service provider that we have in our database and is also the only major system used by STO department and it is proper that Munsolt must supply with the OKI ML3021 printers. The deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	19 562.40
2 Occasion occurred during the financial year for the procurement goods and services amounting to R 26180					
Infrastructure and Planning	03/07/2013	South African Institute of Engineering	SAICE is the preferred service provider that we have in our database and that sell this type of books, the deviation is due to an exceptional case where it is impractical to follow official SCM processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	4 520
	22/08/2013	Barloworld Caterpillar	Barloworld Caterpillar is the manufacturer of Cat TLB and the TLB is under warranty, the deviation was due to exceptional case where it is impractical or impossible to follow the official procurement processes, (refer to ULM SCM policy 36 (1)(a) (v).	R	11 327
2 Occasions occurred during the financial year for the procurement goods and services amounting to R 15847					

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			2014 R	2013 R
Corporate Services	07/10/2014	Lexis Nexis		4 309.50
	16/10/2013	Lexis Nexis		5 533.56
<p>2 Occasions occurred during the financial year for the procurement goods and services amounting to R 9843.06</p>				

52 COMMITMENTS FOR EXPENDITURE

52.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

Land and Buildings
 Infrastructure
 Community

Reclaimable Input Value Added Tax (VAT)

Total Capital Commitments

36 221 833	32 947 346
103 882	311 556
31 023 424	22 052 668
646 231	5 761 785
4 448 295	4 821 338
36 221 833	32 947 346

This expenditure will be financed from:

Government Grants

36 221 833	32 947 346
36 221 833	32 947 346

52.2 Lease Commitments

Finance Lease Liabilities and Non-cancellable Operating Lease Commitments are disclosed in Notes 17 and 18.
 Non-cancellable Operating Lease Commitments are disclosed in Note 17.

53 FINANCIAL INSTRUMENTS

53.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>		
Receivables from Exchange Transactions			
Refuse	Amortised cost	1 136 235	50 958
Other Receivables	Amortised cost	3 126 984	17 328
Receivables from Non-exchange Transactions			
Assessment Rates Debtors	Amortised cost	6 302 728	541 373
Government Subsidy Claims	Amortised cost	2 181 558	-
Accruals	Amortised cost	859 221	999 198
Sundry Deposits	Amortised cost	25 475	16 632
Interest on Outstanding Debtors	Amortised cost		58 628
SUMMARY OF FINANCIAL ASSETS			
Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Refuse	1 136 235	50 958
Receivables from Exchange Transactions	Other Debtors	3 126 984	17 328
Receivables from Non-exchange Transactions	Assessment Rates Debtors	6 302 728	541 373
Receivables from Non-exchange Transactions	Government Subsidy Claims	2 181 558	-

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		2014 R	2013 R
Receivables from Non-exchange Transactions	Accruals	959 221	999 198
Receivables from Non-exchange Transactions	Sundry Deposits	25 473	16 632
Receivables from Non-exchange Transactions	Sundry Debtors	404 472	58 628
		<u>14 136 672</u>	<u>1 684 118</u>
Financial Assets at Fair Value:			
Cash and Cash Equivalents	Cash Floats and Advances	0	0
		<u>0</u>	<u>0</u>
Total Financial Assets		<u>14 136 672</u>	<u>1 684 118</u>

FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

<u>Financial Liabilities</u>	<u>Classification</u>		
Long-term Liabilities			
Annuity Loans	Amortised cost	32 788 439	-
Finance Lease Liabilities	Amortised cost	206 723	588 079
Payables from Exchange Transactions			
Trade Creditors	Amortised cost	7 064 578	9 154 928
Staff Leave Accrued	Amortised cost	3 966 993	2 635 596
Retentions	Amortised cost	1 014 080	604 792
Other Creditors	Amortised cost	(10 735)	757
Payables from Non-exchange Transactions			
Interest on External Loan		1 250 137	-
Payments Received In Advance	Amortised cost	1 146 512	665 500
Sundry Deposits	Amortised cost	7 897	22 703
Current Portion of Long-term Liabilities			
Annuity Loans	Amortised cost	17 211 561	-
Finance Lease Liabilities	Amortised cost	381 356	348 650

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:

Long-term Liabilities	Annuity Loans	32 788 439	-
Long-term Liabilities	Finance Lease Liabilities	206 723	588 079
Payables from Exchange Transactions	Trade Creditors	7 064 578	9 154 928
Payables from Exchange Transactions	Projects	3 966 993	2 635 596
Payables from Exchange Transactions	Retentions	1 014 080	604 792
Payables from Exchange Transactions	Other Creditors	(10 735)	757
Payables from Non-exchange Transactions	Staff Leave Accrued	1 250 137	-
Payables from Non-exchange Transactions	Staff Salaries	1 146 512	665 500
Payables from Non-exchange Transactions	Sundry Deposits	7 897	22 703
Current Portion of Long-term Liabilities	Annuity Loans	17 211 561	-
Current Portion of Long-term Liabilities	Finance Lease Liabilities	381 356	348 650
Total Financial Liabilities		<u>65 027 541</u>	<u>14 021 008</u>

53.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

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The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

No Financial Instruments of the municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Call Deposits		20 311 855		20 311 855
Bank Balances and Cash	-	22 163 466	-	22 163 466
Total Financial Assets	-	42 475 321	-	42 475 321
Total Financial Instruments	-	42 475 321	-	42 475 321

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	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Call Deposits		49 435 088		49 435 088
Bank Balances and Cash	-	12 363		12 363
Total Financial Assets	-	49 447 451	-	49 447 451
Total Financial Instruments	-	49 447 451	-	49 447 451

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53.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2010.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 21 and the Statement of Changes in Net Assets.

Gearing Ratio

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The gearing ratio at the year-end was as follows:

Debt	50 588 079	936 730
Cash and Cash Equivalents	(20 312 855)	(49 435 088)
Net Debt	30 275 224	(48 498 358)
Equity	400 089 596	320 385 133
Net debt to equity ratio	7.57%	-15.14%

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

53.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

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

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

53.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.



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Liquidity Risk

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

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

53.6 Market Risk

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

53.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

53.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with First National Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The municipality had no floating rate long-term financial instruments at year-end requiring an Interest Rate Sensitivity Analysis.

53.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are not due or impaired) by only dealing with First National Bank. No investments with a tenure exceeding twelve months are made.

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Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Long-term Receivables	-	-
Receivables from Exchange Transactions	9 900 625	10 743 156
Receivables from Non-exchange Transactions	35 567 312	32 925 290
Bank, Cash and Cash Equivalents	42 476 321	49 447 451
Maximum Credit and Interest Risk Exposure	87 944 259	93 115 897

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

Consumer Debtors	25.59%	5.77%
Total Credit Risk	25.59%	5.77%
Bank and Cash Balances		
Short Term Investments	20 312 855	49 435 088
First National Bank	22 163 466	12 383
Total Bank and Cash Balances	42 476 321	49 447 451



UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

53 FINANCIAL INSTRUMENTS (Continued)

53.8 Liquidity Risk Management

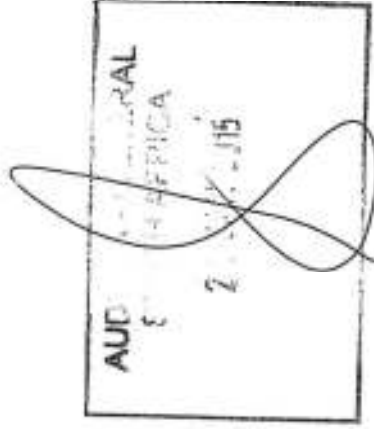
Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 45 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

53.9 Other Price Risks

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



UMZIMVUBU LOCAL MUNICIPALITY
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2014
R 2013
R

54 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

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

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

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 into 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 of R4 320 331 (2013: R2 654 296) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED BENEFIT SCHEMES

Municipal Employees Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 28 February 2008.

The net assets available for benefits were R5 715 557 193.

No further information could be obtained.

National Fund for Municipal Workers - Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2006.

The fund does not have any reserves or surpluses which can be allocated to members' fund records.

The statutory valuation performed as at 1 July 2008 revealed that the fund had a deficit of 6,3 (1 July 2007: surplus R9,5) million, with a funding level of 99,83% (1 July 2007: 100,28%). The contribution rate paid by the members (2,00% to 5,00%) and the municipalities (2,00% to 7,00%) is sufficient to fund the benefits accruing from the fund in the future.

No further information could be obtained.

DEFINED CONTRIBUTION SCHEMES

Municipal Councillors Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2010.

The statutory valuation performed as at 30 June 2010 revealed that the market value of the fund was R1 446,8 (30 June 2009: R1 223,7) million. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

As reported by the Actuaries, the Fund was in a sound financial condition as at 30 June 2010.

No further information could be obtained.

Municipal Employees Pension Fund

No details could be provided for the fund and of any valuation performed.

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2012.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014 2013
R R

The valuation performed as at 30 June 2012 revealed that the market value of the fund was R12 637 (30 June 2010: 9 774) million. The contribution rate payable (7,50% by the member and 22,00% by the employer), is sufficient to fund the benefits accruing from the fund in the future. The fund was certified to be in sound financial condition as at 30 June 2012.

National Fund for Municipal Workers - Provident Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 01 July 2010.

The net assets available for benefits were R4 191 (2008: R3 617) million.

The statutory valuation performed as at 1 July 2010 revealed that the fund had a deficit of R9,6 (1 July 2008: R6,3) million, with a funding level of 99,77% (1 July 2008: 99,83%). The contribution rate paid by the members (2,00% to 5,00%) and the municipalities (2,00% to 7,00%) is sufficient to fund the benefits accruing from the fund in the future.

None of the above mentioned plans are State Plans.

55 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

55.1 Interest of Related Parties

Councillors and/or management of the municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
N Manciya-Canca L Madianga	Official Official (SCM)	Spouse the owner of Litto Trading Brothers owners of MPI attorneys, EC Laganda & SOC cleaning companies

55.2 Services rendered to Related Parties

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
For the Year ended 30 June 2014				
Councillors	810	1 064	-	-
Municipal Manager and Section 57 Personnel	-	-	-	-
Total Services	810	1 064	-	-
For the Year ended 30 June 2013				
Councillors	126	949	-	-
Municipal Manager and Section 57 Personnel	-	-	-	-
Total Services	126	949	-	-

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

55.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans from prior to this date exists.

