

UBUHLEBEZWE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS

2015

	R	R
2 Rental income from investment property		
Direct operating expenses from rental generating property	-	-
2 Details of investment property		
The investment property consists of land owned by the municipality		
3 Intangible Assets		
Carrying value opening balance	480,240	440,253
Cost	480,240	440,253
Accumulated Amortisation	-	-
Acquisitions	400,780	39,987
Carrying value closing balance	881,020	480,240
Cost	881,020	480,240
Accumulated Amortisation	-	-
The carrying value of intangible assets disclosed relates to computer software which is not amortised		
Reconciliation of Intangible Assets		
Opening Balance - Computer Software	480,240	440,253
Additions	400,780	39,987
Accumulated Amortisation	0	-
Total	881,020	480,240
4 Heritage Assets		
Cost - at 30 June 2014	2 849 000	2 849 000
Additions	1,942,660	
Closing Balance - at 30 June 2015	4 791 660	2 849 000
Reconciliation of heritage assets 2015		
Cost	2 849 000	
Additions	1,942,660	
Total	4 791 660	
Reconciliation of Heritage Assets 2014		
Cost	2 849 000	
Total	2 849 000	

UBUHLEBEZWE MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015 R	2014 R
5 Inventories		
Opening Inventory	4,600,000	4,600,000
Inventory written down	-	-
Sales	-928,860	
Closing Inventory	<u>3,671,140</u>	<u>4,600,000</u>
6 HOUSING OPERATING ACCOUNT		
Housing Operating Account	<u>373,787</u>	<u>373,787</u>
The Housing Operating Account is represented by the following assets and liabilities :		
Housing selling schemes	122,298	122,298
Cash and cash equivalents.	251,489	251,489
	<u>373,787</u>	<u>373,787</u>
7 LONG-TERM RECEIVABLES		
Housing selling scheme loans	122,298	122,298
Less : Provision for Bad Debts	(122,298)	(122,298)
Total	<u>-</u>	<u>-</u>

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
8 TRADE RECEIVABLE FROM EXCHANGE TRANSACTIONS (CONSUMER DEBTORS)		
Rates	16,758,708	13,217,219
Electricity	7,545	7,545
Self help & Loans	211,756	105,661
Refuse	2,791,834	2,730,349
Sundry	110,268	91,725
Rent	468,958	306,833
VAT Debtors	432,818	402,593
	20,781,887	16,861,925
Total service debtors	20,781,887	16,861,925
Less provision for bad debts	-12,781,032	-11,089,145
Total	8,000,855	5,772,780.00
<u>Rates: Ageing</u>		
Current (0 – 30 days)	-114,023	-427,684
31 - 60 Days	12,235	539,875
61 - 90 Days	9,839	511,056
91 - 120 Days	499,048	482,906
Greater than 120 days.	16,351,609	12,111,066
Total	16,758,708	13,217,219
<u>Electricity: Ageing.</u>		
Current (0 – 30 days)		
31 - 60 Days		
61 - 90 Days		
91 - 120 Days		
Greater than 120 days.	7,545	7,574
Total	7,545	7,574
<u>Self Help Scheme: Ageing.</u>		
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
Greater than 120 days	211,756	105,661
Total	211,756	105,661
<u>Rent: Ageing.</u>		
Current (0 – 30 days)	59,945	23,057
31 - 60 Days	12,592	2,692
61 - 90 Days	17,970	1,827
91 - 120 Days	17,314	4,787
Greater than 120 days.	361,137	274,470
Total	468,958	306,833
<u>Refuse: Ageing.</u>		
Current (0 – 30 days)	125,461	-6,242
31 - 60 Days	13,838	94,830
61 - 90 Days	82,100	80,540
91 - 120 Days	74,928	77,262
Greater than 120 days.	2,495,507	2,483,960
Total	2,791,834	2,730,349

8.1 (TRADE RECEIVABLE FROM EXCHANGE TRANSACTIONS -(CONSUMER DEBTORS) continued

<u>Sundry: Ageing.</u>		
Current (0 – 30 days)	3,021	2,497
31 - 60 Days	4	2,946
61 - 90 Days	2,303	2,794
91 - 120 Days	2,203	2,744

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
Greater than 120 days.	102,737	80,744
Total	110,268	91,725
<u>Vat Debtors</u>		
Current (0 – 30 days)	-75,861	2,354
31 - 60 Days	1,712	13,653
61 - 90 Days	14,332	11,531
91 - 120 Days	27,555	11,487
Greater than 120 days.	465,080	363,568
Total	432,818	402,593
<u>Add back credits included above: Ageing</u>		
Current (0 – 30 days)	-189,884	-1,223,934
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
Greater than 120 days	-	-
Total	-189,884	-1,223,934
Included in the consumer debtors balances are the amounts owed by other spheres of Government:		
<u>Other spheres of Government: Ageing</u>		
Current (0 – 30 days)	-	5,527,03
31 - 60 Days	-	56,566
61 - 90 Days	-	53,086
91 - 120 Days	-	53,177
Greater than 120 days	-	3,363,688
Total	-	3,522,043
8.2 Reconciliation of the doubtful debt provision		
Balance at beginning of the year	-11,095,531	-9,200,416
Consumer Debtors	-11,095,531	-8,726,123
Other Debtors (note 7.)	-	-474,293
(Release from) Contribution to provision	-2,702,265	-2,369,408
Consumer Debtors	-2,702,265	-2,369,408
Vat Debtors	-	-
Bad Debts written of against provision.	1,132,676	474,293
Consumer Debtors	-12,665,120	-11,095,531
Vat Debtors	-	-
Vat Debtors and other debtors	-	-
Balance at end of year.	-12,665,120	-11,095,531
9 OTHER RECEIVABLES (TRADE RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS)		
Sundry Debtors	1,283,265	1,179,793
Other debtors and traffic fines	162,933	85,272
Total Other Debtors	1,446,198	1,265,065
10 VAT RECEIVABLE		
VAT receivable	4,821,506	5,133,487
	4,821,506	5,133,487

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

There is currently an audit underway in order to establish the recoverability of the debt from SARS

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
11 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	5,249	5,249
Bank Balances	3,206,659	1,928,353
Short-term deposits	78,757,765	64,099,551
	<u>81,969,673</u>	<u>66,033,153</u>

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
The municipality had the following bank accounts		
<u>Current Account (Primary Bank Account)</u>		
First National Bank Limited - Ixopo Branch: Account Number 52552416194		
Cash book balance at beginning of year	1,933,602	3,480,856
Cash book balance at end of the financial period	3,206,659	1,933,602
Bank statement balance at beginning of year	1,448,149	3,483,276
Bank statement balance at end of the financial period	3,134,604	1,448,149
<u>Investment Bank account</u>		
<u>First National Bank - Ixopo Branch</u>		
<i>Account Number 62143895988 Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	2,455,109	1,281,553
Bank statement balance at the end of the year	207,163	2,455,109
<u>Investment Bank account</u>		
<u>First National Bank - Ixopo Branch</u>		
<i>Account Number 62248166218 Sangcwaba Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	633,047	618,502
Bank statement balance at the end of the year	592,381	633,047
<u>Investment Bank account</u>		
<u>First National Bank - Ixopo Branch</u>		
<i>Account Number 7 Day Call Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	4,192,999	-
Bank statement balance at the end of the year	-	4,192,999
<u>Investment Bank account</u>		
<u>Nedbank - Ixopo Branch</u>		
<i>Account Number 7881076763/001 Fixed Deposit 1 month</i>		
Bank statement balance at the beginning of the year	10,406,787	-
Bank statement balance at the end of the year	-	10,406,787
<u>Investment Bank account</u>		
<u>Nedbank - Ixopo Branch</u>		
<i>Account Number 7881076763/000047 Fixed Deposit 3 months</i>		
Bank statement balance at the beginning of the year	-	4,563,609
Bank statement balance at the end of the year	-	-

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
Investment Bank account		
<u>Nedbank - Ixopo Branch</u>		
<i>Account Number 03/ 7881076763/002 Fixed Deposit 3 months</i>		
Bank statement balance at the beginning of the year	5,314,469	5,064,274
Bank statement balance at the end of the year	-	5,314,469
Investment Bank account		
<u>Nedbank - Ixopo Branch</u>		
<i>Account Number 7881076763/018</i>		
Bank statement balance at the beginning of the year	3,790,022	3,602,349
Bank statement balance at the end of the year	-	3,790,022
Investment Bank account		
<u>Standard Bank Account - Ixopo Branch</u>		
<i>Account Number 90 Days Equitable Share</i>		
Bank statement balance at the beginning of the year	5,366,354	5,088,391
Bank statement balance at the end of the year	-	5,366,354
Investment Bank account		
<u>Standard Bank Account - Ixopo Branch</u>		
<i>Account Number 90 Days Equitable Share - 068730276 - 005</i>		
Bank statement balance at the beginning of the year	-	5,196,770
Bank statement balance at the end of the year	10,100,202	-
Investment Bank account		
<u>Standard Bank Account - Ixopo Branch</u>		
<i>Account Number- MIG 068730276-007</i>		
Bank statement balance at the beginning of the year	-	5,203,019
Bank statement balance at the end of the year	-	-
Investment Bank account		
<u>Standard Bank Account - Ixopo Branch</u>		
<i>Account Number 068730276-004</i>		
Bank statement balance at the beginning of the year	2,950,382	2,804,016
Bank statement balance at the end of the year	2,950,382	2,950,382
Investment Bank account		
<u>Standard Bank Account - Ixopo Branch</u>		
<i>Account Number 068730276-005 Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	10,143,972	-
Bank statement balance at the end of the year	10,765,896	10,143,972
Investment Roads Grant		
<u>Standard Bank Account - Ixopo Branch</u>		
<i>Account Number 068730276-006 Fixed Deposit 3 months</i>		
Bank statement balance at the beginning of the year	5,202,039	-
Bank statement balance at the end of the year	5,568,451	5,202,039
Investment Bank account		
<u>Ithala - Ixopo Branch</u>		
<i>Account Number</i>		
Bank statement balance at the beginning of the year	5,069,737	-
Bank statement balance at the end of the year	5,384,085	5,069,737

