



**MASILONYANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2014**

**MASILONYANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
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**MASILONYANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
GENERAL INFORMATION**

NATURE OF BUSINESS

Masilonyana Municipality is a local municipality performing the functions as set out in the Constitution.
(Act no 108 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act.
(Act no 117 of 1998)

JURISDICTION

The Masilonyana Municipality includes the following areas:

Brandfort
Soutpan
Theunissen
Verkeerdevlei
Windburg

MUNICIPAL MANAGER

S S Mtakati

Appointed

1 October 2012

PREVIOUS CHIEF FINANCIAL OFFICER

M E Mokoena

Appointed
1 February 2013

Resigned

28 February 2014

ACTING CHIEF FINANCIAL OFFICER

N C Mekana

Appointed

1 March 2014

Expired term

31 July 2014

REGISTERED OFFICE

Cnr Le Roux and Pienaar Street
Theunissen
9410

P.O.Box 8
Theunissen
9410

AUDITORS

Auditor General
Free State

PRINCIPLE BANKERS

ABSA BANK
Theunissen
9410

Branch Code: 632005

Acc No: 40 5351 7822

RELEVANT LEGISLATION

- Municipal Finance Management Act (Act no 56 of 2003)
- Division of Revenue Act (Act 5 of 2012)
- The Income Tax Act (Act 58 of 1962)
- Value Added Tax Act (Act 89 of 1991)

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GENERAL INFORMATION**

RELEVANT LEGISLATION (CONTINUE)

- Municipal Structures Act (Act no 117 of 1998)
- Municipal Systems Act (Act no 32 of 2000)
- Municipal Planning and Performance Management Regulations 2011
- Water Services Act (Act no 108 of 1997)
- Housing Act (Act no 107 of 1997)
- Municipal Property Rates Act (Act no 6 of 2004)
- Employment Equity Act (Act no 55 of 1998)
- Unemployment Insurance Act (Act no 30 of 1966)
- Basic Conditions of Employment Act (Act no 75 of 1997)
- Supply Chain Management Regulations, 2005
- Collective Agreements
- Infrastructure Grants
- SALGBC Leave Regulations
- Skills Development Levies Act (Act no 9 of 1999)
- Electricity Act (Act no 41 of 1987)

COUNCILORS OF THE MASILONYANA LOCAL MUNICIPALITY

K S Koalane	Mayor
S J Mabitla	Speaker
S C Mangoejane	Councilor
D E Modise	Councilor
I I Majara	Councilor
J A Pienaar	Councilor
K A Sekharume	Councilor
K P Dichakane	Councilor
L M Moloele	Councilor
V M Lekale	Councilor
M B Tsoaela	Councilor
M M Kholumo	Councilor
M G Mafa	Councilor
P T Botha	Councilor
S L Kgoe	Councilor
T P Ramongalo	Councilor
T J Chele	Councilor
X Nqwiliso	Councilor
Z P Thuthani	Councilor
M Venter	Councilor

MASILONYANA LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

ACCOUNTING OFFICERS' RESPONSIBILITIES AND APPROVAL

The accounting officer is required by the Municipal Finance Management Act (Act no 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

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

The accounting officer has reviewed the Municipality's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

MASILONYANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
ACCOUNTING OFFICERS' RESPONSIBILITIES AND APPROVAL

Members' responsibilities and approval (continue)

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on pages 5 - 8.

The annual financial statements set out on pages 9 to 73 , which have been prepared on the going concern basis, were approved and signed by:

S S Mtakati
Municipal Manager

Date

**MASILONYANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
STATEMENT OF FINANCIAL POSITION**

	Notes	2014 R	2013 R
NET ASSETS AND LIABILITIES			
Net Assets		519 621 382	543 726 365
Accumulated Surplus/(Deficit)		519 621 382	543 726 365
Non-Current Liabilities		21 941 056	20 664 564
Long-term Liabilities	2	2 812 679	3 741 295
Employee benefits	3	7 635 577	7 541 069
Non-Current Provisions	4	11 492 800	9 382 200
Current Liabilities		66 578 424	63 633 992
Consumer Deposits	5	1 136 367	1 064 868
Current Employee benefits	6	856 687	732 665
Payables from exchange transactions	7	58 338 371	43 580 051
Unspent Conditional Government Grants and Receipts	8	718 682	7 888 682
Taxes	9	4 674 692	8 589 840
Current Portion of Long-term Liabilities	2	853 624	1 777 886
Total Net Assets and Liabilities		608 140 861	628 024 920
ASSETS			
Non-Current Assets		590 075 343	565 003 074
Property, Plant and Equipment	10	520 099 827	494 179 577
Investments	11	90 743	88 234
Investment Property	12	69 884 773	70 735 264
Current Assets		18 065 518	63 021 846
Inventory	13	14 355	6 777
Receivables from exchange transactions	14	7 613 586	40 791 669
Receivables from non-exchange transactions	15	3 688 440	15 206 862
Unspent Conditional Government Grants and Receipts	8	3 170 941	717 828
Cash and Cash Equivalents	16	3 578 197	6 298 710
Total Assets		608 140 861	628 024 920

**MASILONYANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
STATEMENT OF FINANCIAL PERFORMANCE**

	Notes	2014 (Actual) R	2013 (Actual) R
REVENUE			
Revenue from Non-exchange Transactions		162 205 826	135 592 360
Taxation Revenue		15 629 795	15 075 772
Property taxes	17	15 629 795	15 075 772
Transfer Revenue		146 560 025	120 467 462
Government Grants and Subsidies	18	146 560 025	120 467 462
Other Revenue		16 005	49 126
Fines		16 005	49 126
Revenue from Exchange Transactions		76 573 447	78 255 931
Service Charges	19	67 237 164	61 008 306
Rental of Facilities and Equipment		244 250	142 404
Interest Earned - external investments		315 803	439 193
Interest Earned - outstanding debtors		8 332 585	13 285 558
Other Income	20	436 110	3 367 991
Dividends received		5 026	5 812
Fair Value Adjustments		2 509	6 666
Total Revenue		238 779 272	213 848 291
EXPENDITURE			
Employee related costs	21	61 641 569	55 854 317
Remuneration of Councillors	22	5 236 176	4 647 958
Debt Impairment	23	95 783 650	25 889 828
Depreciation and Impairment	24	28 812 144	34 231 133
Repairs and Maintenance		6 002 251	7 150 816
Actuarial losses	3	2 377	45 034
Finance Charges	25	1 657 112	1 084 964
Bulk Purchases	26	31 808 304	39 664 475
General Expenses	27	40 707 562	29 203 285
Total Expenditure		271 651 144	197 771 809
NET SURPLUS/(DEFICIT) FOR THE YEAR		(32 871 872)	16 076 482

