



UMVOTI MUNICIPALITY
ANNUAL FINANCIAL
STATEMENTS
2013 / 2014



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GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE COMMITTEE

Councillor	:	Mayor, Exco. Chairperson
Councillor	:	Deputy Mayor
Councillor	:	Exco Member
Councillor	:	Speaker

GRADING OF LOCAL AUTHORITY

GRADE SIX (6)

AUDITORS

OFFICE OF THE AUDITOR-GENERAL

BANKERS

ABSA BANK

REGISTERED OFFICE

TELEPHONE

106 PINE STEET
Greytown
3250

033-4139100

MUNICIPAL MANAGER

B A Xulu

CHIEF FINANCIAL OFFICER

M E Swanlow



MEMBERS OF THE UMVOTI MUNICIPAL COUNCIL

PR	:	Z C NGEMA
PR	:	S E MNGOMA
PR	:	P T ZUMA
PR	:	AM SHAIKH
PR	:	Z W XABA
PR	:	E S SHANGE
PR	:	P R BUSS
PR	:	M S YENGWA
PR	:	D N ZONDI
PR	:	I S NYOKA
PR	:	V S PILLAY
PR	:	PMS NGUBANE
W1	:	B E MLONDO
W2	:	L O MDLALOSE
W3	:	B G DLADLA
W4	:	S V ZONDI
W5	:	R MAHARAJ
W6	:	M L SHEZI
W7	:	S A NZAMA
W8	:	E N MNCUBE
W9	:	K L CHONCO
W10	:	N S V MAPHAGA
W11	:	M R DLAMINI
MAYOR	:	
DEPUTY MAYOR	:	

APPROVAL OF FINANCIAL STATEMENTS

The annual Financial Statements set out on pages 03 to 62 were approved by the Municipal Manager and presented to Municipal Council on 28 August.

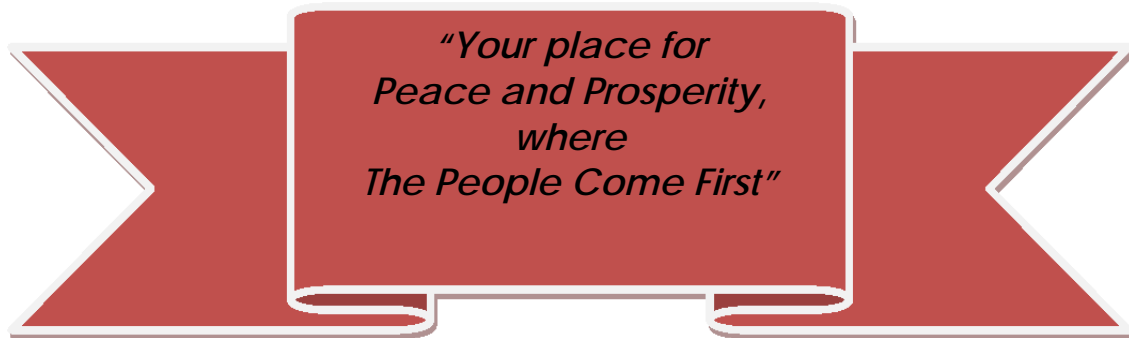
MUNICIPAL MANAGER
(Accounting Officer)

CHIEF FINANCIAL OFFICER



MAYOR'S FOREWORD

a) Vision:



Section 126 of the Local Government: Municipal Finance Management Act, tasks the Accounting Officer of the Municipality with the compilation, and submission of Annual Financial Statements to the office of the Auditor-General (AG) for audit purposes. In line with this directive the set of Annual Financial statements for the financial year 2013/2014 is hereby presented for submission to the AG's office

b) Our Mission

The Umvoti Local Municipality is committed to the service delivery and also to ensure the following commitment for the people;

- To provide democratic, transparent and accountable local government,
- To encourage community participation on local government affairs,
- To ensure equity and integrated transformation,
- To ensure sound inter-governmental relations for the integrated development plan,
- To facilitate socio-economics development, (special focus on social cohesion and economic growth to benefit the poor residents),
- To promote a safety and healthy environment,
- To render and expand affordable and sustainable services in a transparent and accountable manner,
- To promote the culture of paying for the services,
- To give highest level of respect to local communities and Traditional Leaders,
- To ensure that the National Government priorities are adhered to and implemented for the benefit of the poor communities,
- To promote the culture of Ubuntu amongst the councillors, management, and the stakeholders,



c) Key Policy Developments:

Umvoti Municipality strives for the implementation of its Integrated Development Plan which continuously improved to be strategically aligned to the National Development Plan and the KZN Provincial Growth and Development Strategy. The municipality had set-up the goals to be accomplished to ensure the improvement of life for the poor and to ensure the speed on the service delivery which goes with closing the gaps on the backlogs. It is acknowledged that this must be achieved whilst ensuring clean government and strong financial management principles.

The population of the municipality has grown and the economic resources remain scarce to meet the general needs and the economic growth initiatives. This remains a challenge and hampers the implementation of job creation and food security strategies. The historic background which resulted into triple challenges (unemployment, poverty and inequality) that engulf the community in rural, urban and in the farm areas need to be tackled as it remains a serious burden on the shoulders of this council.

d) Key Service Delivery Improvements:

The Municipal Infrastructure Grant (MIG) funding was utilised for the rehabilitation of urban roads which were in a bad condition. The speedy expenditure of the capital funding improved the Municipality's opportunity of applying for additional funding from Cogta. This earned Umvoti an additional R5 million MIG funding. This has resulted in the Urban Road rehabilitation projected extended to cover the Enhlakahle internal roads.

The municipality also embarked on maintenance of community halls in all **eleven (11)** wards and converted some of those community halls to Thusong Service Centres. This is playing an important role in ensuring that service are brought closer to the people and support to Operation Sukuma Sakhe which is aimed at curbing social ills.

The electrification of the 497 RDP houses in Greytown commenced during the year in question. This has a long awaited project and started to create conflicts between the Municipality and the affected community.

e) Public Participation:

The Municipality successfully conducted Budget and IDP road shows wherein all eleven (11) wards within its jurisdiction were visited. During these road-shows concerns of specific wards were addressed. The local newspaper was used to notify the public about the new developments in the municipality and also ensure that the members of the public are aware of such developments.



The municipality has an up-to-date website which ensures ease access to information by its residents.

f) Future Actions:

The municipality was engaging the National Department of Education to build an FET College and further engagements with the National Department of Environmental Affairs to build a Landfill site. The slums clearance housing project aimed at providing 1 000 units will be built for the people who are staying in informal settlements. This should accommodate migrant workers who come to Greytown and Kranskop for job opportunities. The future flagship projects are as follows;

- Hydro Scheme of 20mega watts,
- Building the New Electricity Substation,
- Rehabilitation of small towns [KRANSKOP]
- Woolstone Green Field,
- Sangweni Green Field
- Building the School for People living with Disability

g) Agreements / Partnerships:

The Municipality also engaged the KZN Wild life to build the Game Reserve for the people of Umvoti Municipality, and also with the Provincial Department of Tourism to focus on Ngome Game Reserve and to improve Lilani Hot Spring so as to attract more tourists in the municipality.

h) Conclusion:

The Municipality has ensured that the services are delivery to the Community in a most affordable and equitable manner. This has been done within strong financially management principles. We are convinced that these financial results will be the reflection of the latter and will be a building block for ensuring that Umvoti remain a place of peace and prosperity.

For and on behalf of the Office of the Mayor

MR M.M. Sithole
MINISTERIAL REPRESENTATIVE



MUNICIPAL MANAGER'S OVERVIEW

The pieces of legislation and regulations which guide Municipalities in terms of its accountability and its operation to ensure service delivery to the community residing within the municipal jurisdiction. The Annual Report reflects the municipal service delivery given the tight budget which was approved by the Council in June 2013. The financial year which the report reflects is 2013/2014 which was challenging to the Senior managers, Staff members and Councillors.

In terms of compliance with the legislation contained in Section 46 (2) of the Local Government: Municipal Systems Act (Act no. 32 of 2000) read together with Section 121 of the Local Government: Financial Management Act (Act No. 56 of 2003) which states that the municipality needs to provide records of activities during the financial year, provide a report on performance against the budget and to promote accountability to the local community for the decisions taken by the council throughout the financial year.

During this financial year management implemented the response plan based on the findings of the Auditor General as the Municipality achieved an unqualified audit opinion with matters of emphases which were related to performance management systems, internal control, huge losses on electricity supply and leadership to ensure stability and focus on service delivery for the betterment of peoples lives. Indeed a lot has been achieved under the supervision of the Ministerial Representative who commenced his duties on the 01st August 2014.

There has been a great improvement on service delivery as one could witness that urban roads were prioritised by council to be rehabilitated, community halls were maintained, rural areas were electrified although the backlog was not met, rural roads were constructed, and the community engagement on the IDP was done by Councillors, Ward committee members and Community Development Workers (CDWs) in all eleven (11) wards being led by the Ministerial Representative. The rate payers were engaged on the tariff of charges, the Farmer's Association was involved in all the processes and business communities enjoyed direct contact with the Ministerial Representative and Senior Managers to clarify council decisions.

The council inherited a financial deficit in the financial year 2013/2014, Councillors and Management had to cut spending on nice to have's and focus on debtor collection to enhance revenue and sustain the financial health status of the municipality. The council also took a fair resolution of writing-off irrecoverable debts from households who have an income of less than R2500 (which is two times the pensionable amount for the elderly people). The municipality is concerned about poor people and that the books of the municipality are cleared.

Council realised that the municipality is in crisis of power supply in Greytown which implies that the Development Bank of Southern Africa (DBSA) had to be engaged to get the loan for the funding of the electrification in rural areas and to build the substation to supply power into town. The amount of R122 million is therefore needed to cover the costs and the joint partnership with Eskom to electrify the rural areas is also fruitful. After lengthy engagement with Department of Energy it was



clear that the outer allocation for the municipality is equivalent to R68 million therefore the loan application was reduced to the above-mentioned amount.

The municipality reviewed some of the policies and by-laws with the assistance of an expert from Cogta who was assisting the family of Umzinyathi municipalities.

I would like to place on record my appreciation to Councillors, Management and Staff members for the support given to the entire municipality to fulfil its constitutional mandate to deliver services to the poor communities and to the rates payers. The working relationship has been a solid block which has been cemented and glued with commitment and dedication for the betterment of people's lives and the poorest of the poor communities.