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
Investment Bank account		
<u>Ithala - Ixopo Branch</u>		
Account Number 46125086		
Bank statement balance at the beginning of the year	3,239,468	3,082,221
Bank statement balance at the end of the year	<u>-</u>	<u>3,239,466</u>

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
Investment Bank account		
<u>Ithala - Ixopo Branch</u>		
<i>Account Number</i>		
Bank statement balance at the beginning of the year	5,069,737	-
Bank statement balance at the end of the year	<u>5,384,085</u>	<u>5,069,737</u>
Investment Bank account		
<u>Ithala - Ixopo Branch</u>		
<i>Account Number 46125086</i>		
Bank statement balance at the beginning of the year	3,239,466	3,082,221
Bank statement balance at the end of the year	<u>-</u>	<u>3,239,466</u>
Investment Bank account		
<u>Absa - Ixopo Branch</u>		
<i>Account Number 20 - 7042-5909</i>		
Bank statement balance at the beginning of the year	-	3,445,068
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
Investment Bank account		
<u>Absa - Ixopo Branch</u>		
<i>Account Number 40553523279/001</i>		
Bank statement balance at the beginning of the year	-	4,154,023
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
Investment Bank account		
<u>Absa - Ixopo Branch</u>		
<i>Account Number-ABSA: 60 Days Small Town Rehab.</i>		
Bank statement balance at the beginning of the year	5,335,168	5,084,911
Bank statement balance at the end of the year	<u>-</u>	<u>5,335,168</u>
Investment Bank account		
<u>Absa - Ixopo Branch</u>		
<i>Account Number-ABSA: 3 Months: Small Town Rehab.</i>		
Bank statement balance at the beginning of the year	-	5,084,447
Bank statement balance at the end of the year	<u>10,471,117</u>	<u>-</u>
Account Number-ABSA: 3 Months: Small Town Rehab.		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>10,000,000</u>	<u>-</u>
Account Number-ABSA: 3 Months: Small Town Rehab.		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>10,307,804</u>	<u>-</u>
Account Number-ABSA: 3 Months: Small Town Rehab.		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>10,152,877</u>	<u>-</u>
Account Number-ABSA: 3 Months: Small Town Rehab.		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>5,207,759</u>	<u>-</u>

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,016	2,014
	R	R
12 FINANCE LEASE OBLIGATION		
Minimum lease payments due		
Within one year	281,815	405,985
in 2 to 5 years inclusive	62,932	454,040
	<u>344,747</u>	<u>860,025</u>
 Present value minimum lease payments due		
Within one year	281,815	405,985
in 2 to five years inclusive	62,932	454,040
	<u>344,747</u>	<u>860,025</u>
Finance lease payments represent payments payable by the municipality for photocopiers and printers. No finance lease period is more than five years. All finance leases have signed contracts with the service providers.		
13 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	5,951,785	8,840,561
Deposits Other	361,779	194,723
Payments received in advance	814,891	608,953
Staff leave accrual	2,543,895	1,172,750
Retentions	4,645,095	2,514,327
Payroll Suspense	-	-
Other creditors	-60	204,562
Total creditors	<u>14,317,385</u>	<u>13,535,876</u>
Leave provision is calculated on leave due up to 48 days (Over and above 48 days is not provided for in terms of the Bargaining Council agreement.)		

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
14 UNSPENT CONDITIONAL GRANTS AND SUBSIDIES		
Unspent Conditional Grants from other spheres of Government		
Capital Investment Program		9,700
G I S Grant	-	2,659
Hawkers/Taxi Grant		1,033,341
H R Systems Governance	-	390
Ixopo Sportsfields Maintenance	143,182	656,496
Small Town Rehabilitation	12,825,345	8,791,803
Land Use Management		220,238
Library Building Grant	25,225	47,718
Market Stalls	0	350,877
LED Programmes		-
Thusong Centre	-	1
Ixopo Sportsfields	129,350	
Project Management Unit		163,377
Sangcwaba Grant	565,387	623,220
Electrification - Cogta	-	
Electrification - DoE	-	
Mackenzie Farm	480,796	-
Total	14,169,285	11,899,819
Total Unspent Conditional Grants and Subsidies	14,169,285	11,899,819
See Note 18 for reconciliation of grants and receipts.		
15 Revenue		
Service Charges	1,463,902	1,478,348
Rental of facilities	810,788	855,697
Interest received	5,445,944	3,792,522
Licences and permits	3,506,864	3,234,340
Miscellaneous other revenue	1,675,263	1,186,342
Property rates	12,348,922	12,409,933
Penalties imposed	-100	539,317
Government grants and subsidies	140,995,142	99,063,980
Fines	263,912	187,605
	166,510,637	122,748,084
15.1 The amounts included in revenue arising from exchange of goods and services are as follows		
Service charges	1,463,902	1,478,348
Rental of facilities and equipment	810,788	855,697
Interest received (trading)	5,445,944	3,792,522
Licence and permits	3,506,864	3,234,340
Miscellaneous other revenue	1,675,263	1,186,342
	12,902,761	10,547,249
15.2 The amount included in revenue arising from non-exchange transactions is a follows:		
Taxation revenue		
Property rates	12,348,922	12,409,933
Penalties imposed	-100	539,317
Transfer revenue		
Government grants and subsidies	140,995,142	99,063,980
Fines	263,912	187,605
	153,607,876	112,200,835
16 PROPERTY RATES		
Property rates	19,935,452	19,000,161
Less Revenue Forgone	-7,586,530	-6,590,228

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
Total property rates		
Property rates - penalties imposed and collection charges	12,348,922	12,409,933
Total	<u>12,348,922</u>	<u>539,317</u>
	<u>12,348,922</u>	<u>12,949,250</u>
Valuations		
Residential	229,855,000	229,855,000
Commercial	268,779,000	268,779,000
State	240,376,000	240,376,000
Industrial	22,050,000	22,050,000
Municipal	19,564,000	19,564,000
Agricultural	1,815,200,000	1,815,200,000
Donation: Sport & Welfare	-	-
Farms- Residential	4,839,000	4,839,000
Smallholdings- Agriculture	2,525,000	2,525,000
Public service Infrastructure	2,578,000	2,578,000
Smallholdings- Commercial	6,547,000	6,547,000
Ingonyama Trust	24,360,000	24,360,000
Vacant land	28,957,000	28,957,000
Communal Settlement	12,245,000	12,245,000
Total Property Valuations	<u>2,677,875,000</u>	<u>2,677,875,000</u>

Valuations on land and buildings are performed every five years. The current general valuation came into effect on 1 July 2013.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to payable by the end of April, alterations.

Rates are levied in ten monthly equal instalments with the first instalment being due at the end of August and the last instalment is in May due at the end of June.

- Residential	0.0141c/R	0.0141c/R
- State owned	0.0145c/R	0.0145c/R
- Agriculture	0.0035c/R	0.0035c/R
- Infrastructure	0.0035c/R	0.0035c/R
- Communal land	0.0035c/R	0.0035c/R
- Commercial	0.0145c/R	0.0145c/R
- Industrial	0.0152c/R	0.0152c/R
- Place of worship	Exempt	Exempt

The municipality does not levy rates on the first R15 000 of the market value of properties assigned to the categories below.

Residential;
Agriculture;
Smallholding (Agriculture);
Commercial;
Industrial; and
Communal land.

The Municipality does not levy rates on the first 30% of the market value of Public service infrastructure and State owned properties.