**MASILONYANA LOCAL MUNICIPALITY
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STATEMENT OF CHANGES IN NET ASSETS**

	Accumulated Surplus/ (Deficit)	Total
	R	R
Balance at 1 July 2012	526 623 395	526 623 395
Correction of error - Refer to note 28	1 026 488	1 026 488
Restated Balance at 1 July 2012	527 649 883	527 649 883
Restated net Surplus / (Deficit)	16 076 482	16 076 482
Restated balance at 30 June 2013	543 726 365	543 726 365
Balance at 1 July 2013	543 726 365	543 726 365
Net Deficit for the year	(32 871 872)	(32 871 872)
Correction of error - Refer to note 28	8 766 889	8 766 889
Balance at 30 July 2014	519 621 382	519 621 382

**MASILONYANA LOCAL MUNICIPALITY
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CASH FLOW STATEMENT FOR THE YEAR ENDED**

	Notes	2014 R	2013 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		32 546 842	23 553 196
Grants		136 936 912	127 638 316
Interest income		8 648 388	13 724 751
Other receipts		21 031	54 938
Payments			
Taxation		(3 915 148)	(5 786 664)
Employee costs		(65 291 298)	(59 276 782)
Suppliers		(53 542 732)	(66 031 512)
Finance costs		(1 657 112)	(1 084 964)
Cash generated by operations	31	53 746 882	32 791 279
CASH FLOW TO INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	10	(53 881 853)	(25 829 871)
Net Cash to Investing Activities		(53 881 853)	(25 829 871)
CASH FLOW TO FINANCING ACTIVITIES			
Decrease in long-term liabilities	2	(1 852 877)	(1 180 713)
Decrease in Employee benefit payment	3	(732 665)	(769 254)
Net Cash to Financing Activities		(2 585 542)	(1 949 967)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(2 720 514)	5 011 441
Cash and Cash Equivalents at the beginning of the year	17	6 298 710	1 287 269
Cash and Cash Equivalents at the end of the year	16	3 578 197	6 298 710
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2 720 514)	5 011 441

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2014 R	2013 R
2 LONG-TERM LIABILITIES		
Other financial liabilities	3 203 595	3 639 661
Capitalised Lease Liability - At amortised cost	462 708	1 879 519
	3 666 303	5 519 180
Current Portion Transferred to Current Liabilities	853 624	1 777 886
Other Financial Liability - At amortised cost	390 916	361 753
Capitalised Lease Liability - At amortised cost	462 709	1 416 133
Non-current long-term liabilities - At amortised cost using the effective interest rate method	2 812 679	3 741 295
Refer below for maturity dates of long term liabilities:		
The obligations under other financial liabilities are scheduled below:		Minimum liability payments
Amounts payable under other financial liabilities:		
Payable within one year	772 674	825 763
Payable within two to five years	3 676 340	3 018 876
Payable after five years	208 548	1 470 536
	4 657 562	5 315 175
Less: Future finance charge obligations	1 453 967	1 675 515
Present value of annuity obligations	3 203 595	3 639 661
The Infrastructure Finance Corporate Limited loans expire on 30th September 2014, the terms stipulates that payments should be made half yearly September and March, interest accrues on the outstanding balance and the rate is 16 % per annum.		
The Development Bank of South Africa loan expires on 1st April 2020, and the terms stipulates that payments should be made quarterly, interest accrues on the outstanding balance and the rate is 12,5% and at 14,5% on payments in arrears.		
The obligations under finance leases are scheduled below:		Minimum lease payments
Amounts payable under finance leases:		
Payable within one year	475 991	1 519 044
Payable within two to five years	-	476 668
Payable after five years	-	-
	475 991	1 995 712
Less: Future finance charge obligations	13 283	116 193
Present value of lease obligations	462 708	1 879 519
The Copperleaf finance lease agreement (Rental of Photocopiers) loans expire on 1 January 2015, the terms stipulates that payments should be made monthly of R67 998, interest accrues on the outstanding balance and the rate is 14.08% per annum.		
The Multitech Corporation finance lease agreement (Rental of Telephone system) loans expire on 30th May 2014, the terms stipulates that payments should be made monthly of R65 000, interest accrues on the outstanding balance and the rate is 9.28% per annum.		
Leases are secured by property, plant and equipment - Note 10		
Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.		
The net carrying value of the finance lease assets as presented according to note 10.		
Leased assets		
Office Equipment & Vehicles	1 763 951	2 861 199

Defaults and breaches

There was no default during the period of principal, interest, sinking fund or redemption terms of loans payable. No terms were renegotiated before the financial statements were authorised for issue.