55.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Appendix G, Statement of Remuneration of Management, to the Annual Financial Statements.

55.5 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Company Name	Related Person	Company Capacity	Municipal Capacity	2014 R	2013 R
				Purchases for the Year	Purchases for the Year
Litlo Trading cc	N Manciya-Canca	Owner (Brother)	Official	333 228	84 700
MPI Attorneys	L Madlanga	Owner (Brother)	Official	50 000	610 333
SOC Cleaning	L Madlanga	Owner (Spouse)	Official	187 100	298 985
Total Purchases				570 328	994 018

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

56 CONTINGENT LIABILITIES

56.1 Guarantees:

The municipality did not issue any guarantee during the financial years under review.

56.2 Court Proceedings:

	4 679 341	5 989 738
(a) Wrongful Arrest: The municipality has been sued for R560 000 by an individual for a wrongful arrest and detention by a traffic officer.		560 000
(b) ULM/ Simithembile Kufa The applicant has unlawfully occupied and demarcated and subdivided land for building the mortuary and dwellings. No approval for construction issued. R200 000		200 000
(c) Non-payment for work done: The municipality are being sued by Maximum Profit Recovery (Pty) Ltd for an amount of R300 000 for a VAT recovery audit being done by them and afterwards by another service provider who was paid the relevant commission. Possibility of settlement as parties has started to engage each other. The matter was set down for trial to the 07th of March 2014 but matter could not proceed and it was postponed sine die. We have filed our discovery notices and now we waiting for the pre-trial date.	450 000	300 000
(d) Quinlec Electricity Civil Claim against the municipality. (R90 000)		90 000
(e) Dispute over Contract awarded Phiko Security Services have instituted action against the municipality for an amount of R756 005 plus interest at 15.5% for services rendered plus legal costs. The value of the liability is estimated at about R756 000. Court date 15 April 2015.	756 000	906 006
(f) Sunset Beach Trading 299CC The claimant has brought a case against the municipality for cancelling a contract and the municipality is exposed to the value of the contract for R900 000. This matter was on the roll for trial. The plea was served and filed at Court on the 13th of May 2014	900 000	900 000
(g) ULM Ratepayers Association Letter of demand send to the municipality demanding cessation. (R100 000). In this matter the ratepayers in March 2014 sent a letter of demand to municipality demanding cessation from Umzimvubu Local Municipality an we have responded to the same	100 000	100 000
(h) Mr Khaya Jackson Mandyoli - Vehicle impound by Traffic Officers Mr Mandyoli claims against the municipality an amount of R160 000 for damages suffered because of the impounding of his vhecle by the Municipal Traffic Officers.	160 000	160 000
(i) Mathemba Lawrence Ngqwala - Occupation of land Dispute over property which the municipality occupies. (R100 000)		100 000
(j) Iliso Consulting (Pty) Ltd Civil Claim against the municipality. (R90 000)		90 000
(k) Tumbu NF Litigation matter. (R120 000)		120 000
(l) Ndlobeni ASJ Labour Law (R80 000)		80 000
(m) Zanamanzi Services (Pty) Ltd	178 607	258 731

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UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
The plaintiff is suing the Municipality for an amount in the sum of R176 606.91 for the rehabilitation and installation of water infrastructure at Maluli. The pleadings in this matter have been closed, however still waiting for trial date at Mhatha High Court.		
(n) Fana Makaula, Jeffery Sankqela and others and Andile Meryo. Matters arising from the invasion of land.	-	770 000
(o) Wage Curve Judgement In a court case between the South African Local Government Association (SALGA) and the municipal Trade Unions the Labour Court has ruled in favour of the unions and ordered that the wage curve adjustment implemented from 1 July 2010 be adjusted by 6.48%. SALGA applied for leave to appeal against the judgement. The municipality will have a liability to the value of approximately R1 155 000 should SALGA not be successful in it's appeal.		1 155 000
(q) Reviewing of contracts : R200 000	200 000	200 000
(r) TCN Architects// Umzimvubu Local Municipality The plaintiff is suing the Municipality an amount of R326 234.48 arising from the contract alleged to have been entered between the plaintiff and the Municipality. The case is still on pleading stage. No court date as yet.	326 234	
(s) Mpumzi Goodman Makeng// Umzimvubu Local Municipality The plaintiff is suing the Municipality for breach of contract; the matter is on the Opposed Court at Mhatha High Court. The matter is on the roll for trial on the 29th of August 2014	137 500	
(t) KV Jizana // Umzimvubu Local Municipality The Applicant in this matter has moved the application at Court for the delivery of the beast which was brought to our attention for safe keeping by the Station Commissioner in Mount Ayliff Police Station. The matter is on Opposed Court at Mount Ayliff Magistrate Court. The has been set down on contested Opposed roll for trial on the 23rd day of July 2014 at Mount Ayliff Magistrate's Court.	8 000	
(u) Madodana Mayekiso //Umzimvubu Local Municipality The plaintiff is claiming the value of his Goats which were sold on Auction by the Municipality after they were impounded. The estimated value of goats is R15000.00 as per the letter sent to us by the Plaintiff's Attorneys. There are no summons issued as yet hence there is no Court case no.	15 000	
(v) Ngangelizwe Jama//Umzimvubu Local Municipality In this matter the Municipality is sued by the Plaintiff for malicious arrest, detention and prosecution. The matter was set down for trial on the 20th of May 2014 but however the matter was removed from the roll due to the unavailability of Plaintiff's Attorneys otherwise our plea was filed and served long time ago.	700 000	
(w) Imbuba Mzamani JV//Umzimvubu Local Municipality The plaintiff was claiming in full and final settlement of the amount for the work they have done for Municipality. In this matter the Municipality has raised a point in limine arising from irregularities and notice in terms of rule 60 of magistrates Court rules was served and filed to the plaintiff's Attorneys.	250 000	
(x) S Mhlongo//Umzimvubu Local Municipality The plaintiff is claiming the money to the value of R100 000 for unlawful arrest and detention by the traffic Officers.	100 000	
(xi) Millennium Development Trust	200 000	
(xii) Fondant Investment CC	200 000	

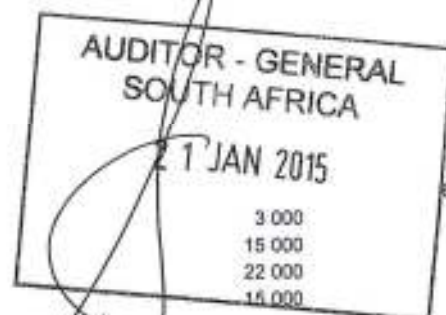
57 CONTINGENT ASSETS

The case of Mballi Rural developers against the Municipality was dismissed by the court, and Mballi has to pay the Municipality legal costs amounting to R200 000.00 as per Norton Rose Attorneys.

58 IN-KIND DONATIONS AND ASSISTANCE

The municipality received the following in-kind donations and assistance:

(i) Secondment of International Finance Advisor by National Treasury for two years	Womans Investment Portfolio Holdings	
LED Event Prize Money	SEBL	3 000
16 Days of activism campaign	Tswelapele	15 000
	ITNA	22 000
	Bantubanye	15 000



6 000

UMZIMVUBU LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
Annual Tourism Celebration	Miscellaneous FNB Alfred Nzo DM	1 100 30 000 34 200	
		120 300	6 000

59 PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the year under review.

60 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2014.

61 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 43) and Prior Period Errors (Note 44).

62 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

- (i) The Council adopted the 2014/15 to 2016/17 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.
- (ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.
- (iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.
- (iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.



APPENDIX A
UMZIMVUBU LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

THE MUNICIPALITY HAD NO EXTERNAL LOANS FOR THE TWO FINANCIAL YEARS

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2013	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2014
	R				R	R	R	R
ANNUITY LOANS								
DBSA - Electricity Infrastructure	50 000 000	9.00%		07-Aug-16	-	50 000 000	-	50 000 000
Total Annuity Loans	50 000 000							50 000 000
CAPITAL LEASE LIABILITIES								
Isuzu KB50D LWB S/Cab FMX 914 EC	187 807	9.00%	1	21-Jan-16	104 385		38 970	65 415
Isuzu KB250D TEQ S/Cab FMX 923 EC	265 351	9.00%	2	22-Dec-15	147 484		55 060	92 424
Isuzu KB250D TEQ D/Cab FMX 972 EC	328 421	9.00%	3	21-Jan-16	182 539		68 147	114 392
Chevrolet Aveo 1.6 L FNH 218 EC	137 450	9.00%	4	31-Jan-16	78 659		28 308	50 350
Chevrolet Aveo 1.6 L FMX 935 EC	152 450	9.00%	5	21-Jan-16	84 733		31 633	53 100
Chevrolet Aveo 1.6 L FMX 936 EC	152 450	9.00%	6	21-Jan-16	84 733		31 633	53 100
Chevrolet Aveo 1.6 L FMX 937 EC	152 450	9.00%	7	21-Jan-16	84 733		31 633	53 100
Chevrolet Aveo 1.6 L FMX 938 EC	152 450	9.00%	8	21-Jan-16	84 733		31 633	53 100
Chevrolet Aveo 1.6 L FMX 940 EC	152 450	9.00%	10	21-Jan-16	84 733		31 633	53 100
Total Capital Lease Liabilities	1 681 279				936 730		346 650	588 079
TOTAL EXTERNAL LOANS	51 681 279				936 730	50 000 000	346 650	50 588 079

ANNUITY LOANS:

DBSA:

The Annuity Loan was taken up during the year and is repayable in 3 instalments over the next three financial years at an interest rate of 9.00% per annum. The Annuity Loan is secured by Electrification Grants to be received from National Government in accordance with the Division of Revenue Act. For the next three years.

Vehicle Leases:

Vehicles are leased from FleetAfrica for a period of 5 years at the interest rate of 9%. At the expiry of the leases, the municipality do not have the option to (a) extend or assign the lease for a further period, or (b) repurchase the assets with the sales proceeds refunded to the municipality as a rebate of rentals.