I would also wish to thank all the strategic partners within Community of Umvoti Local Municipality and the stakeholders for providing guidance in the running of the Municipality, and the patience shown by the community during hard times of water shortages and electricity disconnections for non-payers. I would like also to extend my words of thanks to Umzinyathi District Municipality including the National and Provincial Government Departments for the support rendered to Umvoti Local Municipality as an when they were needed to assist.

I would like to promise the communities that embarked on service delivery strikes that the Umvoti Local Municipality has taken care of their demand e.g. electricity, water, houses, etc. The municipal council did not rectify all the findings as per the recovery plan of the Ministerial Representative and more work still needs to be accomplished.

I would like to express my sincere appreciation to the communities from all corners of Umvoti Local Municipalities boundaries for being patient on service delivery slow pace and together we must live with the hope that "TODAY IS BETTER THAN YESTERDAY AND TOMORROW WILL BE BETTER THAN TODAY". I look forward to the improvement of service delivery to all those who may be affected by poor service from the municipality.

Mr B. A. Xulu



Statement of Financial Position

UMVOTI LOCAL MUNICIPALITY			
STATEMENT OF FINANCIAL POSITION			
as at 30 June 2014			
	<u>Note</u>	<u>2014</u>	<u>2013</u>
		R	R
ASSETS			
Current assets		86 220 645	78 929 557
Cash and cash equivalents	2	60 187 695	48 518 268
Trade receivables from exchange transactions	3	21 879 812	18 619 050
Trade receivables from non-exchange transactions	4	1 854 140	7 231 041
Inventories	5	2 298 998	1 462 042
VAT receivable	7	0	3 098 224
Current portion of non current receivables	8	0	932
Non-current assets		416 968 688	406 460 009
Property, plant and equipment	9.1	395 937 255	385 427 755
Intangible assets	9.2	147 433	148 254
Investment Property	10	20 884 000	20 884 000
Total assets		<u>503 189 333</u>	<u>485 389 566</u>
LIABILITIES			
Current liabilities		28 801 323	31 131 898
Trade and other payables	11	21 247 885	21 969 427
Consumer deposits	12	2 273 576	2 139 181
Current provisions	13	363 787	460 868
VAT Payable	7	174 576	
Unspent conditional grants and receipts	14	4 741 499	6 562 422
Non-current liabilities		15 399 157	14 381 502
Post Retirement Benefits	13	13 881 637	12 961 063
Non - current provisions	13	1 517 520	1 420 439
Total liabilities		<u>44 200 480</u>	<u>45 513 400</u>
Net assets		<u>458 988 853</u>	<u>439 876 166</u>
NET ASSETS			
Housing Development Fund	15	11 992 322	11 158 706
Revaluation Reserve		276 138 082	288 747 638
Accumulated surplus	16	171 530 396	139 969 822
Total net assets		<u>459 660 800</u>	<u>439 876 166</u>



Statement of Financial Performance

UMVOTI LOCAL MUNICIPALITY			
<u>STATEMENT OF FINANCIAL PERFORMANCE</u>			
<u>for the year ending 30 June 2014</u>			
	<u>Note</u>	<u>2014</u>	<u>2013</u>
		<u>R</u>	<u>R</u>
REVENUE			
Property rates	17	21 524 734	18 622 798
Property rates - penalties imposed and collection charges		1 357 597	1 127 100
Service charges	18	60 008 437	54 922 339
Rental of facilities and equipment		3 097 396	2 881 420
Interest earned - external investments		3 640 853	3 885 545
Interest earned - outstanding debtors		232 872	170 168
Fines		595 551	846 315
Licences and permits		1 767 416	1 989 757
Income for agency services		1 105 559	1 053 826
Government grants and subsidies	19	84 661 341	77 719 783
Other income	20	1 152 865	288 353
Gain on disposal of property, plant and equipment		30 519	209 704
Public contributions		50 000	
Total Revenue		<u>179 225 140</u>	<u>163 717 108</u>
EXPENDITURE			
Employee related costs	21	46 068 557	40 808 570
Remuneration of Councillors	22	6 867 775	6 488 366
Bad debts	3	463 552	3 531 519
Depreciation and Amortisation	9.2	19 425 420	17 560 243
Repairs and maintenance		6 230 522	6 618 835
Interest paid	23		16 137
Bulk purchases	24	32 855 618	31 537 084
Contracted services	26	10 627 827	13 238 790
Grants and subsidies paid	25	2 321 905	1 268 328
General expenses	26	30 306 660	24 373 884
Total Expenditure		<u>155 167 836</u>	<u>145 441 756</u>
Change in Accounting Estimate			
- Retirement and long service benefits			6 480 370
Surplus (Deficit) for the year		<u>24 057 304</u>	<u>11 794 982</u>
Refer to Note 35 for explanation of variances			



Umvoti Municipality Annual Financial Statements

2013-2014

UMVOTI LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL
FOR THE YEAR ENDING 30 JUNE 2014

REVENUE	Original Budget	Adjusted Budget	Final Budget	Actual outcome	Variance	Actual outcome As % Of Final Budget	Actual Outcome As % Of Original Budget	Explanation of significant variances
	R	R	R	R	R	R	R	
Property rates	20 461 000	802 000	21 263 000	21 524 734	261 734	101.23%	105.20%	interest received was higher than anticipated due to the volatile economy due to credit control challenges outstanding debts are fluctuating monthly income from fines were less than anticipated due to the courts reducing sums written off. income less than anticipated. payments was received for parking levies an anticipated VAT recovery occurred during the year under review.
Property rates - penalties imposed and collection charges	1 330 000	-30 000	1 300 000	1 357 597	57 597	104.43%	102.07%	
Service charges	58 952 200	1 927 000	60 879 200	60 008 437	-870 763	98.57%	101.79%	
Rental of facilities and equipment	3 032 200	-27 500	3 004 700	3 097 396	92 696	103.09%	102.15%	
Interest earned - external investments	2 700 000	300 000	3 000 000	3 640 853	640 853	121.36%	134.85%	
Interest earned - outstanding debtors	183 000	-11 000	172 000	232 872	60 872	135.39%	127.25%	
Fines	804 000	-100 000	704 000	595 551	-108 449	84.60%	74.07%	
Licences and permits	2 045 400	-181 900	1 863 500	1 767 416	-96 084	94.84%	86.41%	
Income for agency services	1 110 000	-10 000	1 100 000	1 105 559	5 559	100.51%	99.60%	
Government grants and subsidies	85 904 450	2 440 550	88 345 000	84 661 341	-3 683 659	95.83%	98.55%	
Public contributions				50 000	50 000	0.00%	0.00%	
Other income	171 400	-90 000	81 400	1 152 865	1 071 465	1416.30%	672.62%	
Gain on disposal of property, plant and equipment	10 000	0	10 000	30 519	20 519	305.19%	100.00%	
Total Revenue	176 703 650	5 019 150	181 722 800	179 225 140	-2 497 660	98.63%	101.43%	

EXPENDITURE	Original Budget	Adjusted Budget	Final Budget	Actual	Variance	Actual outcome As % Of Final Budget	Actual Outcome As % Of Original Budget	Explanation of significant variances greater than 10 % versus budget
	R	R	R	R	R	R	R	
Employee related costs	54 308 530	-6 293 890	48 014 640	46 068 557	-1 946 083	95.95%	84.83%	Posts were budgeted for the year under review but not filled.
Remuneration of Councillors	6 655 600	661 800	7 317 400	6 867 775	-449 625	93.86%	103.19%	
Retirement and long service benefits		0		0	0			only a portion of debts written off due to meter sweep problems.
Bad debts	3 180 000	0	3 180 000	463 552	-2 716 448	14.58%	14.58%	
Depreciation	21 251 466	8	21 251 474	19 425 420	-1 826 054	91.41%	91.41%	majority of the Repairs and Maintenance was done as insurance claims due to a hail storm that occurred 13th December 2013 thus the under expenditure
Repairs and maintenance	8 758 190	-119 410	8 638 780	6 230 522	-2 408 258	72.12%	71.14%	
Interest paid		0		0	0	100.00%	100.00%	
Bulk purchases	37 000 000	0	37 000 000	32 855 618	-4 144 382	88.80%	88.80%	over budgeted for Bulk purchases the budget took into account grant expenditure that was transferred to capex majority of the unspent grants from the previous year was utilised during the year under review.
Contracted services	47 713 450	725 950	48 439 400	10 627 827	-37 811 573	21.94%	22.27%	
Grants and subsidies paid	1 910 000	-330 000	1 580 000	2 321 905	741 905	146.96%	121.57%	
General expenses	25 982 767	537 098	26 519 865	30 306 660	3 786 795	114.28%	116.64%	Under Provision.
Total Expenditure	206 760 003	-4 818 444	201 941 559	155 167 836	-46 773 723	76.84%	75.05%	

Surplus (Deficit) for the year

(30 056 353) 9 837 594 (20 218 759) 24 057 304 44 276 063



Statement in changes in net assets

UMVOTI LOCAL MUNICIPALITY STATEMENT OF CHANGES IN NET ASSETS as at 30 June 2014				
	Housing Development Fund R	Revaluation Reserve R	Accumulated Surplus R	Total R
Balance at 30 June 2012	10 330 154	375 219 897	116 151 148	501 701 199
Adjustment - previous year		(73 620 014)		(73 620 014)
Balance at 30 June 2012 restated	10 330 154	301 599 883	116 151 148	428 081 185
Surplus(deficit) for the year	(14 665)		11 809 647	11 794 982
Transfer to Housing Development Fund	843 217		(843 217)	-
Transfer depreciation - revalued assets		(12 852 244)	12 852 244	-
Farms:- Revaluation of Plantations				-
Balance at 30 June 2013	<u>11 158 706</u>	<u>288 747 639</u>	<u>139 969 822</u>	<u>439 876 167</u>
Balance at 30 June 2013	11 158 706	288 747 639	139 969 822	439 876 167
Adjustment - previous year VAT			(4 272 671)	(4 272 671)
Balance at 30 June 2013 restated	11 158 706	288 747 639	135 697 151	435 603 496
Surplus(deficit) for the year	(10 510)		24 067 814	24 057 304
Transfer to Housing Development Fund	844 125		(844 125)	-
Transfer depreciation - revalued assets		(12 609 557)	12 609 557	-
Balance at 30 June 2014	<u>11 992 321</u>	<u>276 138 082</u>	<u>171 530 397</u>	<u>459 660 800</u>



Cash Flow Statement

UMVOTI LOCAL MUNICIPALITY			
CASH FLOW STATEMENT			
for the year ending 30 June 2014			
	Note	2014	2013
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		180 829 802	146 851 951
Cash paid to suppliers and employees		(143 280 670)	(127 523 396)
Cash generated from (utilised in) operations	28	37 549 132	19 328 555
Interest received		3 640 853	3 885 545
Interest paid	24		(16 137)
NET CASH FROM OPERATING ACTIVITIES		41 189 985	23 197 963
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(30 377 087)	(39 274 123)
Proceeds on disposal of property, plant and equipment		394 682	209 704
(Increase) decrease in investment properties			
(Increase) decrease in non - current receivables			31
(Increase) decrease in non - current investments			
(Increase) decrease in call investments			
NET CASH FROM INVESTING ACTIVITIES		(29 982 405)	(39 064 388)
CASH FLOWS FROM FROM FINANCING ACTIVITIES			
New loans raised (repaid)			(81 542)
Increase (decrease) in consumer deposits		134 395	151 036
Increase (decrease) in short term loans			
NET CASH FROM FINANCING ACTIVITIES		134 395	69 494
Net increase / (decrease) in net cash and cash equivalents		11 341 975	(15 796 931)
Cash and cash equivalents at the beginning of the year		48 518 268	64 315 199
Net cash and cash equivalents at end of period	2	59 860 243	48 518 268



1. ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2014

1.1. Presentation of Annual Financial Statements

1.1.1 BASIS OF PRESENTATION

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

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

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of Grap.