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	2014 R	2013 R
2 LONG-TERM LIABILITIES (CONTINUE)		
There are no contingent rent payable on finance lease agreements.		
There no restrictions placed on the finance lease agreements.		
3 EMPLOYEE BENEFITS		
Post Retirement Medical Benefits	4 811 658	4 996 420
Long Service Awards	2 823 919	2 544 649
Total Non-current Employee Benefit Liabilities	7 635 577	7 541 069
<u>Post Retirement Medical Benefits</u>		
Balance 1 July	5 480 584	5 882 862
Current service cost	-	-
Interest Cost	394 093	379 201
Expenditure for the year	(484 164)	(500 700)
Actuarial Loss/(Gain)	(79 415)	(280 779)
Total post retirement benefits 30 June	5 311 098	5 480 584
Less: Transfer of Current Portion - Note 6	(499 440)	(484 164)
Balance 30 June	4 811 658	4 996 420
<u>Long Service Awards</u>		
Balance 1 July	2 793 150	2 263 088
Current service cost	362 435	340 905
Interest Cost	192 290	131 898
Expenditure for the year	(248 501)	(268 554)
Actuarial Loss/(Gain)	81 792	325 813
Total long service 30 June	3 181 166	2 793 150
Less: Transfer of Current Portion - Note 6	(357 247)	(732 501)
Balance 30 June	2 823 919	2 544 649
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	8 273 734	8 145 950
Current service cost	362 435	340 905
Interest cost	586 383	511 099
Expenditure for the year	(732 665)	(769 254)
Actuarial Loss/(Gain)	2 377	45 034
Total employee benefits 30 June	8 492 264	8 273 734
Less: Transfer of Current Portion - Note 6	(856 687)	(732 665)
Balance 30 June	7 635 577	7 541 069
3.1 Post Retirement Medical Benefits		
The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	-	-
In-service (employee) non-members	-	-
Continuation members (e.g. Retirees, widows, orphans)	16	17
Total Members	16	17
The liability in respect of past service has been estimated to be as follows:		
In-service members	-	-
Continuation members	5 311 098	5 480 584
Total Liability	5 311 098	5 480 584

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2014 R	2013 R
3 EMPLOYEE BENEFITS (CONTINUE)		
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
	2013 R	2012 R
	2011 R	
In-service members	-	-
Continuation members	5 480 584	4 812 260
Total Liability	5 480 584	4 812 260
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
Keyhealth.		
Key actuarial assumptions used:		
i) Rate of interest		
Discount rate	8.06%	7.52%
Health Care Cost Inflation Rate	7.56%	7.56%
Net Effective Discount Rate	0.38%	-0.04%
ii) Mortality rates		
The PA90-1 ultimate table, rated down by 1 year of age was used by the actuaries.		
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	4 811 658	4 996 420
Net liability(asset)	4 811 658	4 996 420
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	5 480 584	5 882 862
Total expenses	(90 071)	(121 499)
Interest Cost	394 093	379 201
Benefits Paid	(484 164)	(500 700)
Actuarial (gains)/losses	(79 415)	(280 779)
Present value of fund obligation at the end of the year	5 311 098	5 480 584
Less: Transfer of Current Portion - Note 6	(499 440)	(484 164)
Balance 30 June	4 811 658	4 996 420
The best estimate of benefit payments expected in the following financial periods:		
	2016 R	2015 R
Opening accrued liability	5 219 995	5 311 098
Current-service cost	-	-
Interest cost	399 485	408 337
Benefits vesting	(537 638)	(499 440)
Total annual expenses	(138 153)	(91 103)
Closing accrued liability	5 081 842	5 219 995

MASILONYANA LOCAL MUNICIPALITY
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2014
R

2013
R

3 EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption		In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	
Central Assumptions					
The effect of movements in the assumptions are as follows:					
		-	5.311	5.311	
Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	-	5.740	5.740	8%
Health care inflation	-1%	-	4.927	4.927	-7%
Post-retirement mortality	-1 year	-	5.585	5.585	5%

Sensitivity Analysis on the Interest Cost

Assumption		In-service members liability (R)	Continuation members liability (R)	Total liability (R)	
Central Assumptions					
The effect of movements in the assumptions are as follows:					
		-	394 100	394 100	
Assumption	Change	In-service members liability	Continuation members liability	Total liability	% change
Health care inflation	1%	-	429 300	429 300	9%
Health care inflation	-1%	-	362 700	362 700	-8%
Post-retirement mortality	-1 year	-	415 600	415 600	5%

3.2 Long Service Awards

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

372

372

Key actuarial assumptions used:

i) Rate of interest

Discount rate	7.85%	7.20%
General Salary Inflation (long-term)	7.08%	6.80%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.71%	0.38%

ii) Key demographic assumptions

The table below summarises the key demographic assumptions used for 2014 and 2013 financial year:

Assumptions	Value		
Average retirement age	60		
Mortality during employment	SA85-90		
Withdrawal from service (sample annual rates)	Age	Rate	
		Female	Male
	20	24%	16%
	30	15%	10%
	40	6%	6%
	50	2%	2%
55	0%	0%	

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

Present value of fund obligations	3 181 166	2 793 150
Net liability	3 181 166	2 793 150

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	2014 R	2013 R
3 EMPLOYEE BENEFITS (CONTINUE)		
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
	2012 R	2011 R
Total Liability	2 263 088	2 308 146
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	2 793 150	2 263 088
Total expenses	306 224	204 249
Current service cost	362 435	340 905
Interest Cost	192 290	131 898
Benefits Paid	(248 501)	(268 554)
Actuarial (gains)/losses	81 792	325 813
Present value of fund obligation at the end of the year	3 181 166	2 793 150
Less: Transfer of Current Portion - Note 6	(357 247)	(248 501)
Balance 30 June	2 823 919	2 544 649

The best estimate of benefit payments expected in the following financial periods:

	2015 R	2015 R	2014 R
Opening accrued liability	3 458 155	3 181 166	2 793 150
Current-service cost	429 573	398 311	362 435
Interest cost	257 130	235 925	192 290
Actuarial Loss / (Gain)	-	-	81 792
Benefits vesting	(371 145)	(357 247)	(248 501)
Total annual expenses	315 558	276 989	388 016
Closing accrued liability	3 773 713	3 458 155	3 181 166

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		3.181	
General salary inflation	+1%	3.369	6%
General salary inflation	-1%	3.010	-5%
Average retirement age	-2 yrs	2.895	-9%
Average retirement age	+2 yrs	3.533	11%
Withdrawal rates	-50%	3.775	19%

The table above indicates that if salary inflation is 1% greater than the long-term assumption made, the liability will be 6% higher than disclosed on the statement of financial position.