17 SERVICE CHARGES

Refuse removal	1,463,902	1,478,348
Total Service Charges	<u>1,463,902</u>	<u>1,478,348</u>

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2015	2014
	R	R
18 RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities	810,788	855,697
Rental of equipment	-	-
Other rentals	-	-
Total rentals	810,788	855,697
19 INTEREST EARNED - ON SHORT TERM DEPOSITS		
Call Interest	5,445,944	3,499,083
Bank Current Account	-	293,440
Total interest	5,445,944	3,792,523
20 GOVERNMENT GRANTS AND RECEIPTS		
Equitable share	66,977,000	56,315,505
Financial Management Grant	1,800,000	1,684,048
Geographical Information Systems Grant	-	5,807
Small Town Rehabilitation - <i>Capital Grant</i>	9,700,000	8,102,770
Municipal Development Planning Capacity	-	24,973
Sanowaba Grant	-	50,730
Library Cyber Grant	535,000	519,326
Mariathal Project	-	8,197
Municipal Admin Development	-	9,000
Library Assistant Grant	126,000	-
Municipal Infrastructure Grant - <i>Capital Grant</i>	23,553,000	27,933,983
Kuyasa School	-	4,302
Project Consolidate (Municipal Systems Information Grant)	934,000	1,023,513
EPWP	1,090,000	1,000,000
LED Programmes	1,735,000	1,808,582
Thusong Centre	-	387,173
Ixopo Sportsfields and maintenance	-	63,318
Waste Disposal Site Grant	-	118,121
Sponya Housing	56,288	-
Electrification - Cogta - <i>Capital Grant</i>	20,815,000	-
Electrification - DOE - <i>Capital Grant</i>	8,000,000	-
Management Assistance Grant	-	4,632
Mackenzie Farm - <i>Capital Grant</i>	8,000,000	-
Total Grants and Receipts	143,321,288	99,063,980
20.1 Equitable Share		
Balance unspent at beginning of year		
Current allocation	66,977,000	57,039,000
Amount withheld	-	723,495
Current year receipts	66,977,000	56,315,505
Conditions met - transferred to revenue	-66,977,000	-56,315,505
Conditions still to be met - remain liabilities (see note 13)	-	-
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
20.2 Capital Investment Programme Grant		
Balance unspent at beginning of year		
Current year receipts	9,700	9,700
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	9,700	225 9,700

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
20.3 Financial Management Grant		
Balance unspent at beginning of year	-	34,048
Current year receipts	1,800,000	1,650,000
Conditions met - transferred to revenue	-1,800,000	-1,684,048
Conditions still to be met - remain liabilities (see note 13)	<u>-</u>	<u>-</u>

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
20.4 Geographical Information Systems Grant		
Balance unspent at beginning of year	2,659	8,466
Current year receipts (GIS grants consolidated transferred from GIS 07/06)	-	-
Conditions met - transferred to revenue	-2,659	-5,807
Conditions still to be met - remain liabilities (see note 13)	<u>-</u>	<u>2,659</u>
20.5 Hawkers/Taxi Grant		
Balance unspent at beginning of year	1,033,341	1,033,341
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	<u>1,033,341</u>	<u>1,033,341</u>
20.6 HR Systems Governance		
Balance unspent at beginning of year	390	7,170
Current year receipts	-	-
Conditions met - transferred to revenue	-390	-6,780
Conditions still to be met - remain liabilities (see note 13)	<u>-</u>	<u>390</u>
20.7 Internal Roads / Small Town Rehabilitation Grant		
Balance unspent at beginning of year	8,791,802	5,824,434
Current year receipts	9,700,000	11,143,000
Conditions met - transferred to revenue	-5,666,457	-8,175,631
Conditions still to be met - remain liabilities (see note 13)	<u>12,825,345</u>	<u>8,791,803</u>
20.8 Kuyasa School Grant		
Balance unspent at beginning of year	-	4,302
Current year receipts	-	-
Conditions met - transferred to revenue	-	-4,302
Conditions still to be met - remain liabilities (see note 13)	<u>-</u>	<u>-</u>
20.9 Land Use Management		
Balance unspent at beginning of year	220,238	220,238
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	<u>220,238</u>	<u>220,238</u>
20.10 Library Assistant		
Balance unspent at beginning of year	-	-134,945
Current year receipts	126,000	120,000
Conditions met - transferred to revenue	-126,000	14,945
Conditions still to be met - remain liabilities (see note 13)	<u>-</u>	<u>-</u>
20.11 Library Building Grant		
Balance unspent at beginning of year	47,718	-117,956
Current year receipts	535,000	685,000
Conditions met - transferred to revenue	-557,493	-519,326
Conditions still to be met - remain liabilities (see note 13)	<u>25,225</u>	<u>47,718</u>
20.12 Municipal Infrastructure Grant		
Balance unspent at beginning of year	-	5,895,983
Current year receipts	23,553,000	22,038,000
Conditions met - transferred to revenue	-23,553,000	-27,933,983

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
Conditions still to be met - remain liabilities (see note 13)	-	-
20.13 Management Assistance Grant		
Balance unspent at beginning of year	-	4,632
Current year receipts	-	-
Conditions met - transferred to revenue	-	-4,632
Conditions still to be met - remain liabilities (see note 13)	-	-
20.14 Marithal Project Grant		
Balance unspent at beginning of year	-	8,197
Current year receipts	-	-
Conditions met - transferred to revenue	-	-8,197
Conditions still to be met - remain liabilities (see note 13)	-	-
20.15 Market Stalls Grant		
Balance unspent at beginning of year	350,877	350,877
Current year receipts	-	-
Conditions met - transferred to revenue	-350,877	-
Conditions still to be met - remain liabilities (see note 13)	0	350,877
20.16 LED Programme		
Balance unspent at beginning of year	-	308,582
Current year receipts	1,735,000	1,500,000
Conditions met - transferred to revenue	-1,735,000	-1,808,582
Conditions still to be met - remain liabilities (see note 13)	-	-
20.17 Mun Development Planning Capacity Building		
Balance unspent at beginning of year	-	24,973
Current year receipts	-	-
Conditions met - transferred to revenue	-	-24,973
Conditions still to be met - remain liabilities (see note 13)	-	-
20.18 Municipal administrative Development		
Balance unspent at beginning of year	-	9,000
Current year receipts	-	-
Conditions met - transferred to revenue	-	-9,000
Conditions still to be met - remain liabilities (see note 13)	-	-
20.19 Mziki LCH		
Balance unspent at beginning of year	-	-573,880
Current year receipts	-	-
Written-off - 31 Dec. 2013	-	573,880
Conditions still to be met - remain liabilities (see note 13)	-	-

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
20.20 Nokweja Disaster Fund		
Balance unspent at beginning of year		
Current year receipts	-	-8,558
Written-off - 31 Dec. 2013	-	-
Balance owing transferred to debtors (Refer to note 8)	-	8,558
	-	-
20.21 Thusong Service Centre		
Balance unspent at beginning of year		
Current year receipts	1	387,000
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	-1	-388,999
	-	1
20.22 Project Consolidate (Municipal Systems Information Grant)		
Balance unspent at beginning of year		
Current year receipts	-	34,513
Conditions met - transferred to revenue	934,000	890,000
Conditions still to be met - remain liabilities (see note 13)	-934,000	-924,513
	-	-
20.23 Project Management unit		
Balance unspent at beginning of year		
Adjustments	163,377	163,377
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	-	-
	163,377	163,377
20.24 Sangcwaba Grant		
Balance unspent at beginning of year		
Current year receipts	623,220	673,950
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	-	-50,730
	623,220	623,220
20.25 Waste Disposal Site		
Balance unspent at beginning of year		
Conditions met - transferred to revenue	-	118,121
Conditions still to be met - remain liabilities (see note 13)	-	-118,121
	-	-
20.26 Ixopo Sportsfield		
Balance unspent at beginning of year		
Adjustment	420,000	-
Current year receipts	-	143,931
Disclosed as a debtor in 2013	-	570,000
Written Off in the current year	-	-144,366
Conditions met - transferred to revenue	-	144,366
Conditions still to be met - remain liabilities (see note 13)	-278,818	-57,435
	143,182	656,496
20.27 Ixopo Sports Field Maintenance		
Balance unspent at beginning of year		
Conditions met - transferred to revenue	-	118,121
Conditions still to be met - remain liabilities (see note 13)	-107,145	-118,121
	-107,145	-
20.28 EPWP Grant		
Balance unspent at beginning of year		
Adjustments - Witheld and transferred to Equitable Share	-	411,505
Current year receipts	-	-411,505
Conditions met - transferred to revenue	1,090,000	1,000,000
Conditions still to be met - remain liabilities (see note 13)	-1,090,000	-1,000,000
	-	-

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
20.29 Mckenzie Farm		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	8,000,000	-
Conditions still to be met - remain liabilities (see note 13)	-7,519,204	-
	<u>480,796</u>	<u>-</u>
20.30 Electrification - Cogta		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	20,815,000	-
Conditions still to be met - remain liabilities (see note 13)	-20,815,000	-
	<u>-</u>	<u>-</u>
20.31 Electrification - DOE		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	8,000,000	-
Conditions still to be met - remain liabilities (see note 13)	-8,000,000	-
	<u>-</u>	<u>-</u>
20.32 Sponya Housing		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	56,288	-
Conditions still to be met - remain liabilities (see note 13)	-56,288	-
	<u>-</u>	<u>-</u>
21 OTHER INCOME		
<i>Included in other income are the following:-</i>		
Sundry income	5,400	287,889
Licence commission	732,927	665,515
Burial fees	19,341	31,025
Building fees	48,233	63,890
Lost books	-	134
Library photostats	-	3,037