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APPENDIX B

UNZIMVUBU LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

AUDITOR - GENERAL
SOUTH AFRICA

21 JAN 2015

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Closing Balance	Value	Budget Additions 2014	
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Opening Balance	Additions	Transfers	Disposals					
Land	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land Developed	-	34 660	606 615	(23 796)	(11 074)	606 615	-	-	-	-	-	606 615	-	-
Land Underdeveloped	7 016 100	36 656	-	-	(46 200)	7 006 756	-	-	-	-	-	7 006 756	-	-
	7 016 100	73 725	606 615	(23 796)	(59 274)	7 673 371	-	-	-	-	-	7 673 371	-	-
Buildings														
Office Buildings	28 798 430	-	4 205 592	-	-	32 994 022	10 371 624	1 150 781	-	-	-	11 522 405	21 471 617	97 625
Residences	-	-	3 457 204	-	-	3 457 204	142 204	-	-	-	-	3 457 204	410 040	-
Mobile Offices	427 603	-	-	-	-	427 603	42 731	-	-	-	-	184 895	242 698	-
	29 216 033	-	7 662 796	-	-	36 878 829	19 813 888	1 153 512	-	-	-	11 707 400	25 171 489	597 865
Infrastructure														
Electricity	-	-	43 178 903	-	-	43 178 903	-	-	-	-	-	-	43 178 903	74 000 000
Electricity Suppl and Reducation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads and Transport	1 919 260	-	-	-	-	1 919 260	223 486	79 255	-	-	-	302 751	1 616 509	-
Struct - Vehicle: Concrete	152 832	-	-	-	-	152 832	81 612	10 189	-	-	-	91 801	81 151	-
Bus / Taxi Terminals	185 000	-	-	-	-	185 000	875	12 324	-	-	-	13 202	171 798	270 000
Parking Meters	54 817 848	-	34 886 335	-	-	89 704 183	3 501 270	1 145 388	-	-	-	4 646 658	85 077 925	55 000 000
Roads - Asphalt	185 018 036	-	19 743 088	2 121 441	-	216 655 028	81 524 158	18 370 873	-	-	-	99 825 031	116 710 908	18 106 013
Roads - Gravel Surface	3 551	-	-	9 752 774	-	3 551	1 183	179	-	-	-	1 342	2 209	-
Roads - Retaining Walls	1 728 385	-	-	-	-	1 728 385	1 184	86 410	-	-	-	87 594	1 807 347	265 556
Street Lighting	426 007	265 556	-	-	-	426 007	10 638	42 006	-	-	-	53 204	372 804	-
Streetname Signs	104 467	-	-	-	-	104 467	33 231	10 438	-	-	-	43 669	60 788	-
Sanitation														
Landfill Site - Structure	3 774 778	-	-	-	-	3 774 778	833 124	188 610	-	-	-	1 121 734	2 653 042	-
Landfill Site - Whirlpools	-	-	204 928	-	-	204 928	-	-	-	-	-	204 928	254 826	-
Transfer Station	-	-	1 056 937	-	-	1 056 937	-	-	-	-	-	-	1 056 937	-
Sanitation - Concrete Bins	23 220	-	-	-	-	23 220	6 752	4 641	-	-	-	11 394	11 828	-
Security Measures:														
Fencing / Perimeter Protection	3 165 113	-	-	-	-	3 165 113	1 871 161	316 251	-	-	-	2 187 412	977 701	-
Security Measures:														
Sewerage:														
Sewer Pufication Works	625 096	-	-	-	-	625 096	1 269	41 643	-	-	-	43 012	582 985	-
Water:														
Water Borehole - Mechanical	57 014	-	-	-	-	57 014	11 417	3 798	-	-	-	15 215	41 799	-
Water Borehole - Structure	100 000	170 000	-	-	-	270 000	10 006	4 546	-	-	-	14 951	255 248	-
Water Tanks	7 805	-	-	-	-	7 805	1 114	1 114	-	-	-	2 066	4 386	-
Community Assets	252 822 444	20 178 644	81 518 643	3 752 774	-	364 273 445	88 291 439	20 142 528	-	-	-	108 833 957	285 439 478	147 701 569
Recreational Facilities:														
Parks	73 308	-	7 682 822	-	-	7 682 822	25 190	2 833	-	-	-	28 123	7 682 122	1 773 599
Indoor Sports Facilities	3 960 086	-	-	-	-	3 960 086	1 047 771	158 289	-	-	-	1 206 070	45 145	-
Outdoor Sports Facilities	-	-	-	-	-	-	-	-	-	-	-	-	2 753 395	-

APPENDIX B

UMZIMVUBU LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2014	
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals			Closing Balance
Basketball Courts	R 264 478	-	-	-	-	264 478	90 805	10 572	-	-	101 377	163 101	-
Fencing / Perimeter Protection	180 028	-	-	-	-	180 028	158 648	18 587	-	-	178 236	7 191	-
Other Facilities:													
Care Centres	42 720 401	-	-	-	-	42 720 401	16 673 865	1 707 693	-	-	18 381 558	24 339 143	-
Centres	230 572	-	1 530 329	-	-	1 766 901	36 618	9 217	-	-	46 135	1 720 766	-
Community Centres	30 401 627	2 512 650	7 718 948	2 992 368	-	43 533 592	8 150 870	1 214 117	-	-	10 474 987	33 058 405	1 112 280
Fencing / Perimeter Protection	58 015	-	-	-	-	58 015	37 120	5 797	-	-	42 917	15 698	-
Libraries	-	6 035 200	-	-	-	6 035 200	-	-	-	-	-	6 035 200	190 000
Markets	-	-	1 223 439	5 690 382	-	6 913 821	-	149 708	-	-	149 708	6 764 113	5 560 281
Nurseries	1 861	-	503 439	-	-	505 300	37	74	-	-	112	605 188	-
Public Conveniences and Bathrooms	455 197	876 048	-	-	-	1 331 245	126 310	31 532	-	-	157 842	1 173 403	-
Pound	518 503	-	838 481	-	-	1 357 074	1 138	20 730	-	-	21 868	1 335 208	-
Leased Assets													
Leased Motor Vehicles	78 870 205	9 434 298	19 591 456	8 592 748	-	116 418 708	27 349 470	3 419 259	-	-	30 768 730	85 629 179	-
Other Assets													
Computer Equipment:													
Computer Hardware	1 681 279	-	-	-	-	1 681 279	845 822	206 072	-	-	1 181 894	466 385	-
Computer Networks	1 681 279	-	-	-	-	1 681 279	845 822	216 072	-	-	1 181 894	466 385	-
Emergency / Rescue Equipment:													
Emergency / Rescue Equipment	23 396	1 008 941	-	-	-	4 205 709	1 558 333	859 943	-	-	2 199 075	2 066 134	1 026 620
Fire Equipment	56 571	252 892	-	-	-	381 284	33 014	41 132	-	-	74 146	307 130	-
Furniture and Fixings:													
Cabinets and Countertops	71 297	-	-	-	-	71 297	43 245	7 124	-	-	50 369	20 629	-
Chairs	84 086	-	-	-	-	84 086	(0)	18 808	-	-	18 808	75 286	-
Desks and Tables	14 481	-	-	-	-	14 481	8 040	1 467	-	-	8 407	4 894	-
Domestic / Household Furniture	151 890	-	-	-	-	151 890	59 751	15 176	-	-	74 928	76 962	-
Other Furniture and Fixings	2 611 752	212 173	-	-	(3 510)	3 020 408	888 484	539 454	-	-	1 472 419	1 547 967	718 025
Air Conditioners (Individual)	398 289	-	-	-	-	398 289	191 605	127 111	-	-	318 716	79 573	-
Domestic Equipment	76 488	18 443	-	-	-	84 931	13 438	18 000	-	-	31 439	63 463	-
Kitchen Appliances	34 347	-	-	-	-	34 347	11 940	6 866	-	-	18 806	10 341	-
Decorative Storage	350 600	-	-	-	-	350 600	78 440	50 047	-	-	128 487	222 113	-
Motor Vehicles:													
Bakkies (LDVs)	445 270	687 581	-	-	(445 270)	587 581	340 718	126 301	-	-	27 596	559 980	3 250 000
Busses	310 216	-	-	-	-	310 216	241 808	56 892	-	-	298 600	17 418	-
Motor Cars	1 094 398	143 060	-	-	(390 400)	447 026	323 100	203 100	-	-	279 186	670 841	-
Trailers	179 386	-	-	-	-	179 386	21 803	32 289	-	-	53 893	125 583	-
Trailers and Accessories	150 200	-	-	-	-	150 200	98 493	27 025	-	-	126 518	23 882	-
Trucks	1 056 207	-	-	-	(394 740)	661 467	676 330	187 897	-	-	483 319	168 148	-
Office Equipment:													
Office Machines	180 878	36 788	-	-	(6 521)	221 144	70 704	42 628	-	-	107 361	113 783	-
Photographic Equipment	200 226	-	-	-	-	200 226	21 074	63 063	-	-	84 137	116 069	-
Plant and Equipment:													