Sensitivity Analysis on the Current-Service and Interest Cost

Assumption	Change	Current- Service Cost (R)	Interest Cost (R)	% change
Central assumptions		362 400	192 300	
General salary inflation	+1%	388 900	205 100	7%
General salary inflation	-1%	338 500	180 700	-6%
Average retirement age	-2 yrs	336 600	173 800	-8%
Average retirement age	+2 yrs	397 200	215 500	10%
Withdrawal rates	-50%	467 700	235 200	27%

No plan assets are disclosed as the benefit plan is unfunded.

**MASILONYANA LOCAL MUNICIPALITY
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**2014
R** **2013
R**

3 EMPLOYEE BENEFITS (CONTINUE)

3.3 Additional disclosure to employee benefits

Long Service Awards

The Municipality offers employees long service awards for every five years of service completed, from five years of service to 45 years of service, inclusive.

The below described the benefits awarded:

Completed Service (in years)	Long Service Bonuses (% of Annual Salary)
5	4%
10	7%
15	10%
20	11%
25, 30, 35, 40, 45	12%

Post Retirement Medical Benefits

Medical Scheme Arrangements

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover.

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.

Contribution Rate Structure

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.

Subsidy Policy

All continuation members receive a 60% subsidy. Upon a member's death-in-retirement, the surviving dependants will continue to receive the same 60% subsidy. The subsidy is assumed to be R 3,557.65 for the ensuing year. This cap has been assumed to increase in the future in line with 75% of salary inflation.

The effective date of the actuarial valuation of the long service awards obligation and the post employment medical benefit obligation was the 30 June 2013 and were performed by independent professional valuers. The next actuarial valuation is expected to be performed on the 30 June 2014.

4 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

11 492 800 **9 382 200**

Total Non-current Employee Benefit Liabilities

11 492 800 **9 382 200**

Landfill Sites

Balance 1 July

9 382 200 8 617 200

Contribution to the provision due increase in expected cost of rehabilitation

2 110 600 765 000

Balance 30 June

11 492 800 **9 382 200**

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	2014 R	2013 R
4 NON-CURRENT PROVISIONS (CONTINUE)		
<p>The estimated rehabilitation cost are for the landfill sites at Theunissen, Brandfort, Soutpan, Windburg and Verkeerdevlei. An once-off cost estimation were performed by independent consultants during August 2014 and it is expected that an estimation will be performed during August 2015. The expected timing is still uncertain as the expected use are still undeterminable. The uncertainty regarding the amount are based on the variation of the average borrowing interest rate in the future.</p> <p>Due to the uncertainty of the period that the landfill sites will still be used before rehabilitation it is not possible to accurately determine the impact of the time value of money and the expenditure to be incurred in the future when rehabilitation commences.</p> <p>There were no unused amounts reversed during the period and the increase/decrease during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.</p>		
5 CONSUMER DEPOSITS		
Water and Electricity	1 136 367	1 064 868
Total Consumer Deposits	<u>1 136 367</u>	<u>1 064 868</u>
Guarantees held in lieu of Electricity and Water Deposits	<u>-</u>	<u>-</u>
<p>The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.</p>		
6 CURRENT EMPLOYEE BENEFITS		
Current Portion of Post Retirement Medical Benefits - Note 3	499 440	484 164
Current Portion of Long-Service Awards - Note 3	357 247	248 501
Total Current Employee Benefits	<u>856 687</u>	<u>732 665</u>
7 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	40 092 568	24 307 488
Accruals	3 460 108	5 509 049
Staff bonus	951 215	914 629
Staff Leave	7 537 748	5 987 888
Sundry Creditors	6 296 732	6 860 997
Total Trade Payables	<u>58 338 371</u>	<u>43 580 051</u>
<p>Payables are being recognised net of any discounts.</p> <p>The carrying value of trade and other payables approximates its fair value.</p>		
8 UNSPENT / (UNPAID) CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants		
Municipal Infrastructure Grant (MIG)	718 682	7 888 682
Unpaid Grants		
Regional Bulk Infrastructure Grant	(3 170 941)	(717 828)
Total Unspent / (Unpaid) Conditional Grants and Receipts	<u>(2 452 259)</u>	<u>7 170 854</u>
<p>See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.</p>		

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	2014 R	2013 R
9 TAXES		
VAT RECEIVABLE / PAYABLE		
VAT Payable	4 674 692	8 589 840
Total Vat (receivable) / payable	<u>4 674 692</u>	<u>8 589 840</u>

The value added tax recoverable from, or payable to, the taxation authority presented in this note and the Statement of Financial Position is on the accrual basis while the municipality is registered on cash basis according to section 15 of the Value-added Tax Act, 1991 (Act 89 of 1991).

The total amount of VAT receivable at 30 June 2014 is R68 059 (30 June 2013: R686 510) on the cash basis. The balance on the accrual basis at 30 June 2014 is R4 734 751 (30 June 2013: R9 267 350) and this is the net amount payable after all cash receipts of consumers and cash payments to suppliers.