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
Sale of assets		
Admin fees	160,752	-
Basic Charge- Fire Services	26,949	25,172
Skills development	38,103	27,079
Rates Clearance	79,763	85,550
	6,829	5,950
	<u>1,116,295</u>	<u>1,195,242</u>
22 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	29,228,745	24,817,487
Employee related costs - Contributions for UIF, pensions and medical aids	6,426,877	5,389,609
Travel, motor car, accommodation, subsistence and other allowances	1,921,182	1,626,472
Housing benefits and allowances	13,369	10,644
Overtime payments	1,176,295	726,232
13th Cheques	520,836	451,773
Other employee related costs	1,904,553	1,694,050
Total Employee Related Costs	<u>41,191,857</u>	<u>34,716,267</u>
<i>There were no advances to employees.</i>		
Remuneration of the Municipal Manager		
Annual Remuneration	874,937	781,104
Performance- and other bonuses	150,852	141,645
Travel, motor car, accommodation, subsistence and other allowances	154,104	169,407
Contributions to UIF, Medical and Pension Funds	118,237	110,992
Total	<u>1,298,130</u>	<u>1,203,148</u>
Remuneration of the Chief Financial Officer		
Annual Remuneration	712,095	600,000
Performance- and other bonuses	115,917	108,843
Travel, motor car, accommodation, subsistence and other allowances	197,305	233,356
Contributions to UIF, Medical, Pension Funds and Skills levy	11,116	10,711
Total	<u>1,036,433</u>	<u>952,910</u>
Technical Services		
Annual Remuneration	717,013	697,500
Performance- and other bonuses	111,154	67,095
Travel, motor car, accommodation, subsistence and other allowances	122,531	56,178
Contributions to UIF, Medical and Pension Funds	10,916	9,891
Total	<u>961,614</u>	<u>830,664</u>
The Director Infrastructure resigned in December 2012, subsequently a new director was appointed in January 2013.		
Corporate Services		
Annual Remuneration	699,364	625,500
Performance- and other bonuses	71,456	67,095
Travel, motor car, accommodation, subsistence and other allowances	121,080	145,574
Contributions to UIF, Medical and Pension Funds	10,534	9,956
Total	<u>902,434</u>	<u>848,125</u>

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
The remuneration for the Director: Corporate Services post is for the full financial year.		
Social Development		
Annual Remuneration		
Performance- and other bonuses	606,958	558,500
Travel, motor car, accommodation, subsistence and other allowances	71,456	67,095
Contributions to UIF, Medical and Pension Funds	191,085	212,021
	10,146	9,851
Total	<u>879,645</u>	<u>847,467</u>

23 REMUNERATION OF COUNCILLORS

Mayor		
Deputy Mayor	752,000	491,390
Speaker	604,832	334,145
Exco Members	344,381	216,212
Councillor skills levy	903,284	486,091
Councillors' allowances	59,999	57,120
Cellular Allowance	3,934,646	5,260,039
Councillors' data cards	495,615	91,052
Total Councillors' Remuneration	<u>85,500</u>	<u>14,400</u>
	<u>7,180,257</u>	<u>6,893,329</u>

In-kind Benefits

The Mayor and two of the Executive Committee members are full-time. Each is provided with an office and shared secretarial support at the cost of the Council.
The Mayor and the Deputy Mayor has use of the Council owned vehicle. A municipal driver is allocated to the Mayor for official duties as indicated in the Municipal Vehicle Usage Policy.

24 CONTRACTED SERVICES

Contracted services for:		
Consultancy Fees		
Security	489,123	636,675
Insurance	1,698,264	1,715,723
Rental of Hardware	306,273	604,635
other	424,658	343,784
	2,043,999	1,104,662
	<u>4,962,318</u>	<u>4,405,479</u>

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
25 GENERAL EXPENSES		
Included in general expenses are the following:-		
Advertisements		
Arts and Culture	362,693	425,299
Pest Control	185,155	342,847
Water	8,596	5,395
Audit-External	522,399	6,016
Bank Charges	1,228,209	1,362,476
Breakdown Services	111,634	112,249
HIV/Aids awareness	-	-2
Marketing & Tourism	317,997	142,611
Stores and maintenance	16,837	312,401
Chemicals, Cleaning & First Aid	23,557	15,815
Cleaning Office	57,461	25,717
Community Awareness	122,406	94,349
Compensation Commissioner	-	46,580
Computer & IT Support	-	305,593
Plan development	829,146	469,394
Electricity	-	297,806
Employment Creation	367,969	229,826
Entertainment	1,125,626	1,425,836
Free Basic Electricity	107,548	70,111
Freight Costs/Hire Costs	1,514,324	1,114,651
Fuel & Oil	12,330	24,561
Gender Development	1,199,124	1,284,070
Bursary Youth	195,786	188,510
Bursary Staff	268,557	313,800
IDP Budget Review	77,290	
Employees Assistance Programme	200,287	97,272
LED Projects	86,754	48,189
Legal Fees	2,427,541	2,874,046
Licences & Permits	836,115	839,973
Moral Regeneration	98,198	69,287
Occupational Safety/Protective clothing	33,900	20,020
Disaster Management, back to school and corporate branding	496,468	271,156
Postage	181,863	178,977
Printing & Stationery	86,203	80,691
Public Participation	623,910	672,983
Library outreach programme	303,620	643,672
SMME Capacity Building	14,368	
Traffic Levy	31,343	115,953
Refuse Expenses	7,814	8,903
Land Disposal Policy	897,721	325,639
Reimburse Travel	-	157,520
S & T Accommodation	400,317	296,455
Arts Promotions	1,170,772	862,253
Town Planning Initiative	109,233	171,685
Software Licence Fees	481,000	-
Special Programmes	326,336	283,389
Sports & Recreation	750,384	378,115
Strategic Plan	495,719	479,075
Subs Membership & Publication	403,279	608,526
Sundry	565,076	463,194
Training	48,721	20,244
Unemployment Training	2,208,320	1,559,762
Job Evaluation	227,850	
Valuation Roll	10,000	
Ward Committee	93,922	610,943
ID Campaign	671,625	710,081
Team Building	-	26,070
	116,613	-

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
Youth Upliftment	422,774	303,830
26 CASH GENERATED BY OPERATIONS	23,483,690	21,813,814
Surplus/(deficit) for the year	59,201,156	27,255,471
Adjustment for:-	-	-
Interest earned	5,445,944	-3,792,522
Interest expense	-	-
Depreciation and amortisation	19,781,566	19,591,019
Impairment of property, plant and equipment	-	-
Provisions	-5,365,014	2,951,451
Increase / Decrease in contribution to post retirement benefits	-801,000	843,930
Sundry	-	-
Working Capital Movements	-	-
Increase / Decrease in trade receivables from non - exchange transactions	181,133	-1,276,421
Increase /Decrease in trade receivables from Exchange transactions	2,228,075	-661,243
Decrease/increase in VAT receivable	-422,320	835,227
Decrease / Increase in Inventory	-3,671,140	-
Increase /Decrease in trade payables	781,509	-1,798,231
Increase /Decrease in Unspent Grants	2,269,466	-3,778,520
Decrease/Increase in current portion of lease liability	-124,170	-405,985
Cash generated by operations	79,505,206	39,766,176

27 CORRECTION OF ERROR

The comparatives for 2013/2014 have been restated in respect of the following errors:

27.1 Investment Property

	Cost	Accumulated Depreciation
Balance previously reported	17,922,139	-338,452
Fair Value Cost not recorded previously recorded	300,000	-
Accumulated Depreciation not previously recorded	-	-270,000
Depreciation for 2013/14	-	10,000
Restated balance at June 2014	18,222,139	-596,452

27.2 Buildings

	Cost	Accumulated Depreciation
Balance previously reported	32,219,871	-10,958,958
Fair Value Cost not recorded previously recorded	590,000	-
Accumulated Depreciation not previously accounted for	-	-257,677
Depreciation for 2013/14	-	17,344
Restated balance at June 2014	32,809,871	-11,197,291

27.3 Community Assets

	Cost	Accumulated Depreciation
Balance previously reported	116,454,123	-40,038,775
Impairment not correctly accounted for - cost	-7,842,587	-
Cost of community assets previously not recognised	337,000	-
Impairment not correctly accounted for - Accumulated depreciation	-	7,842,587
Adjustment for fully depreciated assets	-	5,102,499
Depreciation for 2013/14	-	-1,700,193
Restated balance at June 2014	108,948,536	234 -28,793,882

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
27.4 Furniture & Equipment		
	Cost	Accumulated Depreciation
Balance previously reported	3,508,678	-1,679,912
Fair Value Cost not recorded previously	225,329	
Accumulated depreciation not previously accounted for and / or incorrectly accounted for.		-177,645.00
Depreciation not previously recorded 2014		53,803.00
Restated balance at June 2014	3,734,007	-1,803,754.00
27.5 Computer Equipment		
	Cost	Accumulated Depreciation
Balance previously reported	2,315,103	-859,117.00
Fair Value Cost not recorded previously	382,169	
Accumulated depreciation not previously accounted for and / or incorrectly accounted for.		-319,061.00
Depreciation 2013/14		33,882.00
Restated balance at June 2014	2,697,272	-1,144,296.00
27.6 Plant & Equipment		
	Cost	Accumulated Depreciation
Balance previously reported	3,251,525	-1,651,375
Fair Value Cost not recorded previously	32,721	
Accumulated depreciation not previously accounted for and / or incorrectly accounted for		62,639.00
Depreciation 2013/14		-12,669.00
Restated balance at June 2014	3,284,246	-1,601,405.00
27.7 Vehicles		
	Cost	Accumulated Depreciation
Balance previously reported	5,525,079	-2,125,367
Fair Value Cost not recorded previously		
Accumulated depreciation not previously accounted for and / or incorrectly accounted for.		23327
Depreciation 2013/14		-8,848
Restated balance at June 2014	5,525,079	-2,110,888
27.8 Infrastructure Assets		
	Cost	Accumulated Depreciation
Balance previously reported	179,481,228	-123,818,539
Fair Value Cost not recorded previously	2,575,990	
Accumulated depreciation not previously accounted for and / or incorrectly accounted for.		-1,039,015.25
Depreciation 2013/14		-324,809
Restated balance at June 2014	182,057,218	-125,180,363
27.9 Work In Progress		
Balance Previously reported	28,768,072	
Correction - Capitalising Asset	-2,362,598	
Restated Balance	26,405,474	
Correcting an asset that was previously not capitalised		