APPENDIX B
UMZIMVUBU LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

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Description	Cost / Renovation				Accumulated Depreciation / Impairment				Closing Balance	Carrying Value	Budget Additions 2014		
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions				Transfers	Disposals
Compressors, Generators and Air Conditioner - Storage	R 70 666	R 27 340	-	-	-	R 98 026	R 20 076	R 14 128	-	-	R 34 206	R 52 810	-
Engineering Equipment	634 535	-	-	-	-	634 535	381 207	126 828	-	-	508 045	126 900	-
Gardening Equipment	343 313	104 640	-	-	-	447 953	115 524	94 839	-	-	210 362	231 591	-
Radio Equipment	57 546	-	-	-	-	57 046	26 500	9 629	-	-	36 125	21 417	-
Road Construction and Maintenance	168 262	-	-	-	-	168 262	13 914	33 634	-	-	47 546	120 714	680 500
Security Equipment / Systems / M	26 100	-	-	-	-	26 100	57	26 043	-	-	26 100	-	-
Tents, Flags and Accessories	319 506	-	-	-	-	319 506	7 946	63 866	-	-	71 812	241 693	-
Workshop Equipment	1 048 342	-	-	-	-	1 048 342	110 958	234 610	-	-	345 568	702 774	1 110 000
Workshop Tools	1 214 000	-	-	-	-	1 214 000	278 424	820 977	-	-	1 199 401	3 982 603	-
Other Plant and Equipment	-	3 988 004	-	-	-	-	-	-	-	-	-	-	-
Specialised Vehicles:	305 072	-	-	-	-	(205 072)	233 372	53 230	-	-	262 677	1 447 021	-
Tipper	1 809 699	-	-	-	-	1 809 699	198 921	162 756	-	-	362 677	1 447 021	-
Waste Disposal Trucks	17 373 859	7 337 123	-	-	-	(1 824 732)	8 142 958	4 254 692	-	-	(1 644 948)	8 748 691	14 131 748
Total	306 908 119	37 643 796	189 360 411	16 321 737	(1 854 505)	549 812 041	133 143 476	29 768 693	-	-	(1 644 948)	161 268 591	388 651 450

UMZIMVUBU LOCAL MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2014

Description	Cost / Renovation				Accumulated Depreciation / Impairment				Closing Balance	Carrying Value	Budget Additions 2014		
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions				Transfers	Disposals
Investment Properties	R 23 679 800	R (73 725)	-	-	-	R (50 046)	R -	-	-	-	R -	-	-
IP Land	23 679 800	(73 725)	-	-	-	(50 046)	-	-	-	-	-	-	-
	23 679 800	(73 725)	-	-	-	28 411 575	-	-	-	-	28 411 575	-	-

UMZIMVUBU LOCAL MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2014

Description	Cost / Renovation				Accumulated Depreciation / Impairment				Closing Balance	Carrying Value	Budget Additions 2014		
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions				Transfers	Disposals
Intangible Assets	R -	R -	R 122 400	R -	R -	R 122 400	R -	R -	R -	R -	R -	R 122 400	R -
Website	1 878 826	454 520	-	-	-	2 333 346	543 913	523 305	-	-	1 077 218	1 250 137	100 000
Computer Software	1 878 826	454 520	122 400	-	-	2 455 746	543 913	523 305	-	-	1 077 218	1 250 137	857 900
	1 878 826	454 520	122 400	-	-	2 455 746	543 913	523 305	-	-	1 077 218	1 250 137	1 087 900

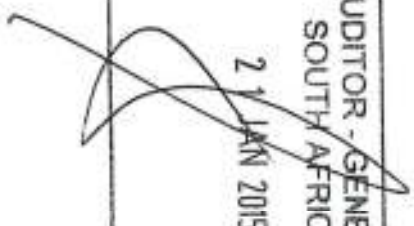
APPENDIX B
UNZIMVUBU LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

Description	Cost / Renovation				Accumulated Depreciation / Impairment				Carrying Value	Budget Additions 2014		
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions			Transfers	Disposals
	R	R	R	R	R	R	R	R	R	R	R	R

UNZIMVUBU LOCAL MUNICIPALITY
ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2014

Description	Cost / Renovation				Accumulated Depreciation / Impairment				Carrying Value	Budget Additions 41091			
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions			Transfers	Disposals	Closing Balance
Heritage Assets Jewellery	R	R	R	R	R	R	R	R	R	R	R	R	
	17 719	-	-	-	-	17 719	-	-	-	-	-	17 719	-
	17 719	-	-	-	-	17 719	-	-	-	-	-	17 719	-
Total Asset Register	412 536 464	37 424 595	106 472 611	18 321 727	(6 076 666)	671 637 692	133 667 399	30 299 368	-	(1 648 948)	162 337 819	410 358 282	164 993 940

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APPENDIX C
UMZINWUBU LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2014

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value	
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals		Closing Balance
Executive and Council	R 2 062 213	R 129 003	R -	R -	R (27 534)	R 2 163 682	R 479 206	R 430 309	R -	R (27 534)	R 881 981	R 1 281 702
Finance and Administration	10 062 389	1 758 890	122 400	-	(1 713 723)	10 229 757	4 372 102	2 299 190	-	(1 537 940)	5 133 351	5 096 406
Planning and Development	1 708 049	253 191	501 439	6 745 897	(31 046)	9 179 529	333 104	475 484	-	(31 043)	797 564	8 392 075
Community and Social Services	79 627 029	9 901 962	5 241 356	1 840 751	(15 829)	93 801 169	28 319 501	3 589 292	-	(15 829)	31 972 965	61 828 205
Public Safety	4 156 430	490 781	831 481	-	-	5 488 692	1 181 622	680 160	-	-	1 751 802	3 723 890
Waste Management	6 501 284	3 907 790	1 351 863	-	-	11 760 937	1 194 797	1 008 547	-	-	2 233 344	9 557 573
Roads and Transport	311 239 090	20 983 277	101 411 273	9 728 979	(3 290 375)	440 076 244	97 717 058	21 839 358	-	(36 001)	119 596 913	320 489 431
Total	412 558 464	37 424 995	109 471 811	18 321 727	(5 078 505)	572 697 992	133 617 399	30 239 368	-	(1 648 948)	162 317 810	410 359 292

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APPENDIX D
UMZIMVUBU LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

2013 Actual Income	2013 Actual Expenditure	2013 Surplus/ (Deficit)	Description	2014 Actual Income	2014 Actual Expenditure	2014 Surplus/ (Deficit)
R	R	R		R	R	R
150 000	28 619 473	(28 469 473)	Executive and Council	150 000	29 696 042	(29 546 042)
127 317 479	71 019 100	56 298 380	Finance and Administration	140 214 762	68 124 533	72 090 229
54 372 159	51 770 121	2 602 038	Planning and Development	86 068 743	35 447 802	50 620 941
(1 310 322)	2 542 380	(3 852 702)	Community and Social Services	122 842	2 679 870	(2 557 028)
4 136 285	9 605 553	(5 469 268)	Public Safety	11 291 048	18 656 230	(7 365 182)
2 661 831	9 379 580	(6 717 749)	Waste Management	8 640 623	12 179 075	(3 538 452)
187 327 432	172 936 206	14 391 226	Total	246 488 019	166 783 553	79 704 465

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APPENDIX E(1)
UMZIMVUBU LOCAL MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14										2013/13
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Rerated Audited Outcome	
	R	R	R	R	R	R	R	R	R	R	
REVENUE - STANDARD											
Governance and Administration:											
Executive and Council	144 414 196	150 000	150 000	(300 000)	(150 000)	150 000	300 000	0,00	0,00	150 000	
Budget and Treasury Office	370 000	10 947 922	155 362 120	-	155 362 120	140 037 651	(15 324 469)	90,14	96,57	127 073 663	
Corporate Services	-	65 000	455 000	-	455 000	177 112	(277 888)	38,53	47,57	243 016	
Community and Public Safety:											
Community and Social Services	336 000	118 000	454 000	(177 000)	277 000	124 842	(152 158)	45,07	37,35	(1 310 322)	
Public Safety	4 693 700	390 039	5 074 539	-	5 074 539	11 291 040	6 216 501	222,50	240,35	4 136 285	
Economic and Environmental Services:											
Planning and Development	212 160	5 147 781	5 359 941	-	5 359 941	1 788 047	(3 571 874)	33,35	842,75	391 655	
Road Transport	116 619 061	26 474 023	143 093 083	(1 631 074)	141 462 010	84 278 676	(57 183 333)	59,58	72,27	53 980 504	
Trading Services:											
Waste Management	1 571 978	1 072 000	2 643 978	-	2 643 978	8 640 623	5 996 647	326,80	549,67	2 681 631	
Total Revenue - Standard	258 217 095	44 375 564	312 592 659	(2 108 074)	310 484 585	246 488 019	(63 996 566)	79,39	91,30	187 527 432	
EXPENDITURE - STANDARD											
Governance and Administration:											
Executive and Council	31 590 423	748 084	32 338 507	166 406	32 504 913	29 696 042	(2 808 953)	91,36	94,00	28 619 473	
Budget and Treasury Office	64 115 343	10 362 733	74 478 076	(8 743 543)	65 734 532	53 146 909	(12 584 623)	80,86	82,90	65 783 583	
Corporate Services	16 217 724	(620 563)	15 597 141	635 477	16 152 618	14 974 624	(1 177 994)	92,71	92,33	14 235 517	
Community and Public Safety:											
Community and Social Services	11 377 806	1 580 159	12 958 025	(1 959 820)	11 006 205	10 509 053	(487 152)	95,48	82,35	9 432 766	
Public Safety	13 523 373	197 999	13 721 372	5 848 262	19 569 634	18 656 230	(913 404)	95,33	137,95	9 605 593	
Economic and Environmental Services:											
Planning and Development	6 200 250	3 050 272	9 250 522	1 925 849	11 176 371	9 632 689	(1 543 782)	86,19	156,35	5 889 020	
Road Transport	12 735 795	83 465 997	96 201 792	(71 418 612)	24 783 281	17 986 031	(6 797 250)	72,67	141,22	29 020 714	
Trading Services:											
Waste Management	11 875 321	(463 000)	11 412 321	(511 603)	10 900 719	12 179 075	1 278 357	111,73	102,95	9 379 680	
Total Expenditure - Standard	167 636 095	98 328 661	265 965 756	(74 137 400)	191 828 356	166 763 553	(25 044 802)	86,94	95,49	172 935 205	
Surplus/(Deficit) for the year	160 581 000	53 954 997	46 626 903	72 629 337	118 656 230	79 704 465	(38 951 764)	67,19	79,24	14 591 225	

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**APPENDIX E (2)
UMZIMVUBU LOCAL MUNICIPALITY**