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2014
R

2013
R

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2014
R

2013
R

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		2014 R	2013 R
10	PROPERTY, PLANT AND EQUIPMENT (CONTINUE)		
	Assets pledged as security:		
	Finance Lease assets are pledged as security for finance leases.		
	A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.		
11	INVESTMENTS		
	Financial assets at fair value through profit or loss		
	Non-current Assets		
	Senwes shares	90 743	88 234
		<u>90 743</u>	<u>88 234</u>
	For debt securities classified as at fair value through surplus or loss, the maximum exposure to credit risk at the reporting date is the carrying amount.		
	There are no restrictions placed on the investments and none of the investment items are provided as security.		
	The shares are unlisted shares and the trading price are used to value the shares at 30 June as published by the issuer:		
	Nr of shares	Trading price	
		2014	2013
	Senwes Limited	4 857 R10.25	50 999 R10.50
	Senwesbel Limited	7 447 R5.50	37 235 R5.00
		<u>90 743</u>	<u>88 234</u>
	Income received from these investments:		
	Dividend income	5 026	5 812
		<u>5 026</u>	<u>5 812</u>
	Current assets	-	-
	Non-current assets	90 743	88 234
		<u>90 743</u>	<u>88 234</u>

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	2014 R	2013 R
12 INVESTMENT PROPERTY		
Net Carrying amount at 1 July	70 735 264	72 209 400
Cost	72 209 400	72 209 400
Accumulated Depreciation	(1 474 136)	-
Acquisitions	-	-
Depreciation for the year	(850 491)	(1 474 136)
Net Carrying amount at 30 June	69 884 773	70 735 264
Cost	72 209 400	72 209 400
Accumulated Depreciation	(2 324 627)	(1 474 136)
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal. The carrying amount of these assets approximates their fair value. The municipality has no contractual obligations to purchase, construct or develop investment property for the 2014/2013 year.		
Revenue derived from the rental of investment property	244 250	142 404
13 INVENTORY		
Water – at cost	14 355	6 777
Total Inventory	14 355	6 777
There are no restrictions placed on the inventory and none of the inventory items are provided as security.		
14 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	65 546 040	53 145 870
Water	62 281 700	37 147 919
Refuse	30 557 914	20 415 341
Sewerage	64 450 413	42 465 452
Other	15 477 463	33 020 932
Total Receivables from Exchange Transactions	238 313 531	186 195 514
Less: Allowance for Doubtful Debts	(230 699 945)	(145 403 845)
Total Net Receivables from Exchange Transactions	7 613 586	40 791 669
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary Ageing of Receivables from Exchange Transactions:		
(Electricity): Ageing		
Current (0 - 30 days)	1 386 361	5 280 527
31 - 60 Days	(1 861 383)	(303 388)
61 - 90 Days	(196 904)	1 577 474
+ 90 Days	66 217 966	46 591 255
Total	65 546 040	53 145 870
(Water): Ageing		
Current (0 - 30 days)	3 462 229	3 148 862
31 - 60 Days	(467 760)	(9 793)
61 - 90 Days	1 557 187	1 246 817
+ 90 Days	57 730 044	32 762 034
Total	62 281 700	37 147 919
(Refuse): Ageing		
Current (0 - 30 days)	1 504 017	1 545 390
31 - 60 Days	(33 614)	(343)
61 - 90 Days	688 305	768 100
+ 90 Days	28 399 207	18 102 194
Total	30 557 914	20 415 341

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	2014 R	2013 R
14 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)		
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	3 220 370	3 205 695
31 - 60 Days	(4 778)	(491)
61 - 90 Days	1 614 266	1 581 910
+ 90 Days	59 620 555	37 678 338
Total	64 450 413	42 465 452
<u>(Other): Ageing</u>		
Current (0 - 30 days)	301 279	23 244
31 - 60 Days	(120 736)	-
61 - 90 Days	91 580	(2 921 464)
+ 90 Days	15 205 340	35 919 152
Total	15 477 463	33 020 932
<u>(Total): Ageing</u>		
Current (0 - 30 days)	9 874 257	13 203 718
31 - 60 Days	(2 488 272)	(314 014)
61 - 90 Days	3 754 434	2 252 837
+ 90 Days	227 173 112	171 052 973
Total	238 313 531	186 195 514
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	(145 403 845)	(126 855 483)
Contribution to provision	(85 296 100)	(18 548 362)
Balance at end of year	(230 699 945)	(145 403 845)
<p>Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.</p> <p>The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009.</p> <p>The municipality decided to early adopt the GRAP 104 on 30 June 2012 and the impact of the above is that receivables from exchange transactions need not to be discounted with effective interest rate method. The early adoption require the effects be adjusted retrospectively where practicable in accordance with the requirements of GRAP 104, GRAP 3 and ASB Directive 4.</p> <p>The municipality did not previously discount the receivables from exchange transactions and therefore are there no effect on the comparative balances.</p>		
15 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Rates	76 812 212	64 819 341
Sundry Debtors	1 250 924	882 247
Total Receivables from Non-Exchange Transactions	78 063 135	65 701 588
Less: Allowance for Doubtful Debts	(74 374 695)	(50 494 726)
Total Net Receivables from Non-Exchange Transactions	3 688 440	15 206 862
Ageing of Receivables from Non-Exchange Transactions:		
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	2 022 074	2 335 732
31 - 60 Days	(729 352)	(710 015)
61 - 90 Days	724 349	1 134 567
+ 90 Days	74 795 141	62 059 058
Total	76 812 212	64 819 342

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	2014 R	2013 R
15 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUE)		
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	(50 494 726)	(39 722 900)
Contribution to provision	(23 879 969)	(10 771 826)
Balance at end of year	(74 374 695)	(50 494 726)

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009.

The municipality decided to early adopt the GRAP 104 on 30 June 2012 and the impact of the above is that receivables from exchange transactions need not to be discounted with effective interest rate method. The early adoption require the effects be adjusted retrospectively where practicable in accordance with the requirements of GRAP 104, GRAP 3 and ASB Directive 4.

The municipality did not previously discount the receivables from exchange transactions and therefore are there no effect on the comparative balances.

Sundry Debtors

According to section 1 of the Government Gazette notice number 35962 dated 7 December 2012 on the Determination of upper limits of salaries, allowances and benefits of different members of municipal councils "total remuneration package" is the total cost to a municipality of a basic salary component, a traveling allowance as provided in terms of 6(a) and 9(a), a housing allowance as provided in terms of 6(b) and 9(b), the municipal contribution to a pension fund as provided in item 12(a) and the municipal contribution to a medical aid scheme as provided in item 12(b) to a councilor in a municipal financial year. Included in the sundry debtors are an amount of R830 810 (2013: R628 326) which consist of the councilors salaries that exceeded their upper limits. The Municipality is in the process of recovering the exceeded amounts paid.