The accounting policies applied are consistent with those used to present the previous year’s annual financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant policy.

Standards, amendments to standards and interpretations effective for financial periods commencing on or after 1 April 2012.

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

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Cost
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investment in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue From Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
CRAP 19	Provisions, Contingent Liabilities and Contingent Asset
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)



GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generation Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP103	Heritage Assets
GRAP 104	Financial Instruments

The following GRAP standards have been approved but are not yet effective. Application of all the GRAP standards noted below will be effective from a date to be announced by the Minister of Finance.

GRAP 105	Transfer of functions between entities under common control – issued November 2010
GRAP 106	Transfer of functions between entities not under common control – issued November 2010
GRAP 107	Mergers – issued November 2010

The municipality expects to adopt the standards for the first time once effective.

Management have considered all of the above-mentioned GRAP standards and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

Standards, amendments to standards and interpretation not yet effective or relevant

The following GRAP standard has been approved but an effective date has not been determined.

GRAP 18	Segment Reporting – issued February 2011
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Compliance with this standard would have had an effect on the presentation only. Financial information would have been reported by segments. The disclosure of this information will assist users of the financial statements to better understand the entity’s past performance and to identify the resources allocated to support the major activities of the entity.

1.2. Presentation Currency

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



1.3. Going Concern Assumption

These annual financial statements have been prepared on a going concern basis.

1.4. Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgements is inherent in the formation of estimates. The areas where assumptions and estimates are insignificant to the financial to the financial statements are set out below.

a) Debtors receivable

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

b) Useful lives of property, plant and equipment

Management estimates the remaining useful lives and condition of significant items of property, plant and equipment on an annual basis. In determining whether an impairment loss should be recorded in the surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a significant impairment of respective assets.

During the year under review no significant assets have been impaired as the municipality is currently in the process of rehabilitating most of its infrastructure assets.

c) Provisions

Provisions are recognized when the Municipality has a present or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the municipality.

d) Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying



amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

During the year under review there were no events leading to the impairment testing.

e) Post retirement benefits

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

f) Long service awards

The present value of the long service award depends on a number of factors that are determined on an actuarial basis using a number of assumptions.

g) Effective interest rate

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

h) Allowances for doubtful debt

The provision for impairment is measured as the difference between the assets carrying amount and the present value of estimated future cash flow discounted at the effective interest rate computed at initial recognition. An impairment loss is recognized in surplus and deficit when there is objective evidence that an asset is impaired. The impairment is measured with reference to historical data and payment trend analysis per group of customers.

1.5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation. Land is not depreciated as it is deemed to have an indefinite life.

The cost of items of property, plant and equipment acquired in exchange for a non-monetary or monetary asset, or a combination of monetary and non-monetary assets is measured at its fair value. If the cost cannot be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalized when the recognition and measurement criteria of an asset are met.

Depreciation is calculated based on cost, using the straight-line and residual value method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-



Description	YEARS	OTHER	YEARS
Infrastructure			
Roads and Paving	10 to 20	Buildings	5 to 50
Pedestrian Malls	30	Air Conditioners	3 to 5
Major Sub Station Buildings	10 to 50	Other Vehicles	5 to 7
Transformers and related equipment	20 to 50	Office equipment	5
Mains	20	Furniture and Fitting	7 to 10
Housing	30	Radios	5
Street Lights	20	Robots	10
		Other items of plant and equipment	3
Community			
Buildings	5 to 50		
Security	5 to 10		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognized in the Statement of Financial Performance.

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

a) Derecognition

The carrying amount of items of property, plant and equipment is derecognized on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the statement of Financial Performance.

1.6. Investment property

Land and Buildings, which includes all properties in the ownership of the municipality, and complies with the criteria described in GRAP 16, were brought to account as Investment Properties. The values were determined by the Municipal Valuers, and the Civil engineers appointed for the purpose.

Investment property were recognized at cost for the 2013/14 financial year.



Investment property excludes timber plantations which have been leased to Mondi Forest.

1.7. Financial Instruments

The municipality has various types of financial instruments and these can be broadly categorized as either Financial Assets or Financial Liabilities.

1.7.1. Classification

1.7.1.1. Financial assets

a) Investments

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

b) Cash and cash equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of six months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdraft.

Bank overdrafts are recorded based on the facility utilized. Finance charges on bank overdraft are expensed as incurred.

c) Debtors

Debtors are recognized at fair value less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the debtors.

The amount of the provision is the difference between that asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognized in the Statement of Financial Performance.



An estimate is made for doubtful debts based on the categorization of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end.

1.7.1.2. Financial liabilities

a) Borrowings and other financial liabilities

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of financial performance over the period of the borrowings using the effective interest method.

Long term borrowings are non-derivative financial loans and the municipality does not hold loans for trading purposes. Long term borrowings are utilized solely for funding capital projects and the book value is disclosed at amortised cost.

Other financial liabilities are carried at amortised cost.

b) Trade and other payables

Trade creditors are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Accounts payable are stated in the financial statements at the amounts due to trade and other creditors for goods or services received. The liabilities are generally settled within a period of 30 days, accordingly impairments, if any, are considered to be immaterial.

1.7.1.3. Leases

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

a) Finance leases

Leases of property plant and equipment are treated as finance leases if the lease transfers substantially all the risk and rewards incidental to ownership of the relevant asset to the municipality. Where a lease meets the definition of a finance lease, it is recognized in the statement of financial position as an asset and liability at the commencement of the lease term.

b) Operating lease



Lease payments in terms of operating lease agreements are recognized as an expense in the statement of financial performance.

1.7.1.4. Inventories

Inventories are initially recognized at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

a) Subsequent Measurement

Consumable stores and maintenance materials are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Cost also includes a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

1.7.1.5. Non-current assets held for sale and disposal groups

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

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less cost to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

1.7.2. Impairment of assets

1.7.2.1. Cash generating assets

a) Identification



The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the assets.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

b) Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of the asset and from its disposal at the end of its useful life.

c) Discount rate

The discount rate is a rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

1.7.2.2. Recognition and measurement

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortization is recognised immediately in surplus or deficit.

An impairment loss is recognized for cash generating units if the recoverable amount is less than the carrying amount of the unit as follows:

To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods.



1.7.2.3. Non-cash generating assets

a) Identification:

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset, the recoverable service amount of the cash generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a non-cash-generating unit is the higher of its fair value less costs to sell and its value in use.

b) Value in use:

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the following approach.

1.7.3. Employee Benefits

a) Defined contribution plans

Council employees contribute to the Natal Joint Municipal Pension Fund and SALA Pension Fund, The retirement benefit fund is subject to the Pension Fund Act, 1956 with pension being calculated on the pensionable remuneration paid.

A defined contribution plan is a plan under which the municipality pays affixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contribution to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognized in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

b) Define benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The municipality and its employees contribute to the Natal Joint Municipal Pension Fund and SALA Pension Fund which are defined contribution funds. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year that they become payable. Natal Joint



Superannuation & Retirement Funds as well as SALA pension fund are defined benefit funds. The Natal Provident Fund is a defined contribution fund.

The schemes are funded through payments to fund administrator or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.

Defined benefit plans have been accounted for as defined contribution plans in accordance with the requirements on multi-employer plans where sufficient information is not available to allocate the shortfall on liabilities to individual employers, no liability is recognized for any shortfall of fund assets as compared to fund liabilities. Any surcharge that may be levied by the fund from time to time in order to compensate for shortfalls, are recognized as expenses in the period in which they become payable to the fund. As surcharges are advised long in advance, based on actuarial valuations of the fund as a whole, the necessary provision for the payment thereof is made in the course of the municipality's normal budgeting processes.

For defined contribution plans, the Municipality pays contributions to fund administrators. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

c) Post retirement health care benefits

The liability recognised in the statement of Financial Position is in respect of defined benefit plan for post-employment health care benefits. The fund is actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from the municipality in the form of surcharges added to the contributions which are recognised as an expense in the Statement of Financial Performance in the year that they become payable. Valuations of these obligations are carried out every three years by independent qualified actuaries.

1.7.4. Provisions

Provisions are recognized when the Municipality has a present (Legal or constructive) obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the municipality.



1.8. Revenue recognition

1.8.1. Revenue from exchange transactions

Services charges relating to electricity are based on consumption. Meters are read monthly and recognized as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognized as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognized at the point of sale.

Service charges relating to refuse removal are recognized on a monthly basis in arrears by applying the approved tariff to each property. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Interest and rentals are recognized on a time proportionate basis.

Revenue arising from the application of the approved tariff of charges is recognized when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Income for agency services is recognized on a monthly basis once the income collected on behalf of agents has been quantified. The income recognized is in terms of an agency agreement.

Finance income from the sale of housing by way of installment sales agreements or finance leases is recognized on a time proportionate basis.

Revenue from the sale of goods is recognized when the risk has passed to the consumer.