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14										2012/13
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome	
REVENUE BY VOTE											
Vote 1 - Executive and Council	154 000	96 000	250 000	(330 000)	(150 000)	152 000	202 000	0,00	98,70	150 000	
Vote 2 - Budget and Treasury	144 414 196	10 947 922	155 362 120	-	155 362 120	140 037 951	(19 324 499)	90,14	96,97	127 073 663	
Vote 3 - Corporate Services	370 000	86 000	456 000	-	456 000	177 112	(277 888)	38,93	47,87	243 816	
Vote 4 - Community and Social Services	6 447 676	1 624 839	8 072 515	(177 000)	7 895 515	20 054 513	12 158 998	254,00	311,03	5 487 794	
Vote 5 - Local Economic Development	212 160	5 147 791	5 359 941	-	5 359 941	1 798 067	(3 571 874)	33,36	84,27	301 655	
Vote 6 - Infrastructure and Planning	116 619 001	26 474 023	143 093 023	(1 631 074)	141 462 010	84 278 676	(57 183 333)	59,58	72,27	53 990 504	
Total Revenue by Vote	268 217 095	44 371 564	312 582 659	(2 138 074)	310 484 585	246 488 019	(63 996 566)	79,39	91,90	187 327 432	
EXPENDITURE BY VOTE											
Vote 1 - Executive and Council	40 100 130	268 084	40 368 214	383 358	40 751 553	37 525 225	(3 226 328)	92,06	93,56	35 508 859	
Vote 2 - Budget and Treasury	64 115 343	10 361 733	74 478 076	(8 743 543)	65 734 532	53 149 808	(12 584 623)	80,86	82,90	56 783 583	
Vote 3 - Corporate Services	16 217 724	(622 583)	15 597 141	555 477	16 152 618	14 974 624	(1 177 994)	92,71	92,33	14 235 517	
Vote 4 - Community and Social Services	28 286 854	1 801 157	30 070 011	3 149 988	33 220 000	33 515 176	295 176	100,89	118,57	21 527 513	
Vote 5 - Local Economic Development	6 200 250	3 056 272	9 256 522	1 895 848	11 178 371	8 632 589	(1 543 782)	86,19	155,36	5 859 020	
Vote 6 - Infrastructure and Planning	12 735 795	83 486 997	96 201 792	(71 418 512)	24 783 281	17 986 031	(6 797 250)	72,57	141,22	39 020 714	
Total Expenditure by Vote	167 636 095	98 321 661	265 965 756	(74 137 400)	191 828 356	166 783 653	(25 044 802)	86,94	89,49	172 936 206	
Surplus/(Deficit) for the year	100 581 000	(53 954 097)	46 626 903	72 629 327	118 656 229	79 704 466	(38 951 764)	67,17	79,24	14 391 226	

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**APPENDIX E(4)
UMZIMVUBU LOCAL MUNICIPALITY**

RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14										2012/13
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Revised Audited Outcome	
	R	R	R	R	R	R	R	R	R	R	
CAPITAL EXPENDITURE - VOTE											
Multi-year Expenditure	280 000	159 000	439 000	(124 000)	315 000	129 000	(185 997)	40,95	48,07	-	
Executive and Council	650 000	300 000	950 000	8 025	958 025	917 058	(40 967)	95,72	141,09	-	
Budget and Treasury	700 000	607 900	1 307 900	86 520	1 394 420	877 622	(516 798)	62,94	125,37	-	
Corporate Services	2 550 000	3 110 281	5 660 281	-	5 660 281	3 941 271	(1 719 010)	69,83	154,56	-	
Local Economic Development	132 368 000	(101 382 117)	30 985 883	104 627 903	135 611 386	108 872 443	(26 738 943)	80,28	82,25	-	
Infrastructure and Planning	35 000	35 000	70 000	14 005 000	14 075 000	14 054 779	(20 221)	99,86	40 156,51	-	
Community and Social Services	4 250 000	365 000	4 615 000	553 589	5 178 589	3 907 790	(1 270 799)	75,46	81,95	-	
Waste Management	950 000	850 839	1 800 839	-	1 800 839	1 329 262	(471 577)	73,81	139,82	-	
Public Safety											
Total Capital Expenditure - Multi-year	141 781 000	(95 954 097)	45 826 903	119 166 637	164 993 540	134 029 239	(30 964 301)	81,23	84,53	-	
Total Capital Expenditure - Vote	141 781 000	(95 954 097)	45 826 903	119 166 637	164 993 540	134 029 239	(30 964 301)	81,23	84,53	-	
CAPITAL EXPENDITURE - STANDARD											
Governance and Administration:											
Executive and Council	289 000	159 000	438 000	(124 000)	315 000	129 000	(185 997)	40,95	48,07	910 058	
Budget and Treasury Office	650 000	300 000	950 000	8 025	958 025	917 058	(40 967)	95,72	141,09	786 225	
Corporate Services	700 000	607 900	1 307 900	86 520	1 394 420	877 622	(516 798)	62,94	125,37	-	
Community and Public Safety:											
Community and Social Services	35 000	35 000	70 000	14 005 000	14 075 000	14 054 779	(20 221)	99,86	40 156,51	38 546 232	
Public Safety	950 000	850 839	1 800 839	-	1 800 839	1 329 262	(471 577)	73,81	139,82	4 027 946	
Economic and Environmental Services:											
Planning and Development	2 550 000	3 110 281	5 660 281	-	5 660 281	3 941 271	(1 719 010)	69,83	154,56	-	
Road Transport	132 368 000	(101 382 117)	30 983 883	104 627 903	135 611 386	108 872 443	(26 738 943)	80,28	82,25	-	
Trading Services:											
Waste Management	4 250 000	365 000	4 615 000	553 589	5 178 589	3 907 790	(1 270 799)	75,46	81,95	-	
Total Capital Expenditure - Standard	141 781 000	(95 954 097)	45 826 903	119 166 637	164 993 540	134 029 239	(30 964 301)	81,23	84,53	50 211 478	
FUNDED BY:											
National Government	141 781 000	(95 954 097)	45 826 903	119 166 637	164 993 540	134 029 239	(30 964 301)	81,23	84,53	-	
Total Capital Funding	141 781 000	(95 954 097)	45 826 903	119 166 637	164 993 540	134 029 239	(30 964 301)	81,23	84,53	-	

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APPENDIX E(5)
UMZIMVUBU LOCAL MUNICIPALITY
RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14		2012/13		Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget					
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and Other	30 454 795	-	30 454 795	30 454 795	12 252 380	(18 202 405)	40,23	40,23	11 674 695
Government - Operating	246 897 814	57 980 148	304 857 962	304 857 962	135 053 313	60 572 936	0,00	0,00	166 028 424
Government - Capital	-	-	-	-	66 372 936	3 548 225	1 685,32	1 685,32	19 678 576
Interest	230 000	-	230 000	230 000	1 876 225	-	-	-	2 367 222
Payments									
Suppliers and Employees	(140 248 987)	1 501 399	(138 747 588)	(212 840 598)	(132 967 648)	79 642 980	0,00	0,00	(105 966 146)
Finance Charges	(20 000)	-	(20 000)	(20 000)	(1 914 821)	(1 894 923)	0,00	0,00	(258 966)
Transfers and Grants	(4 628 900)	(76 989 000)	(83 511 800)	(9 418 800)	(3 371 167)	8 047 633	0,00	0,00	(31 074 421)
NET CASH FROM / (USED) OPERATING ACTIVITIES	132 694 812	(19 421 453)	113 263 359	113 263 359	73 881 130	120 812 419	65,23	65,68	62 448 384
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on Disposal of PPE	(38 967)	-	(38 967)	(38 967)	3 525 630	3 564 597	0,00	0,00	36 274
Payments									
Capital Assets	141 981 008	(51 189 097)	90 791 903	90 791 903	(134 029 236)	(224 821 142)	0,00	0,00	(47 275 316)
NET CASH FROM / (USED) INVESTING ACTIVITIES	141 942 031	(51 189 097)	90 752 906	90 752 906	(130 503 606)	(221 256 545)	0,00	0,00	(47 239 042)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
New loans raised	-	-	-	-	60 000 000	50 000 000	0,00	0,00	-
Payments									
Loans repaid	-	-	-	-	(348 650)	(348 650)	0,00	0,00	(318 748)
NET CASH FROM / (USED) FINANCING ACTIVITIES	-	-	-	-	49 651 350	49 651 350	0,00	0,00	(318 748)
NET INCREASE / (DECREASE) IN CASH HELD	(274 626 843)	70 610 550	(204 016 293)	(204 016 293)	(49 651 350)	210 987 425	0,00	0,00	318 749
Cash / Cash Equivalents at the Year begin	49 511 500	-	49 511 500	49 511 500	49 447 451	(64 449)	99,87	99,87	(14 898 593)
Cash / Cash Equivalents at the Year end	324 138 745	(70 610 550)	253 528 195	253 528 195	42 476 321	(211 051 874)	16,75	13,10	34 528 858

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APPENDIX F
UMZIMVUBU LOCAL MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts						Quarterly Expenditure						Compliance to Revenue Act (*) See below Yes / No
		Sept	Dec	March	June	Sept	Dec	March	June					
Equitable Share	Not Treasury	48 398 000	37 012 000	29 458 000	0	27 928 933	29 534 044	28 892 000	29 213 022	Yes				
FMG	Not Treasury	1 550 000	0	0	0	165 000	571 516	413 918	0	Yes				
MIG Projects	MIG	40 068 000	0	0	0	9 032 509	18 577 063	10 172 889	26 590 786	Yes				
DME Projects	DME	20 000 000	0	0	0	15 350 817	0	0	4 649 123	Yes				
MSIG	DPLG	890 000	0	0	0	0	141 291	207 017	541 794	Yes				
EP-WP Incentive Grant	Province	1 220 000	0	0	0	439 728	569 847	650 304	1 115 368	Yes				
Total Grants and Subsidies Received		112 824 000	37 012 000	29 458 000	0	52 917 078	46 393 762	40 345 807	61 110 103					

(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?