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
27.10 Inventory		
Adjustments affecting the statement of financial position		
	Investment Property	Inventory
Opening balance	17,585,687.00	
Correction of inventory previously classified as investment property	-4,600,000.00	4,600,000.00
Restated balance as at June 2013	<u>12,985,687.00</u>	<u>4,600,000.00</u>
Land, included in investment property in the year 2012/13 was not correctly transferred to inventory in the financial year 2013/14 when there was a change of intention to develop the land into a residential area for resale. Investment property was derecognised on the financial system and asset register. The development has been re-classified as inventory as required by GRAP		
27.11 Payable from exchange transactions		
Adjustments affecting the statement of financial position	2015	2014
Opening balance	374,591	
Accruals not cleared in the previous financial year - 2010/11	-110,766	
Accruals not cleared in the previous financial year - 2012/13	-99,000	
Accruals not cleared in the previous financial year - 2013/14	-100,904	
Closing balance	<u>63,921.26</u>	<u>374,591.26</u>
Accruals relating to the previous financial years were raised and not cleared in full due to unsatisfactory/incomplete delivery of goods/services. This resulted in part payments and a differences between the accruals raised and paid		
27.12 Payable from exchange transactions		
Adjustments affecting the statement of financial position	2015	2014
Opening balance	20,707	
Clearing of cancelled order that erroneously remained on the system	-20,707	20,707
Closing balance	<u>-</u>	<u>20,706.91</u>
Clearing of orders relating to the previous financial years 2013/14 which were cancelled, but remained in the vote due to system error.		
27.13 Payable from exchange transactions		
Adjustments affecting the statement of financial position	2015	2014
Opening balance	102,036	
Untraceable reconciling item	-102,036	102,036
Closing balance	<u>-</u>	<u>102,036</u>
An untraceable reconciling item on the cashbook expenditure had been carried over from previous financial years. Council approved a write off of the amount of R102 036.91 which could not be traced and remained a re-occurring reconciling item on the cash book.		
27.14 Payable from exchange transactions		
Adjustments affecting the statement of financial position	2015	2014
Allocating a portion of the invoice previously not accounted for in 2013/14	25,240	
Amount paid	-25,240	-
Closing balance	<u>-</u>	<u>-</u>
A portion of an invoice submitted by the service provider was not paid in full due to incomplete delivery of services. The remaining services were subsequently delivered, however the remaining amount had not been committed.		

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2015	2014
	R	R
27.15 Receivables from exchange transactions		
Adjustments affecting the statement of financial position	2015	2014
Opening balance		
Correction of duplicate entry	95,303	
Closing balance	<u>-95,303</u>	<u>-</u>

Reversal of duplicate entries posted twice

27.16 Receivables from exchange transactions

Adjustments affecting the statement of financial position	2015	2014
Opening balance		
Untraceable balance - 2005/2006	3,439	
Closing balance	<u>-3,439</u>	<u>-</u>

An untraceable amount of R 3 439.14 for hall hire deposit had been carried over from the 2005/06 financial years and remained in the municipal books.

28 FRUITLESS AND WASTEFUL EXPENDITURE

There was no fruitless and wasteful expenditure incurred as at 30 June 2015

29 IRREGULAR EXPENDITURE AND DEVIATIONS

29.1 IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure:

Opening balance	229,916	229,916
Section 36 - condoned or written off by Council	-229,916	-
Irregular	4,156,107	-
Section 36 - condoned or written off by Council	-	-
Closing balance	<u><u>4,156,107</u></u>	<u><u>229,916</u></u>

The above irregular expenditure consists of: (1) R4 787 is as a result of a truck that was serviced without following proper SCM processes. (2) R4 151 320 which was as a result of a deviation from the documented process of evaluating functionality.

29.2 DEVIATIONS

Total	<u><u>260,941</u></u>	<u><u>309,800</u></u>
--------------	-----------------------	-----------------------

The above deviations were due to the nature of the service as well as urgency of the procurement wherein the tenders could not be advertised and or three quotations were not acquired due to the disaster that struck in the municipality.

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
30 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
30.1 Contributions to organised local government		
Opening balance		
Council subscriptions	500,000	462,000
Amount paid - current	500,000	-462,000
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
30.2 Audit fees		
Opening balance		
Current year audit fee	1,228,209	1,362,476
Amount paid - current year	-1,228,209	-1,362,476
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
30.3 VAT		
Vat received for the year	-9,563,641	-3,860,770
VAT paid for the year	-	-
	<u>-9,563,641</u>	<u>-3,860,770</u>
Vat input receivable and VAT output payable are shown in note 8.		
30.4 PAYE, UIF and Skills		
Opening balance		
Current year payroll deductions	6,012,080	5,312,549
Amount paid - current year	-6,012,080	-5,312,549
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
30.5 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	5,747,536	8,682,924
Amount paid - current year	-5,747,536	-8,682,924
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
30.6 Councillor's arrear consumer accounts		
Councillor N.J. Peterson - Speaker		3,446
Councillor D.Ram - Subsequently resigned		2,401
Total Councillor Arrear Consumer Accounts	<u>-</u>	<u>5,847</u>

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
31 CAPITAL COMMITMENTS		
31.1 Commitments in respect of capital expenditure		
Total commitments	8,714,486	60,054,117
- Contract costs to complete	8,714,486	20,033,814
Infrastructure	7,533,965	10,839,361
Community	1,180,521	6,202,483
Other		2,991,970
- Approved but not yet contracted for		40,020,303
Infrastructure		20,373,382
Community		4,779,921
Electrification		
Other		14,867,000
Total	8,714,486	60,054,117
31.2 Other Commitments		
Other	770,391	-
Total commitments	9,484,877	60,054,117
This expenditure will be financed from:		
- External Loans	-	-
- Government Grants	8,714,486	50,107,046
- Own resources	-	9,947,071
	8,714,486	60,054,117

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R

32 RETIREMENT BENEFIT INFORMATION

32.1 Retirement benefits

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

32.2 Post-employment medical benefits

The municipality operates on 3 accredited medical aid schemes, namely Bonitas, Keyhealth, and Samwumed.

Pensioners continue on the option they belonged to on the day of their retirement. Independent valuers, Zaqen Actuaries (Pty) Ltd, carried out a statutory valuation as at 30 June 2015.

The post-retirement medical obligations at 30 June 2015 quantified the present value of unfunded obligations at R3,780,000. The Current-service costs for the year ending 30 June 2014 is estimated at R283,000. The principal actuarial assumptions used included a discount rate of Yield Curve, and a health care cost inflation rate of CPI + 1.

The movement in the liability recognised in the balance sheet is as follows:

The principal actuarial assumptions used were as follows:

Balance at beginning of the year	3,705,000	3,305,000
Current service cost	283,000	305,000
Interest cost	342,000	235,000
Benefit payments	-111,000	-103,000
Actuarial (gains)/losses	-439,000	-37,000
Expected Employer Benefit Payments	-	-
Closing Accrued Liability	<u>3,780,000</u>	<u>3,705,000</u>

32.3 The amounts recognised in the Statement of Financial Position were as follows:

Current service cost	283,000	305,000
Interest cost	342,000	235,000
Actuarial (gains)/losses	<u>-439,000</u>	<u>-37,000</u>
Benefit payments	186,000	503,000
Transitional Liability	<u>-111,000</u>	<u>-103,000</u>
	<u>75,000</u>	<u>400,000</u>

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
The amounts recognised in the Statement of Financial Performance were as follows:		
Current service cost		
Interest cost	283,000	305,000
Benefit payments	342,000	235,000
Actuarial (gains)/losses	-111,000	-103,000
	-439,000	-37,000
	75,000	400,000

Key Assumptions

Discount rate per annum	Yield Curve	9.08%
Health care cost inflation rate	CPI + 1	8.12%
Net effective discount rate	Yield Curve Based	0.89%
Benchmark inflation (equal to salary inflation)	0%	0%
Average retirement age	63	63
Proportion continuing membership at retirement	100%	100%
Proportion of retiring members who are married	90%	90%
Mortality during employment	SA 85-90 ultimate	SA 85-90 ultimate
Mortality post-retirement	PA90 ultimate	PA90-1 ultimate
(No explicit assumption was made about additional mortality or health care costs due to AIDS).		

Percentage of in-service members withdrawing before retirement:

	Males	Females
Age 20 - 24	16%	24%
Age 25 - 29	12%	18%
Age 30 - 34	10%	15%
Age 35 - 39	8%	10%
Age 40 - 44	6%	6%
Age 45 - 49	4%	4%
Age 50 - 54	2%	2%
Age 55 - 59	1%	1%
Age 60+	0%	0%

The amounts recognised in the Statement of Financial Position

3,780,000	3,705,000
------------------	------------------

32.4 Long Service Awards.

Independent valuers, Zagen Actuaries (Pty) Ltd, carried out a statutory valuation as at 30 June 2015.