16 CASH AND CASH EQUIVALENTS

Assets

Call Deposits accounts	1 083 814	2 730 999
Primary Bank Account	2 494 383	3 534 895
Cash Floats	-	8 117
Other Cash and Cash Equivalents	-	24 699
Total Cash and Cash Equivalents - Assets	3 578 197	6 298 710

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

ABSA Bank: Cheque Account nr 40-5351-7822	2 494 383	3 534 895
	2 494 383	3 534 895

ABSA Bank: Cheque Account nr 40-5351-7822

Cash book balance at beginning of year	3 534 895	417 941
Cash book balance at end of year	2 494 383	3 534 895

Call Deposits accounts

Call investment deposits consist out of the following accounts:

Call Deposits accounts	1 083 814	2 730 999
	1 083 814	2 730 999

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	2014 R	2013 R
16 CASH AND CASH EQUIVALENTS (CONTINUE)		
Call Deposits accounts		
ABSA Bank Account nr 90 6109 6643	1 000	1 688 448
ABSA Bank Account nr 20 4640 4292	12 843	11 620
ABSA Bank Account nr 20 4900 4718	22 348	21 242
ABSA Bank Account nr 91 0161 0864	1 047 623	1 009 689
	1 083 814	2 730 999

None of the above accounts are provided as securities.

No restrictions have been placed on the use of cash and cash equivalents for the operations of the entity.

17 PROPERTY TAXES

Actual

Rateable Land and Buildings

Residential, Commercial Property, State

Less: Rebates

Total Assessment Rates

	18 755 366	17 984 969
	18 755 366	17 984 969
	(3 125 571)	(2 909 197)
	15 629 795	15 075 772

Valuations

Rateable Land and Buildings

Residential

Business & Commercial

Government

Agricultural

Total Assessment Rates

	R'000	R'000
Residential	727 276	672 722
Business & Commercial	103 933	208 899
Government	76 706	56 225
Agricultural	1 552 702	1 805 358
	2 460 617	2 743 204

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.

Rates:

Residential

Commercial

Agricultural

	c/R	c/R
Residential	0.01272	0.01200
Commercial	0.02544	0.02400
Agricultural	0.00318	0.00300

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

Rates payable on an annual basis will be subject to a discount of 5% if paid in full on or before 30 September of each year. Interest on arrears rates, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the provisions of the Credit Control and Debt Collection Policy of the Municipality.

18 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants

Equitable Share

Conditional Grants

Grants and subsidies

Total Government Grants and Subsidies

	82 581 000	81 091 000
	82 581 000	81 091 000
	63 979 025	39 376 462
	63 979 025	39 376 462
	146 560 025	120 467 462

The municipality does not expect any significant changes to the level of grants.

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	2014 R	2013 R
18 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
18.01 Equitable share		
Opening balance	-	-
Grants received	82 581 000	81 091 000
Conditions met	<u>(82 581 000)</u>	<u>(81 091 000)</u>
Conditions still to be met/(Grant expenditure to be recovered)	<u>-</u>	<u>-</u>
<p>The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury. The grant is used to subsidise the provision of basic service to the community.</p>		
18.02 Municipal Infrastructure Grant (MIG)		
Opening balance	7 888 682	-
Grants received	34 921 000	36 782 000
Conditions met	(41 121 000)	(28 893 318)
Surrendered	(970 000)	-
Conditions still to be met/Unspent portion	<u>718 682</u>	<u>7 888 682</u>
<p>This grant was used construct municipal infrastructure to provide basic services for the benefit of the poor households. The conditions of the grants were met.</p>		
18.03 Local Government Financial Management Grant (FMG)		
Opening balance	-	-
Grants received	2 867 065	1 500 000
Conditions met	<u>(2 867 065)</u>	<u>(1 500 000)</u>
Conditions still to be met	<u>-</u>	<u>-</u>
<p>The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). Included in the grant is a amount of R1 217 056 of audit fees that were paid by National Treasury on behalf of the municipality.</p>		
18.04 Municipal Systems Improvement Grant		
Opening balance	-	-
Grants received	890 000	800 000
Conditions met	<u>(890 000)</u>	<u>(800 000)</u>
Conditions still to be met	<u>-</u>	<u>-</u>
<p>The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.</p>		
18.05 Local Government Sector Education Training Authority (LGSETA)		
Opening balance	-	-
Grants received	80 233	265 070
Conditions met	<u>(80 233)</u>	<u>(265 070)</u>
Grant expenditure to be recovered	<u>-</u>	<u>-</u>
<p>LGSETA grants are paid to the municipality for skills development projects linked to scarce and critical skills. The purpose of these grant is encourage the municipality to contribute towards the achievement of the objectives of the Human Resources Development Strategy (HRDS), the National Skills Development Strategy (NSDS), and the LGSETA Sector Skills Plan (SSP).</p>		