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APPENDIX G
UMZIMVUBU LOCAL MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2014

AUDITOR - GENERAL
SOUTH AFRICA
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Incumbent	Personal Reference Number	Period		Basic Salaries	Bonuses	Allowances	Contributions to Funds		Total Remuneration
		From	To				R	R	
Mayor KS Pangwa	3078	2013/07/01	2014/06/30	349 672	-	266 211	40 496	656 379	
Speaker: Part Time									
Speaker: Full Time ZO Seflana	3199	2013/07/01	2014/06/30	279 736	-	247 570	57 720	585 026	
Chief W/P: Part Time									
Chief W/P: Full Time N Mbele	3117	2013/07/01	2014/06/30	262 254	-	261 273	24 208	547 735	
Executive Committee									
MV Nkqayi	3116	2013/07/01	2014/06/30	262 254	-	246 897	24 208	533 359	
VA Bulana	3085	2013/07/01	2014/06/30	144 239	-	125 536	29 842	299 518	
LT Qasha	3150	2013/07/01	2014/06/30	262 254	-	236 134	63 429	561 818	
Z Ndevu	3045	2013/07/01	2014/06/30	262 254	-	231 977	37 248	531 479	
EN Ngqolokulu - Lebelle	3047	2013/07/01	2014/06/30	144 239	-	93 005	26 765	266 010	
N Mpumkwana	3135	2013/07/01	2014/06/30	262 254	-	242 870	24 208	529 333	
N Nkula	3118	2013/07/01	2014/06/30	144 239	-	157 745	20 304	322 289	
PK Thingathinga	3102	2013/07/01	2014/06/30	144 239	-	133 634	20 305	298 176	
Other Councilors									
FJ Heni	3156	2013/07/01	2014/06/30	104 902	-	83 679	9 683	198 264	
AL Mwezula	3140	2013/07/01	2014/06/30	104 902	-	83 679	9 683	198 264	
MW Mpepanzuku	3091	2013/07/01	2014/06/30	104 902	-	76 735	20 313	201 949	
X Jona	3158	2013/07/01	2014/06/30	104 902	-	79 178	9 683	193 763	
M Mpekumpaku	3154	2013/07/01	2014/06/30	104 902	-	86 203	9 683	202 788	
NW Mlenzana	3147	2013/07/01	2014/06/30	104 902	-	100 201	19 497	224 500	
M Jajo	3122	2013/07/01	2014/06/30	104 902	-	86 288	14 767	205 396	
ZJ Muntu	3128	2013/07/01	2014/06/30	104 902	-	87 082	9 683	201 566	
V Nyangane	3131	2013/07/01	2014/06/30	104 902	-	72 365	17 902	195 168	
N Gogela	3145	2013/07/01	2014/06/30	104 902	-	83 679	9 683	198 264	
ZB Mlabele	3138	2013/07/01	2014/06/30	121 847	-	47 739	20 313	189 589	
CT Ndawo	3137	2013/07/01	2014/06/30	104 902	-	83 679	9 683	198 264	
BMA Ziko	3129	2013/07/01	2014/06/30	104 902	-	83 679	9 683	198 264	
N Soryabashi	3135	2013/07/01	2014/06/30	104 902	-	76 533	14 767	196 201	

SAN Cakeshe	3113	2013/07/01	2014/06/30	104 902	-	87 604	14 767	217 273
S Mankanku	3132	2013/07/01	2014/06/30	104 902	-	82 788	9 683	197 353
NT Xezu	3112	2013/07/01	2014/06/30	104 902	-	83 679	9 683	198 264
N Jijana	3142	2013/07/01	2014/06/30	104 902	-	83 679	9 683	198 264
V Ngabaza	3123	2013/07/01	2014/06/30	104 902	-	67 328	20 206	192 435
FN Ngonyolo	3115	2013/07/01	2014/06/30	104 902	-	67 226	25 396	197 324
CM Ngakonkulu	3114	2013/07/01	2014/06/30	104 902	-	83 679	9 683	198 264
BT Ngqasa	3148	2013/07/01	2014/06/30	104 902	-	104 404	9 683	218 989
MH Kwekwile	3133	2013/07/01	2014/06/30	104 902	-	77 514	9 683	192 089
NA Sobehle	3139	2013/07/01	2014/06/30	116 754	-	70 038	16 546	203 348
NP Ndabeni	3126	2013/07/01	2014/06/30	104 902	-	79 914	9 683	194 489
S Nogantlali	3130	2013/07/01	2014/06/30	104 902	-	83 679	9 683	198 264
SP Myingwa	3157	2013/07/01	2014/06/30	104 902	-	83 679	9 683	198 264
NE Pakkies	3122	2013/07/01	2014/06/30	104 902	-	88 443	9 683	201 028
T Mabindisa	3141	2013/07/01	2014/06/30	104 902	-	90 328	9 683	204 913
MM Gwenya	3155	2013/07/01	2014/06/30	104 902	-	83 679	9 683	198 264
AZ Gwebeni	3008	2013/07/01	2014/06/30	104 902	-	95 909	9 683	210 494
N Boyce	3125	2013/07/01	2014/06/30	104 902	-	81 588	14 767	201 267
B Mngwaba	3127	2013/07/01	2014/06/30	121 847	-	64 182	9 683	195 723
NO Godilo	3124	2013/07/01	2014/06/30	104 902	-	85 965	9 683	200 560
NP Mlandu	3123	2013/07/01	2014/06/30	121 847	-	47 739	20 313	189 899
GU Makanda	3083	2013/07/01	2014/06/30	104 902	-	83 679	9 683	198 264
TA Mambi	3145	2013/07/01	2014/06/30	104 902	-	85 223	14 767	204 891
F Nlwekumba	3084	2013/07/01	2014/06/30	104 902	-	77 855	9 683	192 440
NN Geedinye	3094	2013/07/01	2014/06/30	134 624	-	132 758	18 859	286 251
N Mpanza	3153	2013/07/01	2014/06/30	104 902	-	81 500	22 974	209 376
SK Mhlakwa	3148	2013/07/01	2014/06/30	104 902	-	103 541	9 683	218 226
B Rapa	3146	2013/07/01	2014/06/30	104 902	-	83 679	14 767	203 348
NA Malshongo								
Total for Councillors:				7 120 829	-	5 800 447	928 297	13 849 573

AUDITOR GENERAL
SOUTH AFRICA
21 JAN 2015

Incumbent	Personal Reference Number	Period		Basic Salaries	Bonuses	Allowances	Contributions to Funds	Total Remuneration
		From	To					
GPT Ntola	4274	2013/07/01	2014/06/30	R 711 432	R 151 384	R 256 446	R 176 175	R 1 295 437
Chief Financial Officer								
X. Venn	4314	2013/07/01	2014/06/30	R 533 393	R 56 611	R 269 037	R 43 676	R 901 717
Manager: Community Services								
M Sineke	4281	2013/07/01	2014/06/30	R 533 393	R 89 655	R 305 002	-	R 928 051
Manager: Corporate Services								
N Kubone	4280	2013/07/01	2014/06/30	R 533 393	R 89 655	R 284 056	R 30 461	R 937 565
Manager: Local Economic Development								
SL Babji	4267	2013/07/01	2014/06/30	R 533 394	R 52 290	R 284 958	R 43 676	R 914 317
Manager: Infrastructure and Planning								
SP Ntonga	1517	2013/07/01	2014/06/30	R 606 752	R 89 655	R 321 923	-	R 1 018 329
Manager: Chief Operations Officer								
S Kulu	4158	2013/07/01	2014/06/30	R 533 393	R 89 655	R 256 432	R 58 893	R 938 363
Total for Senior Managers				R 3 985 151	R 617 905	R 1 977 654	R 352 671	R 6 933 780
Total for Management				R 11 105 979	R 617 905	R 7 778 301	R 1 281 168	R 20 783 353

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SOUTH AFRICA

21 JAN 2015

Incumbent	Personal Reference Number	Period		Basic Salaries	Bonuses	Allowances	Contributions to Funds	Remuneration 2015
		From	To					
Mayor KS Pangwa	3078	2012/07/01	2013/06/30	337 005	-	251 698	62 160	650 863
Speaker: Part Time								-
Speaker: Full Time ZO Sisiana	3159	2012/07/01	2013/06/30	285 427	-	220 863	59 098	565 389
Chief WIP: Part Time								-
Chief WIP: Full Time N Mbele	3117	2012/07/01	2013/06/30	253 918	-	227 108	45 288	526 314
Executive Committee								
MV Nkqoyi	3116	2012/07/01	2013/06/30	250 441	-	237 691	45 288	533 420
VA Bulana	3085	2012/07/01	2013/06/30	141 775	-	130 387	39 774	311 946
LT Qasha	3150	2012/07/01	2013/06/30	250 441	-	204 781	61 858	517 079
Z Ndlovu	3045	2012/07/01	2013/06/30	254 309	-	212 733	53 438	520 480
EN Nyabonkulu - Lebela	3047	2012/07/01	2013/06/30	142 060	-	89 995	39 101	271 156
N Mponkwana	3136	2012/07/01	2013/06/30	250 441	-	204 480	45 288	500 188
N Nkula	3118	2012/07/01	2013/06/30	138 192	-	109 984	29 444	277 620
PK Thringathinga	3102	2012/07/01	2013/06/30	142 060	-	114 237	29 444	285 742
Other Councillors								
FJ Hem	3166	2012/07/01	2013/06/30	100 027	-	69 725	24 163	193 915
AL Mwezula	3140	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 664
MAM Mpependuku	3061	2012/07/01	2013/06/30	104 359	-	63 081	30 807	198 247
X Jona	3148	2012/07/01	2013/06/30	98 777	-	69 725	24 163	193 665
M Mpakumpaku	3147	2012/07/01	2013/06/30	100 776	-	71 067	24 163	196 305
NM Mlenzana	3147	2012/07/01	2013/06/30	100 776	-	85 284	30 297	216 366
M Jojo	3122	2012/07/01	2013/06/30	100 776	-	72 053	24 163	196 992
ZJ Mendo	3128	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 564
V Nyangane	3131	2012/07/01	2013/06/30	100 776	-	67 332	29 300	187 408
N Gogela	3145	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 564
ZB Mbelele	3138	2012/07/01	2013/06/30	100 776	-	63 081	30 807	194 564
CT Ndawo	3137	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 564
BAMA Zihlo	3129	2012/07/01	2013/06/30	100 776	-	71 507	24 163	196 446
N Somyabashi	3135	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 564
SAAN Cakeshe	3113	2012/07/01	2013/06/30	100 776	-	74 993	24 163	199 832
S Mankunku	3132	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 564
NT Xezu	3142	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 564
N Jijana	3142	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 564
IV Ngabaza	3123	2012/07/01	2013/06/30	100 776	-	63 148	30 740	194 664