The principal actuarial assumptions used were as follows:

Discount rate per annum	Yield Curve	8%
General Salary Inflation (Long term)	CPI+1	7%
Net effective discount rate	Yield Curve	1%

Examples of mortality rates used were as follows:

Average retirement age	63	63
Mortality during employment	SA85-90	SA85-90

Members withdrawn from services:

	Males	Females
Age 20 - 24	16%	24%
Age 25 - 29	12%	18%
Age 30 - 34	10%	15%
Age 35 - 39	8%	10%
Age 40 - 44	6%	6%
Age 45 - 49	4%	4%
Age 50 - 54	2%	2%
Age 55 - 59	1%	1%
Age 60+	0%	0%

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R

32.5 The amounts recognised in the Statement of Financial Position were determined as follows:

Present value of funded obligations	1,700,000	1,547,000
Fair value of plan assets	-	-
Liability in the Statement of Financial Position	<u>1,700,000</u>	<u>1,547,000</u>
Movements in the defined benefit obligation is as follows:		
Balance at beginning of the year	1,547,000	918,000
Current service cost	227,000	183,000
Interest cost	127,000	66,000
Benefit payments	-75,000	-67,000
Actuarial (gains)/losses	-128,000	447,000
Balance at end of year	<u>1,700,000</u>	<u>1,547,000</u>

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
The amounts recognised in the Statement of Financial Performance were as follows:		
Current service cost	227,000	183,000
Interest cost	127,000	66,000
Benefit payments	-75,000	-67,000
Actuarial (gains)/losses	-126,000	447,000
Total, included in employee benefits expense	<u>153,000</u>	<u>629,000</u>
In conclusion the retirement benefits were:		
Statement of Financial Position obligation for:		
Post-employment medical benefits	3,780,000	3,705,000
Long Services Award	<u>1,700,000</u>	<u>1,547,000</u>
	<u>5,480,000</u>	<u>5,252,000</u>
Statement of Financial performance obligation for:		
Post-employment medical benefits loss	75,000	400,000
Long Service Award loss	<u>153,000</u>	<u>629,000</u>
Additional retirement costs	<u>228,000</u>	<u>1,029,000</u>
	<u>228,000</u>	<u>1,029,000</u>
Long service award gain	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
33 CONTINGENT LIABILITY		
33.1 Possible claims and Litigation against the municipality by former employees		
	-	700,000
	<u>-</u>	<u>700,000</u>
34 CONTINGENT ASSET		
An asset estimated at R11million may be transferred to the municipality	11,000,000	
35.1 MATERIAL LOSSES INCURRED		
Amount Paid as a result of theft of municipal funds	-	-
	<u>-</u>	<u>76,491</u>
	<u>-</u>	<u>76,491</u>

There was an incident wherein municipal funds including the Dpt of Transport's revenue were stolen. The case was reported to the SAPS and investigation is still ongoing.

35 EVENTS AFTER THE REPORTING DATE

No events after the reporting date were identified for the year ended 30 June 2015.

36 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

- Useful lives and residual values of property, plant, and equipment
- Recoverable amounts of property, plant and equipment
- Present value of defined benefit obligation
- Provision for doubtful debts
- Determining the collectible amount of traffic fines issued

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
37 FINANCIAL RISK MANAGEMENT		
Financial Risk Management Objectives		
Due to the largely non-trading nature of the activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities.		
The municipality's finance function monitors and manages the financial risks relating to the operations of the municipality. These risks include credit risk, liquidity risk, market risk relating to interest rate risk.		
37.1 Maximum credit risk exposure		
Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.		
Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.		
The maximum credit risk exposure in respect of the relevant financial instruments is as follows:		
Cash and Cash Equivalents	81,969,673	66,033,153
Trade and other receivables	8,000,855	5,772,780
Maximum Credit Exposure	89,970,528	71,805,933
38 FINANCIAL RISK MANAGEMENT continued		
38.1 Liquidity risk		
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Unspent Grants are cash backed. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.		
The table below analyses the municipality's financial liabilities into amounts due within the 12 months after financial year end. The amounts disclosed in the table are the contractual undiscounted cash flows.		
Trade and other payables	14,317,385	13,077,225
Other: Lease obligations	344,747	860,025
Maximum Liquidity Exposure	14,662,132	13,937,250
38.2 Interest rate risk		
As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.		
At year end, financial instruments exposed to interest rate risk were as follows:		
Bank Balances and Cash	81,969,673	66,033,153
Maximum Interest Exposure	81,969,673	66,033,153
38.3 Other price risk		
Due to legislative restrictions, the municipality does not trade these investments.		

UBUHLEBEZWE MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

	2,015	2,014
	R	R
39 Repairs and maintenance		
Repairs and maintenance relates to general maintenance of cars, minor repairs to Infrastructure assets, community assets and buildings.	2,339,133	2,761,566
40 Change in estimate: useful life of asset reviewed		
<i>A change in the estimated useful life of assets has resulted in the following change in depreciation for the year:</i>		
<i>Depreciation: Office furniture</i>		
According to initial estimated useful life	64,746	
According to re-estimated useful life	59,107	
Additional depreciation provided	5,639	
<i>Depreciation: Plant & Equipment</i>		
According to initial estimated useful life	104,734	
According to re-estimated useful life	81,442	
Additional depreciation provided	23,292	
<i>Depreciation: Computer Equipment</i>		
According to initial estimated useful life	38,099	
According to re-estimated useful life	12,519	
Additional depreciation provided	25,580	
<i>Depreciation: Community assets</i>		
According to initial estimated useful life	1,271,457	
According to re-estimated useful life	1,457,585	
Reduction in depreciation provided	-186,127	
<i>Depreciation: Infrastructure assets</i>		
According to initial estimated useful life	5,290,570	
According to re-estimated useful life	5,043,599	
Additional depreciation provided	246,971	
<i>Depreciation: Other assets</i>		
According to initial estimated useful life	48,000	
According to re-estimated useful life	36,000	
Additional depreciation provided	12,000	

UBUHLEBEZWE MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

41 Categories of financial instruments

2015 Financial Year	Loans and receivables	Financial liabilities at amortised cost	Total
<u>Current assets</u>			
Trade receivables	8,000,855	-	8,000,855
Other receivables	1,446,198	-	1,446,198
Inventories	3,671,140	-	
Cash and cash equivalents	81,969,673	-	81,969,673
VAT receivable	4,821,506	-	4,821,506
<u>Non-current liabilities</u>			
Finance lease liability	-	62,932	62,932
Other non-current liabilities	-	5,480,000	5,480,000
<u>Current liabilities</u>			
Trade and other payables	-	14,317,385	14,317,385
Short-term portion of finance lease	-	281,815	281,815
Unspent conditional grants and receipts	-	14,169,285	14,169,285
	-	-	-

2014 Financial Year	Loans and receivables	Financial liabilities at amortised cost	Total
<u>Current assets</u>			
Trade receivables	5,674,038	-	5,674,038
Other receivables	1,265,065	-	1,265,065
Inventories	4,600,000	-	
Cash and cash equivalents	66,033,153	-	66,033,153
VAT receivable	5,133,487	-	5,133,487
<u>Non-current liabilities</u>			
Finance lease liability	-	454,040	454,040
Other non-current liabilities	-	5,252,000	5,252,000
<u>Current liabilities</u>			
Trade and other payables	-	-	-
Short-term portion of finance lease	-	13,077,225	13,077,225
Unspent conditional grants and receipts	-	405,985	405,985
	-	11,899,819	11,899,819

UNAUDITED SUPPLEMENTARY SCHEDULES

247

As at 30 June 2013	Opening Balance R	Additions R	Disposals R	Under Construction R	Closing Balance R	Opening Balance R	Depreciation R	Disposals R	Change in estimate	Impairment loss/Reversal of impairment loss R	Closing Balance R	Carrying Value R
Buildings	31 206 865	789 608	-	-	31 996 473	8 814 850	1 129 509	-	-	-	9 944 359	22 052 114
Infrastructure Assets	152 401 919	13 477 353	-	-	165 879 272	110 748 294	7 698 050	-	-	-	118 986 900	46 882 372
Community Assets	89 752 471	17 570 050	-	-	107 322 521	24 917 798	5 951 267	-	-	5 104 050	35 973 125	71 349 406
Heritage Assets	2 849 000	-	-	-	2 849 000	-	-	-	-	-	-	2 849 000
Work in Progress	24 416 085	15 934 259	-	(20 200 125)	20 150 219	-	-	-	-	-	-	20 150 219
Specialised Vehicles	1 075 328	2 139 821	-	-	3 213 149	301 157	191 729	-	-	-	492 886	2 720 283
Furniture & Equipment	3 452 003	(360 189)	-	-	3 091 813	1 541 936	(215 574)	-	-	54 479	1 380 842	1 710 971
Computer Equipment	1 410 726	927 236	-	-	2 337 962	741 582	(76 556)	-	-	28 443	681 468	1 646 494
Plant & Equipment	2 546 104	(48 505)	-	-	2 497 599	1 200 217	(1 558)	-	-	1 962	1 200 621	1 296 978
Vehicles	3 043 750	1 633 639	-	-	4 687 389	1 091 189	76 775	-	-	81 944	1 249 908	3 417 481
Leased Assets	1 490 411	-	-	-	1 490 411	428 688	298 088	-	-	-	726 776	763 636
Other	-	144 000	-	-	144 000	-	28 003	-	-	-	28 000	116 000
Total	313,632,662	27,430,147	0	0	325,502,311	136,021,944	15,818,516	0	-2,320,364	102,364	149,622,460	175,879,351