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	2014 R	2013 R
18.06 Regional Bulk Infrastructure Grant		
Opening balance	(717 828)	-
Grants received	15 563 434	6 749 075
Conditions met	(18 016 547)	(7 466 904)
Grant expenditure to be recovered	<u>(3 170 941)</u>	<u>(717 828)</u>
<p>The purpose of this grant is to develop infrastructure required to connect or augment a water resource, to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area with the municipality.</p>		
18.07 Expanded Public Works Programme Integrated Grant for Municipalities		
Opening balance	-	-
Grants received	1 000 000	1 169 000
Conditions met	(1 000 000)	(1 169 000)
Conditions still to be met	<u>-</u>	<u>-</u>
<p>The purpose of this grant is to improve the quality of life of poor people and increase social stability through engaging the previously unemployed in paid and productive activities, to reduce levels of poverty, contribute towards increased levels of employment and improve opportunities for sustainable work through experience and learning.</p>		
18.08 Total Grants		
Opening balance	7 170 854	-
Grants received	137 902 732	128 356 145
Conditions met	(146 555 845)	(121 185 291)
Surrendered	(970 000)	-
Write off - Irrecoverable grant expenditure	-	-
Conditions still to be met/(Grant expenditure to be recovered)	<u>(2 452 259)</u>	<u>7 170 854</u>
19 SERVICE CHARGES		
Electricity	20 416 065	21 817 961
Water	25 335 698	15 760 310
Sewerage	20 041 906	18 289 647
Refuse removal	9 803 998	9 066 312
Other service charges	3 247	3 426
	<u>75 600 914</u>	<u>64 937 655</u>
Less: Rebates & discounts	(8 363 750)	(3 929 349)
Total Service Charges	<u>67 237 164</u>	<u>61 008 306</u>
20 OTHER INCOME		
Sundry income	334 159	267 519
Donations received	9 800	-
Reverse of provision for retention fees	168	(0.00)
Profit on the exchange of lease assets	-	2 981 651
Grave Fees	91 984	118 821
Total Other Income	<u>436 110</u>	<u>3 367 991</u>
<p>Sundry income represents sundry income such as copies, tender deposit, clearance certificate fees and reconnection fees.</p>		

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	2014 R	2013 R
21 EMPLOYEE RELATED COSTS		
Employee related cost - Salaries and wages	41 924 942	35 272 113
Bonus	2 804 766	3 169 380
Medical Aid - company contributions	2 568 748	2 429 171
UIF	298 180	448 203
Compensation fund provision	399 406	412 219
SDL	442 224	448 061
Other payroll levies	32 206	32 931
Provision Leave	1 549 860	1 073 808
Contributions to Pension and Provident funds	4 409 774	5 098 719
Post-employment benefits	278 765	149 398
Overtime payments	2 715 277	2 633 125
Housing Benefits and allowances	9 802	65 878
Allowance: Cell Phones	427 391	506 193
Allowance: Locomotion - Fixed	3 504 775	3 636 794
Allowance: Standby	182 829	385 704
Allowance: Sundry	92 622	92 619
Total Employee Related Costs	61 641 569	55 854 317
KEY MANAGEMENT PERSONNEL		
Municipal Manager and all other Directors are appointed on fixed term contracts.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
Remuneration of the Previous Municipal Manager - Mr Mpakane		
Annual Remuneration	-	135 392
Travel, motor car, accommodation, subsistence and other allowances	-	122 602
Contributions to UIF, Medical and Pension Funds	-	3 003
Total	-	260 997
Remuneration of Municipal Manager - Mr Mtakati		
Annual Remuneration	794 983	574 359
Travel, motor car, accommodation, subsistence and other allowances	361 539	250 641
Contributions to UIF, Medical and Pension Funds	12 627	9 087
Total	1 169 148	834 087
Remuneration of Chief Financial Officer - Mr L I Tlatsi		
Annual Remuneration	56 417	134 451
Travel, motor car, accommodation, subsistence and other allowances	-	112 358
Contributions to UIF, Medical and Pension Funds	-	2 419
Total	56 417	249 227
Remuneration of Chief Financial Officer - Ms M Mokoena		
Annual Remuneration	462 042	285 139
Travel, motor car, accommodation, subsistence and other allowances	173 127	139 617
Contributions to UIF, Medical and Pension Funds	8 477	4 712
Total	643 646	429 468
Remuneration of Acting Chief Financial Officer - Ms NC Mekana		
Annual Remuneration	110 648	-
Acting allowance	289 092	-
Travel, motor car, accommodation, subsistence and other allowances	6 120	-
Contributions to UIF, Medical and Pension Funds	27 916	-
Total	433 776	-
Remuneration of Corporate Service Manager - Mr S J Lehloeny		
Annual Remuneration	104 783	213 632
Travel, motor car, accommodation, subsistence and other allowances	-	98 564
Contributions to UIF, Medical and Pension Funds	-	3 450
Total	104 783	315 646
Remuneration of Corporate Services Manager - Mr M.D Nthau		
Annual Remuneration	461 537	150 000
Travel, motor car, accommodation, subsistence and other allowances	300 000	100 000
Contributions to UIF, Medical and Pension Funds	28 547	10 841
Total	790 084	260 841

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21 EMPLOYEE RELATED COSTS (CONTINUE)		
Remuneration of Previous Community and Social Services Manager - Me M E Maphobole (Acting Municipal Manager)		
Annual Remuneration	740 210	471 281
Travel, motor car, accommodation, subsistence and other allowances	180 000	115 384
Contributions to UIF, Medical and Pension Funds	9 817	6 825
Total	930 027	593 490
Remuneration of Infrastructure Director - T B Maja		
Annual Remuneration	360 051	698 159
Travel, motor car, accommodation, subsistence and other allowances	90 000	120 000
Contributions to UIF, Medical and Pension Funds	5 380	9 654
Total	455 431	827 813
Remuneration of Acting Chief Financial Officer - Mr J Vermeulen		
Annual Remuneration	-	195 000
Travel, motor car, accommodation, subsistence and other allowances	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Total	-	195 000
22 REMUNERATION OF COUNCILLORS		
Mayor	689 626	676 209
Speaker	558 451	562 100
Councillors	3 988 099	3 409 648
Total Councillors' Remuneration	5 236 176	4 647 958
The Executive Mayor and all the committee members are full-time. The Mayor are provided with secretarial support and an office at the cost of the Council.		
According to section 1 of the Government Gazette notice number 35962 dated 7 December 2012 on the Determination of upper limits of salaries, allowances and benefits of different members of municipal councils "total remuneration package" is the total cost to a municipality of a basic salary component, a traveling allowance as provided in terms of 6(a) and 9(a), a housing allowance as provided in terms of 6(b) and 9(b), the municipal contribution to a pension fund as provided in item 12(a) and the municipal contribution to a medical aid scheme as provided in item 12(b) to a councillor in a municipal financial year. Included in the sundry debtors are an amount of R830 810 (2013: R628 326) which consist of the councillors salaries that exceeded their upper limits. The Municipality is in the process of recovering the exceeded amounts paid.		
23 DEBT IMPAIRMENT		
Contribution to provision for receivables from exchange and non-exchange transactions	95 768 482	25 687 772
Bad debts written off	15 168	202 056
Total Contribution to Debt Impairment	95 783 650	25 889 828
24 DEPRECIATION AND IMPAIRMENT		
Property Plant and Equipment	27 961 653	32 756 996
Investment Property	850 491	1 474 136
Total	28 812 144	34 231 133
25 FINANCE CHARGES		
Trade and Other payables	340 363	-
Other liabilities at amortised cost	539 477	355 583
Borrowings	643 127	4 819
Finance leases at amortised cost	134 145	213 463
Actuarial Interest	-	511 099
Total finance charges	1 657 112	1 084 964