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FN Ngonyolo	3115	2012/07/01	2013/06/30	100 776	-	63 081	30 807	194 664
CM Ngajonkulu	3114	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 664
BT Ngqasa	3149	2012/07/01	2013/06/30	100 776	-	84 984	24 163	205 923
MH Kwekwile	3133	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 664
NA Sobahle	3139	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 664
NP Ntsheni	3126	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 664
S Nqacansi	3130	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 664
SP Myingwa	3157	2012/07/01	2013/06/30	99 777	-	69 725	24 163	193 865
NE Pakkies	3122	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 664
T Mabandisa	3141	2012/07/01	2013/06/30	100 776	-	76 892	24 163	201 831
MM Gwarye	3155	2012/07/01	2013/06/30	100 027	-	69 725	24 163	193 915
AZ Gwebani	3086	2012/07/01	2013/06/30	104 644	-	77 355	24 163	205 162
N Boyce	3125	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 664
B Mngwebu	3127	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 664
NO Godlo	3124	2012/07/01	2013/06/30	100 776	-	71 100	24 163	196 039
NP Mlandu	3120	2012/07/01	2013/06/30	100 776	-	63 081	30 807	194 664
GU Makanda	3088	2012/07/01	2013/06/30	104 359	-	70 694	24 163	195 216
TA Mambi	3146	2012/07/01	2013/06/30	100 776	-	71 233	24 163	195 172
F Nlwakumba	3143	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 664
NN Gcadijha	3084	2012/07/01	2013/06/30	104 644	-	66 478	27 410	198 532
N Mpenda	3094	2012/07/01	2013/06/30	144 110	-	81 404	29 555	255 069
SK Mhukwa	3153	2012/07/01	2013/06/30	104 644	-	70 192	32 470	207 305
B Ripa	3148	2012/07/01	2013/06/30	100 776	-	71 657	24 163	195 596
NA Maleshongo	3144	2012/07/01	2013/06/30	100 776	-	69 725	24 163	194 664
Total for Councillors	6 838 035				-	5 037 586	1 610 565	13 485 187

AUDITOR - GENERAL
SOUTH AFRICA
 21 JAN 2015

Incumbent	Personal Reference Number	Period		Basic Salaries	Bonuses	Allowances	Contributions to Funds	Total Remuneration
		From	To					
GPT Ntsh	4274	2012/07/01	2013/06/30	R 736 720	R 110 095	R 280 865	R 138 486	R 1 266 126
Chief Financial Officer								
M Hlobo	4233	2012/07/01	2012/08/30	R 215 132	R 79 600	R 62 073	R 13 255	R 370 060
X. Mautshu (Acting)	4314	2012/09/01	2013/06/30	R 422 433	R 68 236	R 186 750	R 44 290	R 721 709
Manager: Community Services								
M Sineke	4281	2012/07/01	2013/06/30	R 501 087	R 86 541	R 286 107	-	R 873 735
Manager: Corporate Services								
N Kubone	4280	2012/07/01	2013/06/30	R 500 962	R 86 541	R 287 932	R 26 515	R 883 950
Manager: Local Economic Development								
SL Baki (Acting)	4267	2012/07/01	2013/06/30	R 365 803	R 62 425	R 243 556	R 30 225	R 732 010
Manager: Infrastructure and Planning								
SP Ntonga	1517	2012/07/01	2013/06/30	R 502 584	R 86 541	R 306 151	-	R 895 276
Manager: Chief Operations Officer								
S Kulu	4158	2012/07/01	2013/06/30	R 532 678	R 69 981	R 231 003	R 55 121	R 888 783
Total for Senior Managers				R 3 807 397	R 649 921	R 1 864 437	R 309 893	R 6 631 646
Total for Management				R 10 645 432	R 649 921	R 6 902 023	R 1 920 459	R 20 117 835

AUDITOR GENERAL
SOUTH AFRICA,

21 JAN 2015

APPENDIX H
UMZIMVUBU LOCAL MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results	Interpretation	Management Comments (if)
I. FINANCIAL POSITION							
A. Asset Management / Utilization							
1. Capital Expenditure to Total Expenditure	$\frac{\text{Total Capital Expenditure} / \text{Total Expenditure (Total Operating Expenditure + Capital Expenditure)} \times 100}{}$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, GP and AR	10% - 20%	Total Operating Expenditure Total Capital Expenditure	2014 2013 64.56% 32.56% 166 783 553 172 936 206 - - 134 028 238 80 211 478	Refer to Page 2 of AMM Circular No 71	The Municipality is not and has serious infrastructure backlogs. There are Local Economic Development projects within the capital budget.
2. Investment in Property, Plant and Equipment (Carrying Value)	$\frac{\text{Property, Plant and Equipment} + \text{Investment Property} + \text{Intangible Assets}}{\text{Investment Property} + \text{Intangible Assets} \times 100}$	Statement of Financial Position, Notes to the AFS and AR	6%	FPE Investment Property & Intangible Investment PPE at Carrying Value IP at Carrying Value Intangible Assets at Carrying Value	0.66% 0.66% 85 224 - 389 651 450 204 963 933 20 411 575 23 679 920 1 278 637 1 421 313	Refer to Page 3 of AMM Circular No 71	This is within the norm as there is no service delivery risk.
3. Repairs and Maintenance as a % of Property, Plant and Equipment (Carrying Value)	$\frac{\text{Total Repairs and Maintenance Expenditure} / \text{Property, Plant and Equipment} + \text{Investment Property} + \text{Intangible Assets} \times 100}{}$	Statement of Financial Position, Statement of Financial Performance, GP, Budget and In-year Reports	6%	Total Repairs and Maintenance Expenditure PPE at Carrying Value Investment Property at Carrying Value	0.22% 0.22% 2 331 454 2 308 781 389 651 450 204 963 933 20 411 575 23 679 920	Refer to Page 4 of AMM Circular No 71	The bulk of the maintenance done is on gravel roads and because it is addressed the remaining useful life of the asset is considerable and not shown as operating maintenance.
B. Debtors Management							
1. Collection Rate	$\frac{\text{Gross Debtors Closing Balance} + \text{Billed Revenue} - \text{Gross Debtors Opening Balance} - \text{Bad Debts (Written-off)} / \text{Billed Revenue} \times 100}{}$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, GP and AR	60%	Gross Debtors Closing Balance Gross Debtors Opening Balance Bad Debts (Written-off) Billed Revenue	60.81% 60.82% 31 023 781 41 551 385 41 051 355 35 450 935 - - 11 448 326 14 511 828	Refer to Page 6 of AMM Circular No 71	The Collection rate for the Municipality has improved after implementation of Ratepayers Incentive Strategy.
2. Bad Debts Written-off as a % of Provision for Bad Debt	$\frac{\text{Bad Debts Written-off} / \text{Provision for Bad Debts} \times 100}{}$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%	Consumer Debtors Bad Debt Provision Consumer Debtors Current Bad Debt Provision	20.11% 0.02% 11 448 326 - 28 274 424 40 450 428	Refer to Page 5 of AMM Circular No 71	The Municipality is automatically identifying all debts that are not recoverable and expunging the affected parties.
3. Net Debtors Days	$\frac{\text{Gross Debtors} - \text{Bad Debt Provision} / \text{Actual Billed Revenue} \times 365}{}$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 Days	Gross Debtors Bad Debt Provision Billed Revenue	222 059d 31 023 781 41 551 385 23 180 346 40 450 428 10 833 183 14 511 828	Refer to Page 6 of AMM Circular No 71	The Municipality does have a issue with old debt not being collectible even though the credit control policy is being implemented.
C. Liquidity Management							
1. Cash / Current Liabilities	$\frac{\text{Cash and Cash Equivalents} - \text{Unspent Conditional Grants} - \text{Overhead}}{\text{Current Liabilities} + \text{Monthly Operational Expenditure} - \text{excluding Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Asset}}$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports and AR	1 - 3 Months	Cash and Cash Equivalents Unspent Conditional Grants Overhead Short-term Investments Total Annual Operational Expenditure	4 Months 2 Months 42 478 321 48 447 451 2 575 229 23 587 031 - - - - 134 662 678 139 848 692	Refer to Page 7 of AMM Circular No 71	The Municipality is within the prescribed norm and will be in a position to meet its obligations during 2014.
2. Current Ratio	$\frac{\text{Current Assets} / \text{Current Liabilities}}$	Statement of Financial Position, Budget, GP and AR	1.5 - 2.1	Current Assets Current Liabilities	1.80 64 488 206 54 453 119 34 742 452 37 072 945	Refer to Page 7 of AMM Circular No 71	The Municipality is currently within the norm.