Revenue from public contributions is recognized when all conditions associated with the contribution have been met or, where the contribution is to finance property, plant and equipment, when such item of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognized.

1.8.2. Revenue from non-exchange transactions

Revenue from property rates is recognized when the legal entitlement to this revenue arises. Collection charges are recognized when such amounts are legally enforceable. Penalty interest on unpaid rates is recognized on a time proportionate basis.



Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognized when payment is received.

Donations are recognized on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognized when such items of property, plant and equipment are brought into use.

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

1.9. Conditional grants and receipts

Revenue received from conditional grants and donations is recognized as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligation have not been met, a liability is recognized.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related cost, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder or detailed in the memorandum of agreement it is recorded as part of the liability otherwise it is recognised as interest in the Statement of Financial Performance.

1.10. Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so.

The municipality ceases the capitalisation of borrowing costs when substantially all activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.



1.11. Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.12. Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.13. Irregular Expenditure

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

1.14. Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 01 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 01 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the of the Housing Development Fund can be used only to finance housing developments within the municipality area subject to the approval of the Provincial MEC responsible for housing.



1.15. Risk management of financial assets and liabilities

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows :

1.15.1. Credit Risk:

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

1.15.2. 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.

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.

- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in the notes to the annual financial statements.

1.15.3. Interest Risk :

Interest rate risk originates from the uncertainty about the fair value or future cash flows of a financial instrument which fluctuate because of the changes in market interest rates.

- Borrowings issued at variable rates expose the municipality to cash flow interest rate risk.
- Borrowing issued at fixed rates expose the municipality to fair value interest rate risk.



Management has assessed the impact of the interest rate risk on the operations of the municipality and considers the risk to negligible.

1.15.4. Market Risk :

Owing to legislative restrictions the municipality has no exposure to market risk.

1.16. Commitments

Commitments are not recognised. Commitments are disclosed in the notes to the annual financial statements. A commitment is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

1.17. Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability directly or indirectly, to control or jointly control the other party or exercise significantly influence over other party in making financial and/or operating decisions.

1.18. Budget Information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorizing legislations, appropriation or similar.

General purposes financial reporting by municipalities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

An adjustment budget was carried out at midyear. The reason for the adjustments were as a result of reallocations within the approved budget.

The budget is compiled on an accrual basis of accounting.

1.19. Value Added Tax

The Municipality is exempted from tax in terms of section 10(1) (a) of the Income Tax Act.

The Municipality accounts for Value Added Tax on the cash basis.



1.20. Notes to the financial Statements

UMVOTI LOCAL MUNICIPALITY		
<u>NOTES TO THE FINANCIAL STATEMENTS</u>		
<u>for the year ended 30 June 2014</u>		
	<u>2014</u>	<u>2013</u>
	<u>R</u>	<u>R</u>
2 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following amounts:		
Cash on hand	330 982	3 530
Bank balances and cash	5 964 022	1 023 508
Short term deposits	53 892 691	47 491 230
	<u>60 187 695</u>	<u>48 518 268</u>
The Municipality has the following bank accounts:		
Primary Bank Account		
Absa Bank - Greytown Branch		
Account number - 4064988800		
Cash book balance at beginning of year	1 023 508	4 291 636
Cash book balance at end of year	5 964 022	1 023 508
Bank statement balance at beginning of year	1 023 508	4 239 214
Bank statement balance at end of year	5 636 570	1 023 508
Summary of cash and cash equivalents		
Primary Bank Account	5 964 022	1 023 508
Call and short term deposits	53 892 691	47 491 230
Petty Cash	330 982	3 530
	<u>60 187 695</u>	<u>48 518 268</u>



UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	<u>2014</u> R	<u>2013</u> R	
3 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS			
Balances at 30 June 2014	Gross balance	Provision for doubtful debts	Net balance
Service debtors	2 336 447	(1 635 647)	700 800
Rates	14 420 172		14 420 172
Electricity	6 185 432	(1 432 077)	4 753 355
Housing	194 628	(16 543)	178 085
Other	1 827 400		1 827 400
Total	24 964 079	(3 084 267)	21 879 812
Balances at 30 June 2013	Gross balance	Provision for doubtful debts	Net balance
Service debtors	2 050 265	(1 611 322)	438 943
Rates	12 784 268		12 784 268
Electricity	5 123 871	(1 341 844)	3 782 026
Housing	203 103	(17 264)	185 839
Other	1 427 973		1 427 973
Total	21 589 480	(2 970 430)	18 619 050
Rates: Ageing			
Current (0 - 30 days)	1 788 771	2 445 596	
31 - 60 days	733 260	639 637	
61 to 90 days	668 128	510 871	
91 - 120 days	557 478	455 968	
121 days and over	10 672 535	8 732 196	
Total	14 420 172	12 784 268	
Electricity and other : Ageing			
Current (0 - 30 days)	4 440 237	4 435 306	
31 - 60 days	808 647	532 898	
61 to 90 days	357 653	196 706	
91 - 120 days	210 807	157 111	
121 days and over	4 726 563	3 483 191	
Total	10 543 907	8 805 212	
GRAND TOTAL	24 964 079	21 589 480	
Consumer debtors which are less than 3 months past due are not considered to be impaired.			
Reconciliation of the doubtful debt provision			
Balance at beginning of the year	2 970 430	3 079 558	
Contribution to doubtful debt provision	463 552	3 531 519	
Bad debts written off	(349 715)	(3 640 647)	
Balance at end of year	3 084 267	2 970 430	



**UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

	<u>2014</u>	<u>2013</u>
	<u>R</u>	<u>R</u>
4 TRADE RECEIVABLES FROM NON - EXCHANGE TRANSACTIONS		
Accrued interest on investments	324 383	505 391
UThukela Water	407 585	407 585
Government subsidies (INEP and MIG Grant)	257 355	6 060 042
Other	1 272 402	665 608
	<hr/>	<hr/>
	2 261 725	7 638 626
Less : Provision for doubtful debts	(407 585)	(407 585)
Total	<hr/> <hr/>	<hr/> <hr/>
	1 854 140	7 231 041

The fair value of other debtors approximates their carrying value

5 INVENTORY		
Consumable stores at cost	608 945	470 390
Maintenance materials at cost	1 066 268	363 011
Spare Parts at authorised value	623 785	628 642
	<hr/>	<hr/>
	2 298 998	1 462 042

Provision has been made for the write off of the short fall reflected in the year end physical stock count (R 95 538) .

6 CALL INVESTMENT DEPOSITS		
Call and short term deposits with banks	53 892 691	47 491 230
Transferred to Cash and Cash Equivalents - refer note 2	(53 892 691)	(47 491 230)
	<hr/>	<hr/>
	-	-

Deposits of R 6 562 421 are ring fenced and relate to unutilised conditional government grants

7 VAT		
VAT refund due (payable)	644 993	3 799 714
Vat provision	(819 569)	(701 490)
VAT is payable on the receipts basis		
	<hr/>	<hr/>
	(174 576)	3 098 224

The vat provision represents vat raised (Debtors) not yet received

8 LONG TERM RECEIVABLES		
Housing selling scheme loans		
Land sales		932
		<hr/>
		932
Less: Current portion transferred to current receivables		(932)
		<hr/>
		-

HOUSING AND LAND SALE LOANS

These loans were granted in accordance with the National Housing regulations. The monthly instalments are subsidised in terms of previous regulations.

These subsidised loans were granted by the council to individuals to assist them to purchase dwellings



**UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

9.1 PROPERTY, PLANT AND EQUIPMENT

	2014			2013			
	Cost	Accumulated depreciation	Carrying value	adjustment	Cost	Accumulated depreciation	Carrying value
Community	39 017 542	(8 582 678)	30 434 864		39 181 574	(6 967 293)	32 214 281
Heritage	313 956		313 956		313 956		313 956
Infrastructure	302 295 310	(53 819 717)	248 475 593		275 486 158	(40 160 521)	235 325 637
Land and Buildings	114 109 448	(8 196 590)	105 912 858		113 688 555	(5 690 772)	107 997 783
Other	19 677 771	(8 798 962)	10 878 809		16 833 176	(7 257 078)	9 576 098
Total	475 414 027	(79 397 947)	396 016 080		445 503 419	(60 075 664)	385 427 755

Property, plant and equipment (continued)

	2014						
	Opening Balance	Additions	Disposals	Adjustment	Work-in-progress	Depreciation	Total
Community	32 214 281	23 124		(258 973)	71 817	(1 615 385)	30 434 864
Heritage	313 956						313 956
Infrastructure	235 325 637	37 883 953			(11 074 802)	(13 659 196)	248 475 592
Land and Buildings	107 997 783	5 322 241		258 973	(5 160 321)	(2 505 818)	105 912 858
Other	9 497 273	3 311 075	364 163			(1 644 200)	10 799 985
Total	385 427 755	46 540 393	364 163	-	(16 163 306)	(19 424 599)	395 937 255

	2013						
	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Total
Community	29 810 693				4 018 735	(1 615 146)	32 214 282
Heritage	313 956						313 956
Infrastructure	221 260 042	39 585			26 403 797	(12 377 783)	235 325 641
Land and Buildings	104 600 555	3 045 884			2 601 467	(2 250 123)	107 997 783
Other	7 727 622	3 165 855	(78 820)			(1 317 384)	9 576 093
Total	363 712 868	6 251 324	-	-	33 023 999	(17 560 436)	385 427 755

Refer to Appendix B for more detail on property, plant and equipment
Heritage assets relates to the Bambata Statue erected at the Municipality



UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	<u>2014</u>	<u>2013</u>
	<u>R</u>	<u>R</u>
10 INVESTMENT PROPERTY		
Carrying value of plantation land at cost	12 250 000	12 250 000
Other land at cost	8 634 000	8 634 000
total Investment Property	<u>20 884 000</u>	<u>20 884 000</u>
Plantation land relates to plantations being leased to Mondi		
Net income derived from this property amounts to	2 300 243	2 183 117
11 TRADE AND OTHER PAYABLES		
Trade creditors	7 290 812	6 371 023
Payments received in advance	3 622 003	5 247 596
Retention	4 049 379	4 783 585
Deposits other	1 540 442	1 393 969
Other creditors	176 559	251 634
	<u>16 679 195</u>	<u>18 047 807</u>
The fair value of trade and other creditors approximates their carrying value.		
12 CONSUMER DEPOSITS		
Electricity	2 273 576	2 139 181
	<u>2 273 576</u>	<u>2 139 181</u>
Guarantees held in lieu of electricity deposits (R 319 360)		



**UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

	<u>2014</u>	<u>2013</u>
	R	R
13 PROVISIONS AND DEFINED BENEFITS		
13.1 Performance bonus	250 000	250 000
Provision for Long Service awards	113 787	210 868
Staff leave and bonus	4 568 690	3 921 620
	<u>4 932 477</u>	<u>4 382 488</u>

The movement in provisions is reconciled as follows:

Balance at beginning of year	460 868	339 278
Contributions to provisions		121 590
Expenditure		
Transfer from non - current provisions	(97 081)	
Balance at end of year	<u>363 787</u>	<u>460 868</u>

13.2 Defined Benefit Obligations - Long Service Awards

Movement in the defined benefit obligation is as follows:

Balance at beginning of year	1 631 307	1 321 000
Current service cost		161 846
Interest cost		93 769
Benefit vestings		(86 218)
Actuarial loss / (gain)		89 101
Adjustment of previously recognised defined benefit liability		51 809
	1 631 307	1 631 307
Less: transferred to current provisions	(113 787)	(210 868)
Balance at end of year	<u>1 517 520</u>	<u>1 420 439</u>

In estimating the unfunded liability for LSA of Umvoti Municipality a number of assumptions are required. IAS19/GRAP25 requires the actuarial assumptions to be unbiased (i.e. neither imprudent nor excessively conservative) and mutually compatible (i.e. reflective of the economic relationships between factors such as return on assets and inflation rates)

It is difficult to estimate future investment returns and salary inflation rates. The relationship between them is more stable and therefore easier to predict. IAS19/GRAP25 requires that financial assumptions be based on market expectations at the valuation date for the period over which the liability obligations are to be settled.

Discount Rate: IAS19 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant and as prescribed in GRAP25, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used.



**UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

	<u>2014</u>	<u>2013</u>																														
	<u>R</u>	<u>R</u>																														
13.3 Retirement Benefits																																
13.3.1. Post Retirement Medical Plan																																
<p>The Municipality offers employees and continuation members the opportunity of belonging to one of several medical aid schemes (Bonitas, Keyhealth, LA Heath, SAMWU Med), most of which offer a range of options pertaining to levels of cover. The post employment Health care benefit actuarial valuation was conducted by Arch Actuarial Consulting. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme</p>																																
13.3.2 Contribution Rate Structure																																
<p>Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income.</p>																																
13.3.3. Subsidy Policy																																
<p>Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement</p> <p>All continuation members and their eligible dependants receive a 60% subsidy. Upon a member's death-in-service or death-in-retirement, the surviving dependants will continue to receive the same 60% subsidy</p> <p>The actuarial valuation method used to value the liabilities is the Projected Unit Method prescribed by IAS 19. The economic assumptions used in assessing the accounting provisions were as follows:</p> <table border="0"> <tr> <td>Discount rate</td> <td align="right">8.06%</td> <td align="right">8.06%</td> </tr> <tr> <td>Health care cost inflation rate</td> <td align="right">6.52%</td> <td align="right">6.52%</td> </tr> <tr> <td>Salary increase rate</td> <td align="right">1.44%</td> <td align="right">1.44%</td> </tr> </table> <p>A reconciliation of the accrued liability at 30 June is set out below:</p> <table border="0"> <tr> <td>Balance at beginning of year</td> <td align="right">12 961 063</td> <td align="right">6 791 000</td> </tr> <tr> <td>Current-service cost</td> <td align="right">385 048</td> <td align="right">389 956</td> </tr> <tr> <td>Interest cost</td> <td align="right">1 080 686</td> <td align="right">882 003</td> </tr> <tr> <td>Contributions (benefits paid)</td> <td align="right">(545 160)</td> <td align="right">(504 576)</td> </tr> <tr> <td>Actuarial(gain) loss</td> <td></td> <td align="right">1 000 603</td> </tr> <tr> <td>Adjustment of previously recognised defined benefit liability</td> <td></td> <td align="right">4 402 077</td> </tr> <tr> <td>Balance at the end of the year</td> <td align="right"><u>13 881 637</u></td> <td align="right"><u>12 961 063</u></td> </tr> </table>			Discount rate	8.06%	8.06%	Health care cost inflation rate	6.52%	6.52%	Salary increase rate	1.44%	1.44%	Balance at beginning of year	12 961 063	6 791 000	Current-service cost	385 048	389 956	Interest cost	1 080 686	882 003	Contributions (benefits paid)	(545 160)	(504 576)	Actuarial(gain) loss		1 000 603	Adjustment of previously recognised defined benefit liability		4 402 077	Balance at the end of the year	<u>13 881 637</u>	<u>12 961 063</u>
Discount rate	8.06%	8.06%																														
Health care cost inflation rate	6.52%	6.52%																														
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Adjustment of previously recognised defined benefit liability		4 402 077																														
Balance at the end of the year	<u>13 881 637</u>	<u>12 961 063</u>																														
14 UNSPENT CONDITIONAL GRANTS AND RECEIPTS																																
14.1 Conditional grants from other spheres of government(see note 21)		6 562 422																														
Total conditional grants and receipts	<u>0</u>	<u>6 562 422</u>																														



**UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

	<u>2014</u>	<u>2013</u>
	<u>R</u>	<u>R</u>
14.2. Unspent conditional grants and receipts comprise:		
Grants - general		160
MIG	3 621 862	
Sport and recreation	292 893	434 239
IDP grant		
Library grant		4 641
Taxi Rank	98 264	98 264
Finance Management Grant	2 917	228
Municipal Systems Improvement		913 577
LUMS		2 519
Specific Program	77 353	101 367
GIJIMA KZN	12 451	12 451
Phasiwe farm	17 399	17 399
Management Assistance Project	100 000	100 000
Library computer expenses	149 829	78 900
Corridor development	2 040	2 040
Eshane development	85 023	225 539
Storm damage	43 170	2 821 500
Rural electricity		
Thusong centres		952 517
Kranskop expansion plan		476 880
Woolstone greenfield plan		320 200
Urban renewal plan		
	238 298	
	<u>4 741 499</u>	<u>6 562 421</u>
Movements during the year		
Balance at the beginning of the year	6 562 422	14 210 190
Additions during the year	41 393 355	21 320 000
Income recognition during the year	(34 072 901)	(28 967 769)
Transfers and adjustments during the year	(9 141 377)	
	<u>4 741 499</u>	<u>6 562 421</u>

See note 20 for reconciliation of grants from National/Provincial Government
These amounts are invested in a ring-fenced investment until utilised.

refer to appendix E for further details on grant and subsidies

15 HOUSING DEVELOPMENT FUND

Unappropriated Surplus	11 980 902	11 147 286
Loans extinguished by Government on 1 April 1998	375 980	375 980
Contribution to cost of services - 492 sites	(364 560)	(364 560)
	<u>11 992 322</u>	<u>11 158 706</u>

The Housing Development Fund is represented by the following assets and liabilities

Housing instalment debtors	97 371	147 952
Cash and cash equivalents	11 894 951	11 010 754
Sub - total	<u>11 992 322</u>	<u>11 158 706</u>
Creditors		
Total Housing Development Fund Assets and Liabilities	<u>11 992 322</u>	<u>11 158 706</u>



UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	<u>2014</u>	<u>2013</u>
	<u>R</u>	<u>R</u>
16 ACCUMULATED SURPLUS		
16.1 The following internal reserves are ringfenced within the Accumulated Surplus :		
Capital Replacement Reserve		
Balance at 30 June 2013	398 893	398 893
Transfer		
Property, Plant and Equipment purchased ex Capital Replacement Reserve		
Balance at 30 June 2014	<u>398 893</u>	<u>398 893</u>
Other reserves	<u>171 131 503</u>	<u>139 570 929</u>
TOTAL ACCUMULATED SURPLUS	<u>171 530 396</u>	<u>139 969 822</u>



**UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

	<u>2014</u> <u>R</u>	<u>2013</u> <u>R</u>
17 PROPERTY RATES		
Actual		
Residential	10 942 967	9 906 237
Commercial	6 825 030	6 581 725
State	5 322 925	4 986 592
Agricultural	5 218 885	4 882 940
Municipal		
Other	532 716	493 458
Sundry Adjustment		
Total assessment rates	<u>28 842 523</u>	<u>26 850 953</u>
Rates rebates	(7 317 789)	(8 228 155)
	<u>21 524 734</u>	<u>18 622 798</u>
Valuations		
Residential	803 069 000	968 027 000
Commercial	346 581 000	252 422 000
Agricultural	1 057 390 000	1 067 816 000
State	265 250 313	243 379 000
Municipal	46 969 000	46 489 000
Other	400 092 000	323 466 313
Total property valuations	<u>2 919 351 313</u>	<u>2 901 599 313</u>
<p>Rates rebates are offset from the property rates income amount reflected in the Statement of Financial Performance.</p> <p>The following are the rate randages that were applied to the valuations in respect of various categories: Commercial and State - 1.90 cents in the rand, Agricultural and public service infrastructure 0.32cents in the rand, Residential and other 1.28 cent in the rand. All Residential property owners are exempt from paying rates on the first R50 000 of their property value. A 30 % rebate is applicable to residential, agricultural and public service infrastructure</p>		
18 SERVICE CHARGES		
Electricity	53 381 319	48 679 889
Refuse removal	5 976 734	5 534 288
Other	650 384	708 162
	<u>60 008 437</u>	<u>54 922 339</u>
19 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	49 358 000	41 961 893
Museum subsidy	284 000	134 000
Conditional grants utilised to finance property, plant and equipment	21 855 459	25 702 200
Conditional grants utilised to finance operating expenses	12 277 442	9 325 610
Grant - skills development	86 440	173 449
Grant - library	800 000	422 631
	<u>84 661 341</u>	<u>77 719 783</u>
19.1 MIG		
Balance unspent at beginning of year		5 686 882
Adjustment	(1 498 681)	
Current year receipts	26 976 000	17 870 000
Conditions met - transferred to revenue	<u>(21 855 459)</u>	<u>(23 556 882)</u>
	<u>3 621 860</u>	<u>-</u>



**UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

19.2 Sport and recreation

Balance unspent at beginning of year	434 239	537 365
Current year receipts		150 000
Conditions met - transferred to revenue	(141 346)	(253 126)
	<u>292 893</u>	<u>434 239</u>

19.3 Corridor Development

Balance unspent at beginning of year	2 040	474 041
Current year receipts		
Conditions met - transferred to revenue		(472 001)
	<u>2 040</u>	<u>2 040</u>