UNAUDITED SUPPLEMENTARY SCHEDULE

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

SUPPLEMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT											
As at 30 June 2015	Cost/ Revaluation				Accumulated Depreciation						
	Opening Balance	Additions	Work in Progress brought into use	Disposals	Closing Balance		Change in estimate		Impairment	Closing Balance	
					R	R	R	R			R
Budget & Treasury	12 684 866	200 142	3 426 477.58	245 844.00	12 685 008	9 217 824	431 091			9 848 914	3 236 094
Community Services	85 768 681	17 570 060.00	360 719.73		103 338 741	33 456 150	5 951 257			38 407 416	63 931 325
Corporate Services	1 320 324		428 269.70		1 320 324	1 053 128	68 789			1 121 867	198 427
Executive & Council	12 103 314	52 336	489 496.80		12 155 650	8 230 283	396 484			8 616 767	3 538 883
Housing	183 939		571 075.60		183 939	101 268	4 555			105 823	78 116
Planning & Development	54 596 382	568 976	571 079.60		55 166 358	18 309 312	825 978			19 135 289	36 030 058
Public Safety	1 415 027		885 295.52		1 415 027	1 393 128	62 664			1 455 792	40 765
Roads	185 879 272	771 222.00	350 496.65		186 650 494	95 881 426	4 358 483			100 239 909	66 410 585
Solid Waste	2 647 685	300 497			2 948 182	2 071 184	93 164			2 164 347	783 835
Sports & Recreation	1 196 403		-		1 196 403	871 184	332 965	12 515 420	0	1 304 149	107 746
Work in progress	20 150 228	27 415 124		0	47 565 352		0			0	47 565 352
Total	357 946 122	46 878 357	48 411 661.58	1 533 304.25	404 824 479	170 684 884	12 515 420	0	0	183 200 304	221 524 175

As at 30 June 2014	Cost / Revaluation				Accumulated Depreciation						Carrying value	
	Opening Balance	Additions	Work in Progress brought into use	Disposals	Closing Balance	Opening Balance		Current	Change in estimate	Impairment		Closing Balance
						R	R					
Budget & Treasury	12,360,528	324,238	-	-	12,684,866	7,345,000	1,581,852	290,972	9,217,824	3,487,042		
Community Services	68,198,621	17,570,060.00			85,768,681	30,101,428	2,372,777	981,944	33,456,150	52,312,531		
Corporate Services	383,410	936,914			1,320,324	489,288	480,926	72,917	1,053,129	287,186		
Executive & Council	11,184,299	919,015			12,103,314	5,982,857	1,265,481	981,944	8,230,263	3,873,031		
Housing	61,404	122,535			183,939	88,000	10,286	101,269	5,972,21	92,671		
Planning & Development	53,677,367	916,015			54,596,382	14,976,571	1,861,852	1,448,888.85	18,309,312	36,287,070		
Public Safety	802,351	612,676.48			1,415,027	489,286	30,926	872,917	1,353,128	21,898		
Roads	152,401,919	13,477,353.26			165,879,272	88,735,713	6,563,768	581,944	95,881,426	69,997,846		
Solid Waste	2,341,347	306,338			2,647,685	989,286	790,926	290,972.21	2,071,184	575,502		
Sports & Recreation	111,485	1,084,917.94			1,196,403	589,286	90,926	290,972.21	971,184	225,219		
Work in progress	24,416,064	15,934,269	-20,200,125.00		20,150,228	-	-	-	-	20,150,228		
Total	326,938,916	62,207,332	-20,200,125.00		357,946,122	149,785,711	15,079,729	5,819,444	170,684,864	187,261,238		

VOLUME III

OVERSIGHT REPORT

2014/2015

UBUHLEBEZWE MUNICIPALITY

2014/2015 OVERSIGHT REPORT

Staff:	GM Sineke	Municipal Manager
	NNF Buthelezi	Director: Social Development
	UP Mahlasela	Chief Financial Officer
	ME Mkhize	Director: Corporate Services
		Director: Infrastructure Planning and Development
	SM Buthelezi	
	NF Ndlovu	Manager: IDP/PMS
	TN Mthalande	Manager: Internal Audit

Councillors :	Cllr HC Jili	Councillor: MPAC Chairperson
	Cllr WMQ Dlamini	Member
	Cllr ZC Khumalo	Member
	Cllr N Mdunge	Member
	Cllr GJ Ngcongco	Member

Audit Committee and Performance Audit Committee Members:

Dr PS Zulu	Chairperson
Bowyer	Member
NR Shabalala	Member

Others :	Stakeholders
	Auditor-General's Office
	Provincial COGTA
	Provincial Treasury

CONTENT

1. Terms of Reference of the MPAC / Oversight Committee (Appendix A)
2. Process Plan and Time Frames for the adoption of the Oversight Report and the Annual Report (Appendix B)
3. Annual report Check list (Appendix C)
4. Auditor-General's Report 2014/2015
5. Annual Audit and Performance Audit Committee's Report 2014/2015
6. Action Plan to address issues raised by the Auditor-General
7. Comments by the public
8. Comments by the MPAC / Oversight Committee
9. Recommendation/s of the MPAC / Oversight Committee

APPENDIX A

1. TERMS OF REFERENCE: OVERSIGHT COMMITTEE

All political parties are represented on the MPAC / Oversight Committee, and the Performance and Audit Committees members act as advisory members of the committee.

That the following five (5) non-executive members Councillors were elected to serve on the MPAC / Municipal Oversight Committee to develop a program to address the queries raised in the Auditor-General's Report:

- 1.ANC: HC Jili
ZC Khumalo
N Mdunge
- 2.NFP: WMQ Dlamini
- 3.IFP: GJ Ngcongo

- 3. That the elected MPAC / Municipal Oversight Committee will submit a report addressing the queries raised by the Auditor General to Council for deliberations.
- 4. That the Committee will table the Oversight Report to Council as per the following programme:

STRUCTURE	DATE	ACTIVITY
Notice to local papers inviting the public to comment on the annual report	18 January 2016	Advert on local and provincial news paper
Council	21 January 2016	Tabling of the annual report
Auditor-General	13 January 2016	Submission of the annual report
COGTA and Treasury	22 January 2016	Submission of the annual report
Oversight / MPAC meeting	11 February 2016	Formulation of draft oversight report
Ward Committee	25 March 2016	Public participation
Council-Oversight Report	23 March 2016	Tabling of the oversight report to Council

The functions of the MPAC / Oversight Committee are to:

- ☐ Undertake a review and analysis of the Annual Report going forward
- ☐ Invite, receive and consider inputs from Councilors and Portfolio Committees, on the Annual Report.
- ☐ Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report
- ☐ Receive and consider Councils' Audit Committee views and comments on the annual financial statements and the performance report.
- ☐ Prepare the Oversight Report taking into consideration, the views and inputs of the public, representative(s) of the Auditor General, Organs of State, Councils' audit committee and Councilors.

The Oversight report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA requires the council to consider the annual reports of its Municipality and Municipal entities and to adopt an oversight report containing the council's comments on annual report, which must include a statement whether the council-

- (a) has approved the annual report with or without reservations;
- (b) has rejected the annual report; or
- (c) has referred the annual report back for revision of those components that can be revised.

The MPAC / Oversight Committee may use the attached checklist to organize its Report and to manage request for additional information. The questions suggested may be used by all councilors to gain clarification on contents of reports and also to verify compliance with the MFMA and MSA. Responses to many of these questions should be provided by the Accounting Officer of the Municipality.

APPENDIX B

2. PROCESS PLAN FOR THE ADOPTION OF THE OVERSIGHT REPORT AND THE ANNUAL REPORT

ACTIVITY	RESPONSIBILITY
Council Establishes the MPAC / Oversight Committee	Council
Advertise the availability of the Annual Report for Comments	Accounting Officer
Submit a copy to Provincial Department responsible for Local Government and the Office of the Auditor General	Accounting Officer/IDP/PMS Manager
1 st Meeting of the MPAC / Oversight Committee	Members
Last date for the submission of Comments and Public Participation Process	Accounting Officer/IDP/PM Manager
Submission of Recommendations by the Accounting Officer	Accounting Officer
Meeting of the MPAC / Oversight Committee: Discussion of the Draft Oversight Report	Members
Recommendation for the Adoption of the MPAC / Oversight Committee Report by Council	EXCO
Adoption of the MPAC / Oversight Committee Report	Council
Make Oversight Report Public	Accounting Officer/IDP/PM Manager
Submit minutes of the meeting to the Auditor-General	Accounting Officer/IDP/PM Manager
Submit Oversight Report to Provincial and National Treasury	Accounting Officer/IDP/PM Manager
Submit Oversight Report to Provincial Department responsible for Local Government	Accounting Officer/IDP/PM Manager