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APPENDIX H
UMZIMVURU LOCAL MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

Ratio	Formula	Data Source	Units / Range	Item Description	Data Inputs and Results	Interpretation	Management Comments (if)
C. Liquidity Management							
1. Capital Cost (Interest Paid and Rendingen) as a % of Total Operating Expenditure	$\frac{\text{Capital Cost (Interest Paid and Rendingen)} + \text{Total Operating Expenditure} \times 100}{\text{Total Operating Expenditure}}$	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, EP, In-year Reports and AR	8% - 8%	Interest Paid Rendingen Total Operating Expenditure Taxation Expenses	2014 -0.15% 1 320 264 349 650 165 783 593 -	Refer to Page 9 of MPMA Circular No 71 The Municipality is within the norm.	
2. Debt (Total Borrowings) / Revenue	$\frac{\text{Debt (Total Borrowings)}}{\text{Revenue}}$	Statement of Financial Position, Statement of Financial Performance, Budget, EP and AR	45%	Total Debt Total Operating Revenue Operational Conditional Grants	41.60% 50 588 079 248 958 018 122 813 746	Refer to Page 9 of MPMA Circular No 71 The Municipality has borrowed funds from DBSA for Electrification of Vilagat.	
C. Sustainability							
1. Level of Cash Settled Reserves (Net Assets - Accumulated Surplus)	$\frac{\text{Cash and Cash Equivalents} + \text{Bank Deposits} + \text{Short-Term Investment} + \text{Long Term Investment} + \text{Unsettled Surplus} + \text{Net Assets} - \text{Share Premium} - \text{Share Capital} - \text{Fair Value Adjustment} - \text{Reserve (Retained)} \times 100}{\text{Total Assets}}$	Statement Financial Position, Budget and AR	100%	Cash and Cash Equivalents Bank Deposits Short-Term Investment Long Term Investment Unsettled Surplus Net Assets Share Premium Share Capital Reserve Reserve Fair Value Adjustment Reserve Accumulated Surplus	100.00% 42 476 321 - - - 3 571 209 460 981 598 - - - 460 981 598 350 283 133	Refer to Page 9 of MPMA Circular No 71	
D. Financial Performance							
A. Efficiency							
1. Net Operating Surplus Margin	$\frac{\text{Total Operating Revenue} - \text{Total Operating Expenditure}}{\text{Total Operating Revenue}}$	Statement of Financial Performance, Budget, In-year Reports, AR, Statement of Assets and Statement of Changes in Net Assets	> 6%	Total Operating Revenue Depreciation - Residuals Provision Total Operating Expenditure Taxation Expense	32.39% 266 866 709 - 166 458 578 -	Refer to Page 10 of MPMA Circular No 71 The Municipality is within the required norm.	
2. Net Surplus / Deficit Return	$\frac{\text{Total Refuse Revenue less Total Refuse Expenditure}}{\text{Total Refuse Revenue}}$	Statement of Financial Performance, Net to AFS, Budget, EP, In-year Reports and AR	= or > 0%	Total Refuse Revenue Total Refuse Expenditure	-40.85% -8 640 923 52 170 975	Refer to Page 12 of MPMA Circular No 71 The Municipality is ensuring that environmental laws are adhered to at all times.	

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APPENDIX H
 UMZINWUBU LOCAL MUNICIPALITY
 RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

Ratio	Formula	Data Source	Norm / Range	Report Description	Data Input and Results	Interpretation	Management Comments (if any)
D. Revenue Management							
1. Growth in Number of Active Accounts	$\frac{\text{Present under Review Number of Active Accounts} - \text{Previous Periods Number of Active Accounts}}{\text{Previous Number of Active Accounts}} \times 100$	Database System	None	Number of Active Debtors Accounts (Previous) / Number of Active Debtors Accounts (Current)	6,00%	0,00% / refer to Page 14 of MPMR Circular No 71	
2. Revenue Growth (%)	$\frac{\text{Present under Review's Total Revenue} - \text{Previous Periods Total Revenue}}{\text{Previous Periods Total Revenue}} \times 100$	Delivered of Financial Performance, Budget, 6M, In-year Reports and A/R	+ CPI	CPI Total Revenue (Previous) Total Revenue (Current)	31,59% 187 242 432 246 488 019	39,34% / refer to Page 15 of MPMR Circular No 71	Revenue decreased due to implementation of new valuation rate
3. Capital Grants	$\frac{\text{Present under Review's Total Revenue, excluding Capital Grants} - \text{Previous Periods Total Revenue, excluding Capital Grants}}{\text{Previous Periods Total Revenue, excluding Capital Grants}} \times 100$	Delivered of Financial Performance, Budget, 6M, In-year Reports and A/R	+ CPI	CPI Total Revenue, excluding Capital Grants (Previous) Total Revenue, excluding Capital Grants (Current)	7,00% 147 688 891 186 118 032	7,00% / refer to Page 15 of MPMR Circular No 71	Revenue increased due to identification of Municipal properties that were being held and registered at the new valuation rate
E. Expenditure Management							
1. Creditors Payment Period (Days)	$\frac{\text{Trade Creditors Outstanding} / \text{Creditors (Providing and Capital)} \times 320$	Delivered of Financial Performance, Budget, 6M, In-year Reports and A/R	30 Days	Total Creditors Trade Creditors Bills and Mortgages General Expenses Rat. Payments Capital Credit Payments	14 Days 7 084 578 5 848 408 2 311 554 47 222 460 - 134 028 209	38 Days / refer to Page 16 of MPMR Circular No 71	The Municipality pays creditors previously due on a weekly basis.
2. Unauthorised Expenditure / Operating Expenditure	$\frac{\text{Unauthorised Expenditure} / \text{Total Operating Expenditure}}{\text{Total Operating Expenditure}} \times 100$	Delivered of Financial Performance, Budget, 6M, In-year Reports and A/R	0%	Unauthorised Expenditure Total Operating Expenditure	1,00% 192 793 503 0 173 838 208	0,00% / refer to Page 15 of MPMR Circular No 71	The Municipality to within the required time in the current year, previously due was due to people in the service of the state trading with the Municipality.
3. Remuneration as % of Total Operating Expenditure	$\frac{\text{Remuneration (Including Related Costs and Gratuity Remuneration)} / \text{Total Operating Expenditure}}{\text{Total Operating Expenditure}} \times 100$	Delivered of Financial Performance, Budget, 6M, In-year Reports and A/R	25% - 40%	Emolument / Remuneration Related Cost Gratuity Remuneration Total Operating Expenditure	35,64% 41 599 261 51 847 484 296 793 583	38,45% / refer to Page 17 of MPMR Circular No 71	The Municipality is within the required time in the current year, previously due was due to people in the service of the state trading with the Municipality.
4. Contracted Services % of Total Operating Expenditure	$\frac{\text{Contracted Services} / \text{Total Operating Expenditure}}{\text{Total Operating Expenditure}} \times 100$	Delivered of Financial Performance, Budget, 6M, In-year Reports and A/R	2% - 6%	Contracted Services Total Operating Expenditure	3,32% 5 626 488 166 763 583	3,22% / refer to Page 17 of MPMR Circular No 71	The Municipality is within the required time in the current year, previously due was due to people in the service of the state trading with the Municipality.

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APPENDIX H
UMZINWABU LOCAL MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2014

Ratio	Formula	Data Source	Normal Range	Input Description	Data Inputs and Results	Interpretation	Management Comments (if)
5. Direct Dependency							
1. (Interest Generated Funds + Borrowing) / Total Capital Expenditure	$\frac{\text{Own funded Capital Expenditure} + \text{Interestly Generated Funds} + \text{Borrowing}}{\text{Total Capital Expenditure}} \times 100$	Statement of Financial Position, Budget, AFS Appendix, GP, 10-year Reports and AFS	N/A	Interestly Generated Funds Borrowings Total Capital Expenditure	0.00% - 134 628 229	0.00% - 60 711 478	Refer to Page 18 of AFSA Circular No 71. Capital is mostly funded from the ratepayers and AFS Grants. Only the ratepayers' assets are funded from own resources.
2. Own funded Capital Expenditure / Total Capital Expenditure	$\frac{\text{Own funded Capital Expenditure}}{\text{Total Capital Expenditure}} \times 100$	Statement of Financial Position, Budget, AFS Appendix, GP, 10-year Reports and AFS	N/A	Interestly Generated Funds Total Capital Expenditure	0.00% 134 628 229	0.00% 60 711 478	Refer to Page 18 of AFSA Circular No 71.
3. Own Source Revenue to Total Operating Revenue (including Agency Revenue)	$\frac{\text{Own Source Revenue (Total Revenue - Contributions and Donations - Public Contributions and Donations) \times 100}}{\text{Operating Revenue (including Agency Revenue) \times 100}}$	Statement of Financial Performance, Budget, AFS Appendix, GP, 10-year Reports and AFS	N/A	Total Revenue Operating (Total and Donations) Public Contributions and Donations Capital Grants	10.27% 206 488 918 217 628 021 120 202	18.00% 187 827 432 163 875 484 6 820	Refer to Page 18 of AFSA Circular No 71.
6. BUDGETARY EXECUTION							
A. Efficiency:							
1. Capital Expenditure Implementation Indicator	$\frac{\text{Budget (Annual Capital Expenditure / Budgeted Capital Expenditure)} \times 100}{\text{Actual Capital Expenditure}}$	Statement of Financial Position, Budget AFS Appendix, 10-year Reports and AFS	60% - 100%	Actual Capital Expenditure	81.32% 134 628 228	67.50% 80 211 478	Refer to Page 19 of AFSA Circular No 71. The Municipality has some mid-term savings on the operational budget for the year.
2. Operating Expenditure Implementation Indicator	$\frac{\text{Budget (Actual Operating Expenditure / Budgeted Operating Expenditure)} \times 100}{\text{Actual Operating Expenditure}}$	Statement of Financial Position, Budget AFS Appendix, GP, 10-year Reports and AFS	60% - 100%	Actual Operating Expenditure	89.85% 169 763 882	81.60% 172 628 206	Refer to Page 20 of AFSA Circular No 71. The Municipality made some savings on the operational budget because all the operational projects were completed.
3. Operating Revenue Implementation Indicator	$\frac{\text{Budget (Actual Operating Revenue / Budgeted Operating Revenue)} \times 100}{\text{Actual Operating Revenue}}$	Statement of Financial Position, Budget AFS Appendix, GP, 10-year Reports and AFS	80% - 100%	Actual Operating Revenue Budgeted Operating Revenue	79.30% 248 429 018	83.20% 197 827 432	Refer to Page 20 of AFSA Circular No 71. The Municipality has a shortfall in terms of operating revenue.
4. Service Charges and Property Rates Indicator	$\frac{\text{Actual Service Charges and Property Rates Revenue}}{\text{Budgeted Service Charges and Property Rates Revenue}} \times 100$	Statement of Financial Position, Budget AFS Appendix, GP, 10-year Reports and AFS	95% - 100%	Actual Service Charges and Property Rates Revenue Budgeted Service Charges and Property Rates Revenue	93.27% 9 763 810	132.88% 9 492 000	Refer to Page 27 of AFSA Circular No 71. There is a general culture of non-payment amongst the ratepayers and it is slowing down.

Interpretation of Results:

The green colour indicates that the result is within the norm and is acceptable.

The red colour indicates that the result is not acceptable and corrective action/adjustment should be put in place to improve the result.

Data should be captured in the blue coloured cell to calculate a ratio.

In instances where the results are not within the acceptable norm, extensive explanation should be taken and referenced.

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