19.4 Eshane development

Balance unspent at beginning of year	225 539	240 438
Current year receipts		
Conditions met - transferred to revenue	(140 516)	(14 899)
	<u>85 023</u>	<u>225 539</u>

19.5 Rural Electrification

Balance unspent at beginning of year		1 449 599
Adjustment	(6 898 147)	
Current year receipts	10 000 000	4 561 361
Conditions met - transferred to revenue	(3 101 853)	(6 010 960)
	<u>-</u>	<u>-</u>

19.6 Thusong Centre

Balance unspent at beginning of year	952 515	1 167 000
Current year receipts		
Conditions met - transferred to revenue	(952 515)	(214 485)
	<u>-</u>	<u>952 515</u>

19.7 Kranskop expansion plan

Balance unspent at beginning of year	476 880	
Transfer	(94 387)	
Current year receipts		600 000
Conditions met - transferred to revenue	(382 493)	(123 120)
	<u>-</u>	<u>476 880</u>

19.8 Woolstone greenfield plan Kranskop expansion plan

Balance unspent at beginning of year	320 200	
Transfer	(143 910)	
Current year receipts		400 000
Conditions met - transferred to revenue	(176 290)	(79 800)
	<u>-</u>	<u>320 200</u>

19.9 Finance management grant

Balance unspent at beginning of year		
Adjustment	(109 000)	
Current year receipts	1 550 000	
Conditions met - transferred to revenue	(1 438 083)	
	<u>2 917</u>	

19.10 Municipal systems improvement grant

Balance unspent at beginning of year	913 577	
Adjustment	(628 000)	
Current year receipts	890 000	
Conditions met - transferred to revenue	(1 175 577)	
	<u>-</u>	



19.11 Library grant	
Balance unspent at beginning of year	78 900
Current year receipts	120 000
Conditions met - transferred to revenue	(49 071)
	<u>149 829</u>
19.12 Storm damage grant	
Balance unspent at beginning of year	2 821 500
Current year receipts	
Conditions met - transferred to revenue	(2 778 330)
	<u>43 170</u>
19.13 Electrification - 497 sites	
Balance unspent at beginning of year	
Current year receipts	257 355
Conditions met - transferred to revenue	(257 355)
	<u>-</u>
19.14 Expanded public works program	
Balance unspent at beginning of year	
Current year receipts	1 600 000
Conditions met - transferred to revenue	(1 600 000)
	<u>-</u>

refer to appendix E for further details on grant and subsidies



UMVOTI LOCAL MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2014

	2014 R	2013 R
20 OTHER INCOME		
VAT recovery	893 627	
Other income	259 238	288 353
	<u>1 152 865</u>	<u>288 353</u>
21 EMPLOYEE RELATED COSTS		
Employee related costs - salaries and wages	36 686 155	31 506 690
Employee related costs - contributions to UIF, pension and medical costs	6 569 004	5 933 757
Travel, vehicle, accommodation, subsistence and other allowances	2 587 879	2 298 419
Housing benefits and other allowances	1 256 496	305 882
Overtime payments	635 007	961 299
Service allowance	908 182	1 664 273
Sub-total	<u>48 642 723</u>	<u>42 670 319</u>
Less: Employee costs allocated to Property, Plant and Equipment	(231 855)	(143 588)
Less: Employee costs included in other expenses	(2 342 311)	(1 718 162)
Total employee related costs	<u>46 068 557</u>	<u>40 808 570</u>

There were no advances or loans to employees.

Remuneration of the Municipal Manager		
Annual remuneration	796 043	658 395
Car allowance	319 543	319 543
Cell Phone allowance	18 000	18 000
	<u>1 133 586</u>	<u>995 938</u>

Remuneration of the Chief Financial Officer		
Annual remuneration	638 197	546 016
Bonus		14 758
Car allowance	91 137	91 137
Acting Allowance		11 832
Housing Allowance		521
Leave pay	56 509	
Contributions to Medical and Pension Funds	178 313	167 891
Group Life	6 301	11 785
	<u>970 457</u>	<u>843 939</u>

Remuneration of other managers

30-Jun-2013

	Corporate	Engineering	Manager Physical	Manager	Protection	Manager Good Governance and Legal Compliance	Legal
	Services	Services	Environment	Planning	Services		Services
Annual remuneration	252 096	28 460	468 275	553 011	482 047	455 988	414 679
Bonus						19 174	
Leave pay	115 267	57 375	55 641		122 471		
Car allowance	127 296	14 283	125 000	108 000	95 472	103 678	178 411
Acting Allowance						80 664	
Housing Allowance	19 604	1 305			14 703	2 085	34 073
Contributions to Medical and Pension Funds		2 775				135 069	139 037
Group Life						12 520	
Cell Phone allowance			12 600	5 000			4 000
	<u>514 263</u>	<u>104 198</u>	<u>661 516</u>	<u>666 011</u>	<u>714 694</u>	<u>809 180</u>	<u>770 200</u>

30-Jun-2014

Annual remuneration				749 330		625 897	583 537
Bonus							
Leave pay							
Car allowance				144 000		103 678	120 000
Acting Allowance						19 171	56 397
Housing Allowance							189 793
Contributions to Medical and Pension Funds						155 720	
Group Life							
Cell Phone allowance				6 000		6 000	6 000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>899 330</u>	<u>-</u>	<u>910 466</u>	<u>955 727</u>

Remuneration for managers is included under employee related cost.
 The bonus paid to the CFO was due to change in contract.



UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	<u>2014</u> <u>R</u>	<u>2013</u> <u>R</u>
22 REMUNERATION OF COUNCILLORS AND WARD COMMITTEES		
Acting Mayor	545 248	
Deputy Mayor		539 911
Speaker		539 911
Executive committee member		283 305
MPAC Chair Person	287 770	264 532
Councillors	4 504 427	3 576 149
Ward Committees	1 530 330	1 284 559
	<u>6 867 775</u>	<u>6 488 367</u>
 In - kind benefits		
 The Mayor and the Speaker are provided with an office and secretarial support at the cost of Council.		
 The Mayor has use of a Council owned vehicle and security for official duties		
 23 FINANCE COST		
Interest Finance leases		16 137
	<u>0</u>	<u>16 137</u>
 24 BULK PURCHASES		
Electricity	32 855 618	31 537 084
	<u>32 855 618</u>	<u>31 537 084</u>
 25 GRANTS AND SUBSIDIES PAID		
Indigent support	1 262 704	1 120 853
Widows and Elderly	70 285	141 435
Disabled persons	13 415	6 039
Other	975 501	
	<u>2 321 905</u>	<u>1 268 328</u>



UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	<u>2014</u> <u>R</u>	<u>2013</u> <u>R</u>
26 GENERAL EXPENSES AND CONTRACTED SERVICES		
26.1 GENERAL EXPENSES		
Advertisements	455 922	884 724
Rural area expenses		220 650
Civic honour function	240 625	197 780
Anti rabies	312 622	260 996
Audit fees	1 077 043	817 867
Audit Committee Expenses	69 857	113 502
Cashier shortages and surplus	54 040	2 441
Stores shortages & surpluses	77 684	282 382
Bank charges	333 437	301 741
Delivery cost	1 994	4 898
Youth and sports	264 088	208 815
Women upliftment	152 263	109 362
Civic functions	154 747	182 004
Work and play	52 009	
Disaster Management	73 544	181 784
Disconnections & reconnections	408	17 836
Community participation	233 340	805 670
Departmental services	1 788 863	1 674 907
Delegation fees	1 174 803	966 345
Dist losses - control measures	1 918 324	954 599
Entertainment	166 774	66 608
Dept services water and sewer	87 808	78 096
Street signs	34 685	53 478
Firebreaks	16 323	
Local economic development	512 886	
Insecticide & weed killer	13 599	23 970
Insurance	842 039	822 307



**UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

	<u>2014</u>	<u>2013</u>
	R	R
26 GENERAL EXPENSES AND CONTRACTED SERVICES		
26.1 Continued		
Fruitless expenses	2 847 147	
Hire of equipment	154 990	135 087
Legal fees	562 519	983 286
Licences	395	450
Commision paid - prepaid electricity	315 529	201 000
Night soil/conservancy	313 550	130 419
Forensic Investigations		1 172 416
Microsoft licences	130 449	
Machinery costs	501 905	579 427
Material	219 218	151 591
Meter reading	54 114	85 318
Membership fees	524 277	461 740
Indigent burials	212 431	124 368
Pruning	1 509	960
Postage and stamps	180 788	109 296
Printing and stationary	618 308	620 741
Private ordinances and acts	58 457	162 768
Study assistance	436 885	98 798
Refreshments	46 330	38 976
Reference books & periodicals	32 640	31 954
Refuse bags	1 302 714	236 364
Photocopier rental	7 630	6 372
Security	104 867	1 745 082
Shrubs & Trees	11 779	12 300
Scholar patrols	321	97 035
Storm damage	2 778 329	
Telephone	724 399	790 813
Training	1 457 711	1 493 403
Transport costs	3 055 522	2 397 441
Towing of vehicles	482	
Internet Subscription Fee	49 100	49 190
Workmans Compensation	267 929	814 098
Finance Management Grant expenditure	1 334 213	1 881 405
Expanded public works program	1 660 000	
Bambatha sportsfield	141 346	
Professional drivers permits	118	
GENERAL EXPENSES	30 217 628	23 844 862
LESS RECHARGES		
Handling charge	(323 070)	(253 697)
Transport: Capital	(13 764)	(27 554)
Transport: Operating	(221 204)	(206 892)
Recharges	(558 038)	(488 143)
ADD		
Contrib.leave,bonus,long service	647 070	1 012 905
TOTAL GENERAL EXPENSES	30 306 660	24 369 624



**UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

	<u>2014</u>	<u>2013</u>
	<u>R</u>	<u>R</u>
26.2 CONTRACTED SERVICES		
Consultants/Contractors	4 471 309	5 372 079
Grant Exp. MSIG	532 242	633 145
Land use management system		38 076
Rural electrification	3 101 852	6 343 425
Valuation expenses	1 797 118	160 488
Kranskop Expansion Plan	382 493	123 120
Woolstone Expansion Plan	176 290	79 800
IEC Eshane development grant expenditure	140 516	16 656
DTLGA: Corridor development expenses	1 993	472 001
Special programs	24 014	
TOTAL CONTRACTED SERVICES	10 627 827	13 238 790

26.3 Operating leases

At the reporting date the Municipality has outstanding commitments under Operating leases which fall due as follows:

Within one year	227 905
Greater than one year	417 825
Total	645 730

These amounts relate to payments due for the rental of photocopiers.