APPENDIX C

3. ANNUAL REPORT CHECKLIST

1. Annual Financial Statements – Section 121 (3) & (4) MFMA	For Consideration	Response(s)
121 (3)(a) The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General	Where the municipality has sole or effective control of a municipal entity, consolidated financial Statements are required. The AFS are to be in the form as required by the applicable Accounting standards. MFMA Circular 18 with annexure, 23 June 2005, provides guidelines on the new accounting standards for Municipalities.	Audited Annual Financial Statements have been included in the Annual Report as Volume II
121 (3)(a)	The above applies to the AFS of municipal entities.	N/A
121 (3)(b) The Auditor-General's reports on the financial statements of the municipality.		The audit report has been included in Chapter 6 of the Annual Report
121 (4)(b)	The above applies to the AFS of municipal entities.	N/A
121 (3)(h) Any explanations that may be necessary to clarify issues in connection with the financial statements	The accounting standards require that notes accompany the statements to provide explanations of issues and matters reported. Refer also points below on information in notes to AFS.	The Annual Financial Statements in Volume II have included notes
121 (4)	The above applies also to the AFS of municipal entities.	N/A
121 (3)(e) An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities		An Accounting Officer has made an assessment on arrears on municipal taxes and service charges in Chapter 5
121 (4)(c)	Above applies to AFS of municipal entities.	N/A
121 (3)(g) Particulars of any corrective	The conclusions of the annual audit may be either –	The municipality has obtained a Clean Audit, as a

1. Annual Financial Statements – Section 121 (3) & (4) MFMA	For Consideration	Response(s)
action taken or to be taken in response to issues raised in the audit reports	<ul style="list-style-type: none"> - An unqualified audit opinion with or without management issues, which means that the financial statements are acceptable; - A qualified audit opinion setting out reasons for qualification, which means that certain issues need to be addressed before an unqualified opinion can be achieved; or - The auditor will disclaim the statements and not offer an opinion. In this case there may be serious financial issues to be addressed. <p>The objective of the municipality should be to achieve an unqualified audit opinion.</p>	result, no material findings were raised. See Chapter 6 of the annual Report
121 (4)(e)	Above applies to AFS of municipal entities.	N/A
121 (3)(i)&(k) Any information as determined by the municipality, entity or its parent municipality	Review all other information contained in the Annual Report.	The information contained in the Annual Report is relevant and has been reviewed
121 (4)(h)	Applies to municipal entities.	N/A
121 (4)(d) An assessment by the municipal entity's Accounting officer of the entity's performance against any measurable performance objectives set in terms of the service delivery	Agreements between the municipality and its entities for service delivery are to include measurable performance objectives. This will include measures of services delivered to the community, financial targets,	N/A
121 (3)(j) and 121 (4)(g) Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities	Conclusions on these recommendations and the actions required should be incorporated in the oversight report.	The audit committee recommendations and report has been attached as an Appendix in the Annual Report
Disclosures – Allocations		

1. Annual Financial Statements – Section 121 (3) & (4) MFMA	For Consideration	Response(s)
received and made – S 123 & 125 MFMA		
123 (1)(a) Allocations received by the municipality from an organ or state, a municipal entity or another municipality.	The annual financial statements must disclose: 2. Details of allocations received from another organ of state	All disclosures has been included in the AFS in Volume II of the Annual Report
Annual Financial Statements - Section 121 (3) & (4) MFMA		
125 Other compulsory disclosures and information in relation to outstanding debtors and creditors of the municipality and entities	Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities. Other disclosures required; Contributions to organised local labour and amount outstanding at year end Total amounts paid in audit fees, taxes, levies, duties and pensions and medical aid contributions and whether there where amounts outstanding at year end Name of bank where accounts held and year end balances Summary of investments held Contingent Liabilities Material irregular, fruitless or Wasteful expenditure Details of unauthorised Expenditure Particulars of non compliance with the MFMA The comments of the Auditor-General and the views of the	All disclosures has been included in the AFS in Volume II of the Annual Report

1. Annual Financial Statements – Section 121 (3) & (4) MFMA	For Consideration	Response(s)
	audit committee should be used to determine the accuracy and appropriateness of this information.	
123 (1)© – (f) Information in relation to the use of allocations received	<p>Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include:</p> <p>1. The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three financial years, and indicate how such funds were spent, and for what projects.</p> <p>2. Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)© of the Constitution and allocations</p>	The AFS includes the use of all allocations – Volume II of the Annual Report
Performance Management System	performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report. In terms of key functions or	Annual Performance Report included, where targets were not met , corrective measures have been recorded (Chapter 3 of the annual report)

1. Annual Financial Statements – Section 121 (3) & (4) MFMA	For Consideration	Response(s)
	<p>services, how has each performed? E.g. have backlogs for water, sanitation and electricity been reduced? What are the refuse collection volumes, library usage statistics etc?</p> <p>To what extent has performance achieved targets set by council? Is the council satisfied with the performance levels achieved? Is the community satisfied with performance? Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? What were the outcomes of public consultation and public hearings?</p> <p>To what extent have actions planned for the previous year been carried over to the financial year reported upon? Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by the municipal manager and are these satisfactory?</p>	
Audit reports on performance	Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually.	No findings have been raised on performance
Performance of municipal entities and municipal service providers	The annual report of the municipality should provide an assessment of the performance	Performance of the external service providers have been included in Chapter 3 of the

1. Annual Financial Statements – Section 121 (3) & (4) MFMA	For Consideration	Response(s)
	<p>of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities. The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered. Is the council satisfied with the evaluation and conclusions of the municipality? What other actions are considered necessary to be taken by the accounting officers?</p>	annual report
<p>For municipal entities – an assessment of the entity’s performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and municipality</p>	<p>This is the separate report of the municipal entity and should contain details of service delivery agreements with the municipality and the performance measures therein. Council should consider similar issues to that outlined above for municipal performance to determine a view on the performance of municipal entities. To what extent were the objectives and performance measures of the entity aligned to the overall strategic objectives of the municipality and its IDP? Is the report of the municipal entity consistent with the conclusions on performance evaluation by the municipality? What specific actions should be</p>	N/A

1. Annual Financial Statements – Section 121 (3) & (4) MFMA	For Consideration	Response(s)
	taken by the entity and the municipality to improve performance?	
Relevant information on municipal entities	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses and contact details for entities, the purpose of the entity, the functions and services provided, the type and term of service level agreements with the entities.	N/A
Service delivery performance on key services provided	This may be a high level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be summarised. This should cover all services whether provided by the municipality, entities or external mechanisms. Council may draw conclusions on the overall performance of the municipality. This information may be found in an executive summary section of the annual report or in statistical tables.	A summary of the service delivery performance has been included throughout the annual report
Information on long-term	Details of all long-term contracts	All long term contracts have

1. Annual Financial Statements – Section 121 (3) & (4) MFMA	For Consideration	Response(s)
contracts	including levels of liability to the municipality should be included. Council should ensure all information is correctly supplied.	been included
compliance with statutory obligations	Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained. Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided.	It is included in the annual report
Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework	A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided. This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The summary here should cross reference to the performance reports in the annual report and also will be highlighted in the coming budgets. Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.	A summary of a capital plan have been disclosed
Supply Chain Management Regulations and Policy	Certain disclosures on Supply Chain matters are required to be included in the Annual Report.	The Supply Chain matters have been disclosed in the AFS
Timing of reports		The Annual Report was tabled on the 21 st January

1. Annual Financial Statements – Section 121 (3) & (4) MFMA	For Consideration	Response(s)
		2016
Payment of performance bonuses to municipal officials	Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The basis upon which performance is evaluated for payment of bonuses should be reconciled with the municipal performance reported in the annual report. Conclusions and comments on the evaluation and payment of performance bonuses of council should be included in the oversight report.	Payment of performance bonuses have been disclosed in chapter 4 of the annual report

4. AUDITOR-GENERAL'S REPORT 2014/2015

PAGE 143 OF THE ANNUAL REPORT

5. ANNUAL AUDIT AND PERFORMANCE AUDIT COMMITTEE REPORT 2014/2015

PAGE 163 OF THE ANNUAL REPORT

6. ACTION PLAN TO ADDRESS ISSUES RAISED BY THE AUDITOR – GENERAL IN THE AUDIT REPORT FOR THE 2014/2015 FINANCIAL YEAR

*NO ACTION PLAN HAS BEEN ATTACHED AS THERE ARE NO MATTERS OF
EMPHASIS; HOWEVER AN ONGOING MONITORING OF PERFORMANCE
INDICATORS SHALL BE PERFORMED.*

7. COMMENTS BY THE PUBLIC

As per section 127 (5) (i) & (ii) of the Municipal Finance Management Act, No.56 of 2003, a notice was published on the newspapers (Local and Provincial Newspapers) on the 18th January 2016, advising the public that the Annual Report was available for their viewing and comments, we are happy to inform the Council that there were no comments received, even after constant reminders in the corridors and the streets of Ubuhlebezwe jurisdiction.

8. COMMENTS BY THE MPAC / OVERSIGHT COMMITTEE

8.1 The MPAC / Oversight Committee commend the hard work performed by the Management and staff as Clean Audit Opinions have been obtained three times in a row. It gives one an assurance that all pieces of legislation governing local government are being complied with. It is encouraged that this level of performance be sustained for all the upcoming years and that officials and the political leadership continue to work together.

9. RECOMMENDATIONS BY THE MPAC / OVERSIGHT COMMITTEE

- 9.1 That the report be noted.
- 9.2 That the report be adopted without any reservations.