27 CASH GENERATED FROM OPERATIONS

Surplus for the year	24 057 304	11 794 982
Adjustment for :		
Prior year	(4 272 671)	(120)
Depreciation	19 425 420	17 560 244
Gain on disposal of property, plant and equipment	(30 519)	(209 704)
Contributions to provisions- non-current		6 480 370
Reversal of Bad Debt Provision		(109 128)
Bad debts	113 837	3 640 647
Investment income	(3 640 853)	(3 885 545)
Interest paid		16 137
Operating surplus before working capital changes	35 652 518	35 287 883
(Increase) decrease in consumer debtors	(3 374 599)	(3 560 193)
(increase) decrease in other debtors	5 376 901	(5 424 291)
Increase (decrease) in conditional grants and receipts	(1 820 923)	(7 647 768)
Increase (decrease) in creditors	(721 542)	4 566 189
(Increase) decrease) in Vat	3 272 800	(3 815 374)
(Increase) decrease in inventories	(836 956)	(107 841)
(Increase) decrease in current portion of long term debtors	932	29 950
	37 549 131	19 328 555

28 28.1 Contributions to organised local government

Opening balance		
Council contributions		
Amount paid - current year	450 000	400 000
Amount paid - previous years		
Balance unpaid (included in creditors)		

28.2 Audit fees

Opening balance		
Current year audit fee	1 077 043	817 867
Amount paid current year	1 077 043	817 867
Amount paid - previous years		
Balance unpaid (included in creditors)		



**UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

	<u>2014</u>	<u>2013</u>
	<u>R</u>	<u>R</u>
28.3 VAT		
Opening balance	3 799 713	(11 545)
Output VAT	(8 827 525)	(8 262 185)
Input VAT	12 366 741	14 091 488
Amount paid - current year	166 047	343 321
Amount refunded by SARS - current	(6 859 983)	(2 361 366)
Amount due by (to)SARS - included in debtors(creditors)	<u>644 993</u>	<u>3 799 713</u>

All VAT returns have been submitted by the due date.

28.4 PAYE and UIF

Opening balance		
Current year payroll deductions and Council UIF contributions		
Amount paid - current year	5 219 961	4 852 551
Amount paid - previous years		4 015 925
Balance unpaid (included in creditors)		

28.5 Pension and medical aid deductions

Opening balance		
Current year payroll deductions and Council contributions		
Amount paid - current year	8 483 678	6 909 868
Amount paid - previous years		6 765 256
Balance unpaid (included in creditors)	-	-

28.6 Councillors arrear consumer accounts

The following Staff and Councillors had arrear accounts outstanding for more than 90 days as at :

30 June 2014	Outstanding more than 90 days	Outstanding less than 90 days
Nzama NV & ZG	6 488	1 532
Zuma PT	2 435	484
Dlamini MR	12 242	6 711
30 June 2013	Outstanding more than 90 days	Outstanding less than 90 days
Nzama NV & ZG (Staff)	5 480	1 629
Nyoka IS (Cllr)	1 164	



**UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

	<u>2014</u>	<u>2013</u>
	<u>R</u>	<u>R</u>
29 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
- approved and contracted for		
Infrastructure	7 000 000	18 028 027
Buildings		992 500
Other	3 547 318	
- approved but not yet contracted for		
Infrastructure	22 011 053	4 900 000
Buildings	12 030 000	200 000
Other	15 176 747	7 464 600
	<u>59 765 118</u>	<u>31 585 127</u>
 This expenditure will be financed from		
- capital replacement reserve		
- government grants	37 497 000	18 028 027
- own resources	22 268 118	13 557 100
	<u>59 765 118</u>	<u>31 585 127</u>

30 RETIREMENT BENEFIT INFORMATION

Certain Councillors and Certain employees belong to defined benefit retirement funds administered by the Natal Joint Municipal Pension Fund. These funds are subject to a triennial actuarial valuation. The last statutory actuarial valuation was performed as at 31 March 2013. The Actuary advised that the fund is 93.1% funded as at the valuation date at the overall level. The financial position of the fund has thus improved since the previous valuation date. It has been recommended that the surcharge remain in force as "Scheme to Eliminate Deficiency" to firstly eliminate the shortfall and then to build up sufficient solvency reserves.

30.1 SUPERANNUATION FUND

The Actuary advised that the total Fund is 97.9% funded as at the valuation date at the overall level. The pensioner liabilities are fully funded and the liabilities in respect of active members are 96.2%. In the opinion of the Actuary the fund is not in a financially sound position, but the surcharge being paid is expected to restore the Fund to a sound financial condition within the period permitted by the FSB

30.1 Provident Fund

The actuary is satisfied that the fund was in a sound financial condition as at 31 March 2013.



**UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

	<u>2014</u>	<u>2013</u>
	R	R
30.2 Sala Pension Fund		
The fund has advised that the last actuary valuation was as at 1 July 2009 approved by FSB.		
The results for 1 July 2012 is currently being reviewed by the FSB		
31 CONTINGENT LIABILITIES		
Nine matters are currently on the roll of the high court to date values of all cost is not known the estimated cost for all matters amounts to approximately		
	5 431 764	
32.1 Claim in respect of professional services :- Mathew Francis Incorporated	195 105	
32.2 Claim for Mayoral Allowances:- Councillor SA Xaba	116 841	
32.3 Motor Vehicle damage :- N Mnyani	225 778	
32.4 Surcharge on excessive salary increases:- Natal Joint Pension Fund	1 541 269	
32.5 Mascor Toyota/Umvoti	75 000	
32.6 Personal Tax due to SARS :- LPL Potgieter	20 000	
32.7 Compensation for building plans approved:- Pepkor Retail (PTY)	2 150 000	
32.8 Construction of civil engineering Services to Enhlalakahle Hostel:-DDT Civils Pty Ltd	1 107 772	
32 RELATED PARTY DISCLOSURE		
Buffalo Security (Councillor SV Zondi)		
PG Mavundla Projects (Councillor PG Mavundla)		
Vula Muntu Omnyama CC (JAH Zondi staff)		
Viks Security Services and Training CC (BO Vilakazi staff)		
33 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
33.1 Fruitless expenditure		
Reconciliation of unauthorised expenditure		
Opening balance		
Expenditure during the year	2 847 148	
Approved by Council or condoned	(2 847 148)	
Transfer to receivables for recovery		
Fruitless expenditure awaiting authorisation	<u>-</u>	<u>-</u>
Council approved the expenditure at its meeting held on 17 August 2014 under UMS 13(17)		
33.2 Irregular Expenditure		
Irregular Expenditure incurred during the year due to non compliance with SCM Regulations	4 215 682	
33.2 Deviation from SCM policy approved by Accounting Officer awaiting ratification by Council		
Opening Balance	253 200	
Deviations Current year	1 497 584	352 200
Authorised by Council	<u>(1 750 784)</u>	<u>(99 000)</u>
	<u>-</u>	<u>253 200</u>
All deviations in prior and current year were reported and approved accordingly		



UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2014

34 Acquisition of Property Plant and Equipment variances compared to annual budget

	2014 Actual	2014 Under Construction	2014 Total Additions	2014 Budget	2014 Variance	2014 Variance	Explanation of significant variances
LAND AND BUILDINGS							
Land and Buildings	5 322 241	(5 160 321)	161 920	2 256 400	0		
	5 322 241	(5 160 321)	161 920	2 256 400	(2 094 480)	(92.82)	
INFRASTRUCTURE							
Electricity reticulation		2 859 266	2 859 266	4 930 000	(2 070 734)	(42.00)	
Security Measures	2 996	1 956 530	1 959 526	2 200 000	(240 474)	(10.93)	Additional MIG funding that was received towards the end of the year, that needs to be roll overed.
Roads	37 880 957	(15 890 598)	21 990 359	26 796 042	(4 805 683)	(17.93)	
	37 883 953	(11 074 802)	26 809 151	33 926 042	(7 116 891)	(20.98)	
COMMUNITY ASSETS							
Care Centres		(71 817)	71 817		71 817		
Community centres	23 124		23 124		23 124		
	23 124	(71 817)	94 941	-	94 941		
OTHER ASSETS							
Bins and Containers					-		
Computer Equipment	274 455		274 455		274 455		
Furniture and Fittings	805 204		805 204	1 396 800	(591 596)	(42.35)	
Motor Vehicles	1 681 597		1 681 597	1 878 000	(196 403)	(10.46)	
Office Equipment	87 129		87 129	937 400	(850 271)	(90.71)	
Plant & Equipment	426 857		426 857	507 000	(80 143)	(15.81)	
Sundry			-	215 000	(215 000)	(100.00)	
Tools and Equipment	35 833		35 833	623 600	(587 767)	(94.25)	
	3 311 075		3 311 075	5 557 800	(2 246 725)	(40.42)	
Total	46 540 393	(16 306 940)	30 377 087	41 740 242	(11 363 155)	(27.22)	



**UMVOTI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

	<u>2014</u>	<u>2013</u>
	<u>R</u>	<u>R</u>
35 ELECTRICITY DISTRIBUTION LOSSES		
<p>The Municipality incurred Electricity distribution losses during the year. These losses are calculated as the difference between power supplies invoiced by ESCOM and amounts billed to consumers, as follows:</p>		
Units purchased (kwh)	47 053 601	47 611 756
Units sold (kwh)	39 754 706	39 364 288
Units lost in distribution (kwh)	7 298 895	8 247 468
% distribution losses	15.51	17.32
Average cost per unit purchased (cents per kwh)	69.83	74.22
Total cost of distribution losses (Rand)	<u>5 096 818</u>	<u>6 121 271</u>

Currently the Municipality is embarking on a meter sweep which will be on going for three years to curb distribution loss resulting from theft.



**UMVOTI LOCAL MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
for the year ended 30 June 2014**

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/2013	Received during the year	Redeemed or written off during the year	Balance at 30/06/2014	Carrying value of property plant & equip. R
			R	R	R	R	R
						0	
TOTAL			0		-	0	

**UMVOTI LOCAL MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
for the year ended 30 June 2014**

Description	Cost/ Revaluation					Accumulated Depreciation				Carrying Value R	
	Opening Balance R	Prior Year Adjustment R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R		Closing Balance R
LAND AND BUILDINGS											
Land and Buildings	113 688 555	258 973	5 322 241	(5 160 321)		114 109 448	5 690 772	2 505 818		8 196 590	105 912 858
	113 688 555	258 973	5 322 241	(5 160 321)		114 109 448	5 690 772	2 505 818		8 196 590	105 912 858
INFRASTRUCTURE											
Bridges and subways	10 532 787					10 532 787	2 756 146	298 238		3 054 384	7 478 403
Electricity reticulation	61 267 093			2 859 266		64 126 359	5 760 354	2 014 542		7 774 896	56 351 463
Security Measures	20 501		2 996	1 956 530		1 980 027	13 395	1 541		14 936	1 965 091
Stormwater	25 389 018		608 722	(96 090)		25 901 650	3 030 985	1 121 524		4 152 509	21 749 141
Roads	178 276 760		37 272 235	(15 794 508)		199 754 487	28 599 640	10 223 185		38 822 825	160 931 662
	275 486 159		37 883 953	(11 074 802)		302 295 310	40 160 521	13 659 030		53 819 551	248 475 759
COMMUNITY ASSETS											
Care Centres	11 219 122	(258 973)		71 817		11 031 966	1 369 569	200 417		1 569 986	9 461 980
Community Assets	14 736 384		1 953			14 738 337	3 208 001	1 114 335		4 322 336	10 416 001
Community Centres	8 352 214		21 171			8 373 385	1 682 165	223 137		1 905 302	6 468 083
Stadiums	4 873 855					4 873 855	707 559	77 496		785 055	4 088 799
	39 181 574	(258 973)	23 124	71 817		39 017 542	6 967 293	1 615 385		8 582 678	30 434 864
HERITAGE ASSETS											
Heritage Assets	313 956					313 956					313 956
	313 956					313 956					313 956
Investment Property											
Land											
OTHER ASSETS											
Bins & Containers	63 902					63 902	51 084	18		51 102	12 800
Clinic Equipment	53 776					53 776	41 722	920		42 642	11 134
Computer Equipment	2 170 687		274 455			2 445 142	1 045 724	237 699		1 283 423	1 161 719
Emergency Equipment	56 929		87 550			144 479	45 495	441		45 936	98 543
Furniture and Fittings	1 145 960		805 204		500	1 950 664	542 178	74 618	124	616 672	1 333 992
Motor Vehicles	6 065 050		1 681 597		423 706	7 322 941	2 820 510	610 736	68 297	3 362 949	3 959 993
Office Equipment	1 561 481		87 129		41 192	1 607 418	1 160 671	48 647	32 814	1 176 504	430 914
Plant & Equipment	2 032 023		339 307			2 371 330	654 623	155 319		809 942	1 561 387
Sundry	95 593					95 593	39 544	12 335		51 879	43 713
Tools and Equipment	3 154 043		32 138			3 186 181	553 416	466 017		1 019 433	2 166 748
Traffic Equipment	432 650		3 695			436 345	301 028	37 616		338 644	97 701
	16 832 094		3 311 075		465 398	19 677 771	7 255 997	1 644 366	101 235	8 799 128	10 878 644
Total Property Plant and Equipment	445 502 337		46 540 393	(16 163 306)	465 398	475 414 026	60 074 582	19 424 599	101 235	79 397 946	396 016 080
INTANGIBLE ASSETS											
Computer Software	737 163					737 163	588 909	821		589 730	147 433
	737 163					737 163	588 909	821		589 730	147 433
TOTAL	446 239 500		46 540 393	(16 163 306)	465 398	476 151 189	60 663 492	19 425 420	101 235	79 987 677	396 163 513



**UMVOTI LOCAL MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
for the year ended 30 June 2014**

	Cost/ Revaluation					Accumulated Depreciation				Carrying Value	
	Opening Balance	Prior Year Adjustment	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
	R	R	R	R	R	R	R	R	R	R	
Executive and Council	4 312 444		67 020		464 898	3 914 566	608 193	99 094	101 111	606 176	3 308 390
Budget and Treasury	4 376 623		90 207			4 466 830	1 297 775	197 751		1 495 526	2 971 304
Planning and Development	20 219 475		32 000		500	20 250 975	5 003 599	1 132 910	124	6 136 395	14 114 590
Health	3 234 533					3 234 533	477 962	80 119		558 081	2 676 452
Community & Social Services	32 105 801	(4 190 319)	1 946 726	1 245 500		31 107 708	2 924 992	780 875		3 705 867	27 401 841
Housing	230 000					230 000					230 000
Public Safety	8 741 944		1 504 683			10 246 627	1 470 315	853 705		2 324 020	7 922 607
Sport and Recreation	3 770 274					3 770 274	301 953	100 467		402 420	3 367 854
Corporate Services	44 943 964	4 190 319	5 017 483	(4 377 473)		49 774 293	4 867 119	1 211 736		6 078 855	43 695 438
Waste Management	1 690 658					1 690 658	394 609	123 580		518 189	1 172 469
Road Transport	260 966 210		37 880 957	(15 916 311)		282 930 856	37 415 068	12 801 769		50 216 837	232 714 019
Electricity	61 648 655		1 316	2 884 980		64 534 951	5 902 988	2 043 414		7 946 402	56 588 549
	446 240 582	(0)	46 540 392	(16 163 304)	465 398	476 152 271	60 664 573	19 425 420	101 235	79 988 758	396 163 514

**UMVOTI LOCAL MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2014**

2013 Actual Income	2013 Actual Expenditure	2013 Surplus/ (Deficit)		2014 Actual Income	2014 Actual Expenditure	2014 Surplus/ (Deficit)
R	R	R		R	R	R
215 805	31 065 512	(30 849 707)	Executive and Council	953 835	19 499 906	(18 546 071)
103 022 653	15 823 023	87 199 630	Budget and Treasury Office	109 050 858	18 056 508	90 994 350
731 852	2 045 217	(1 313 365)	Planning and Development	1 216 179	4 382 938	(3 166 759)
	333 589	(333 589)	Health		1 005	(1 005)
692 016	3 450 192	(2 758 176)	Community & Social Services	1 276 708	2 834 449	(1 557 741)
18 817	211 524	(192 707)	Housing		230 174	(204 212)
1 306 833	10 539 744	(9 232 911)	Public Safety	955 136	13 791 360	(12 836 224)
43 125	5 072 901	(5 029 776)	Sport and Recreation	30 833	6 440 563	(6 409 730)
460 957	19 867 179	(19 406 222)	Corporate Services	3 427 110	19 284 132	(15 857 022)
5 542 550	8 969 620	(3 427 070)	Waste Management	5 985 124	11 114 897	(5 129 773)
3 036 690	15 224 954	(12 188 265)	Road Transport	4 580 413	19 727 708	(15 147 295)
54 690 848	47 546 827	7 144 021	Electricity	56 740 527	47 121 984	9 618 543
2 183 117		2 183 117	Other	2 300 243		2 300 243
171 945 263	160 150 281	11 794 982	Sub - total	186 542 928	162 485 624	24 057 304
171 945 263	160 150 281	11 794 982		186 542 928	162 485 624	24 057 304



Umvoti Municipality Annual Financial Statements

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UMVOTI MUNICIPALITY
APPENDIX E
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA ACT 56 OF 2003
for the year ended 30 June 2014

Description	Name of organ of State	Unspent balance at 1 July 2013	Adjustment 2013/2014	Received 2013/2014	Expenditure 2013/2014	Transfer 2013/2014	Unspent balance at 30 June 2014	Grants delayed/ withheld	Reason for delaying/ withholding funds	Compliance with grant conditions YES/NO	Reason for non-compliance
		R	R	R	R	R	R	R			
Grants - general	Unspecified	160	(160)				0	N/A		YES	
MIG grant	Department of Traditional and Local Government Affairs	0	(1 498 681)	26 976 000	(21 855 459)		3 621 860	N/A		YES	
MIG	Department of Traditional and Local Government Affairs	0					-	N/A		YES	
Sport and recreation		434 239			(141 346)		292 893				
Grant - library	Library Services	4 641	(4 641)				0	N/A		YES	
Grant - taxi rank	Department of Traditional and Local Government Affairs	98 264					98 264	N/A		YES	
Finance Management	National Treasury	0	(109 000)	1 550 000	(1 438 083)		2 917	N/A		YES	
Municipal Systems Improvement	Department of Traditional and Local Government Affairs	913 577	(628 000)	890 000	(1 175 577)		(0)	N/A		YES	
LUMS	Affairs	2 519	(2 519)				(0)	N/A		YES	
Municipal Finance Management	National Treasury	228	(228)				-	N/A		YES	
Housing plan grant	Department of housing	0					-	N/A		YES	
Specific program grant	National Treasury	101 367			(24 014)		77 353	N/A		YES	
GUJMA KZN grant	Department of Traditional and Local Government Affairs	12 451					12 451	N/A		YES	
Development of policies	Umsinyathi District Municipality	0					-	N/A		YES	
IDP grant	Umsinyathi District Municipality	0					-	N/A		YES	
Grant - financial plan	Umsinyathi District Municipality	0					-	N/A		YES	
Grant - Phasiwe farm	Department of Traditional and Local Government Affairs	17 399					17 399	N/A		YES	
Spatial planning	Department of Traditional and Local Government Affairs	0					-	N/A		YES	
Management Assistance Project	Department of Traditional and Local Government Affairs	100 000					100 000	N/A		YES	
Library - computer expenses	Department of Traditional and Local Government Affairs	78 900		120 000	(49 071)		149 829	N/A		YES	
Corridor development	Department of Traditional and Local Government Affairs	2 040					2 040	N/A		YES	
Eshane development	Affairs	225 539			(140 516)		85 023	N/A			
Storm damage	Department of housing	2 821 500			(2 778 330)		43 170	N/A		YES	
Hostel upgrade	Department of housing	0					-	N/A		YES	
Rural electrification		0	(6 898 147)	10 000 000	(3 101 853)		-				
Thusong centres		952 515			(952 515)		-				
Kranskop expansion plan		476 880			(382 492)	(94 388)	-				
Woolstone greenfield plan		320 200			(176 290)	(143 910)	-				
Electrification - 497 sites				257 355	(257 355)		-				
Expanded public works program				1 600 000	(1 600 000)		-				
Urban renewal plan						238 298	238 298				
		6 562 420	(9 141 376)	41 393 355	(34 072 901)	-	4 741 498				