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	2014 R	2013 R
26 BULK PURCHASES		
Electricity	27 955 772	35 525 678
Water	3 852 532	4 138 797
Total Bulk Purchases	31 808 304	39 664 475
27 GENERAL EXPENSES		
Advertising	1 484 880	845 510
Audit fees	3 807 351	2 595 376
Bank charges	449 548	355 510
Chemicals	3 573 539	2 836 669
Cleaning	-	662
Community development and training	400 456	262 566
Consulting and professional fees	12 489 904	9 352 116
Consumables	189 278	176 947
Entertainment	206 119	136 813
Fuel and oil	1 043 194	2 031 627
IDP review	-	1 247 281
Indigent Support	-	20 257
Insurance	(45 715)	9 997
Lease rentals on operating lease	1 543 572	1 042 672
Licence & Registration - Vehicles	2 777 816	407 905
Licence Fees - Financial System	816 586	909 139
Magazines, books and periodicals	313 841	448 919
Other Expenses	2 756 453	241 940
Pauper Burials	27 263	18 000
Postage and courier	415 590	587 082
Printing and stationary	205 567	378 182
Security (Guarding of municipal property)	486 001	277 824
Software expenses	145 353	42 795
Subscriptions and membership fees	469 967	415 000
Telephone and fax	3 467 772	2 753 314
Training	1 922 601	623 620
Travel, Accom. and Subsistence	1 028 797	846 582
Uniforms	731 827	338 981
General Expenses	40 707 562	29 203 285

28 CORRECTION OF ERROR IN TERMS OF GRAP 3

Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below.

EFFECT OF CORRECTION ON THE ACCUMULATED SURPLUS/DEFICIT

Correction of errors	(9 793 377)
Changes in the statement of financial performance	17 966 474
Changes to statement of changes in net assets	(5 898 269)
Changes in the statement of financial position	(21 861 581)

EFFECTS OF CORRECTIONS ON STATEMENT OF FINANCIAL PERFORMANCE

17 966 474

28.01 BULK PURCHASES

Bulk Purchases (Previously reported)	31 972 646
Correction of error	7 691 829
Bulk Purchases (Restated)	<u>39 664 475</u>

The municipality did not previously recorded all bulk purchases. Payables from exchange transactions and bulks purchases increased with R7 691 829 with the correction.

28.02 EMPLOYEE RELATED COSTS

Employee related cost (Previously reported)	55 841 908
Correction of error	12 409
Employee related cost (Restated)	<u>55 854 317</u>

The municipality did not previously recorded all travel and subsistence expenditure. This expenditure were increased with the amount of R12 409. The impact this correction are the increase in the employee related cost and payables from exchange transactions with R12 409.

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28 CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)		
28.03 REPAIRS AND MIANTANANCE		
Repairs and maintenance (Previously reported)		7 131 459
Correction of error		<u>19 357</u>
Repairs and maintenance (Restated)		7 150 816
<p>The municipality previously did not record all expenditure in the comparative figures in the prior year. The impact of the correction increased the expenditure and payables from exchange transactions with R19 357.</p>		
28.04 GENERAL EXPENSES		
General expenses (Previously reported)		27 174 687
Correction of error		<u>2 028 598</u>
General expenses (Restated)		29 203 285
<p>The municipality previously did not record all expenditure transactions in the prior financial year. The impact of the correction resulted in the increase in general expenses and payables from exchange transactions with R2 028 598.</p>		
28.05 DEPRECIATION		
Depreciation (Previously reported)		26 016 852
Correction of error		<u>8 214 281</u>
Depreciation (Restated)		34 231 133
<p>The municipality updated, assessed the conditions of the assets, assessed the useful lives and componentised the assets. The effect of these amendments are a increase in depreciation and accumulated depreciation with R8 214 281.</p>		
EFFECTS OF CORRECTIONS OF THE STATEMENT OF FINANCIAL POSITION		(21 861 581)
28.06 PAYABLES FROM EXCHANGE TRANSACTIONS		
Payables from exchange transactions (Previously reported)		(34 362 718)
Correction of error		<u>(9 217 333)</u>
Payables from exchange transactions (Restated)		(43 580 051)
<p>The municipality previously did not recognise all expenditure and supplier balance at year end. The effect of the correction are increase in bulk purchases with R7 691 829, general expenses with R2 028 598, employee related cost with R12 409, repairs and maintenance with R19 357, accumulated surplus/(deficit) with R534 860 and payables from exchange transactions with R9 217 333.</p>		
28.07 PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment (Previously reported)		506 823 825
Correction of error		<u>(12 644 248)</u>
Property, plant and equipment (Restated)		494 179 577
<p>The municipality updated, assessed the conditions of the assets, assessed the useful lives and componentised the assets. The effect of these amendments are the increase in depreciation with R8 214 281, increase in the work in progress of R32 055 630, decrease in infrastructure assets with R52 914 159 due to compenentisation and assessing the useful lives.</p>		
29 CHANGE IN ACCOUNTING POLICIES		
29.1 INVENTORY		
Inventory (Previously reported)		140 533
Correction of error		<u>(133 756)</u>
Inventory (Restated)		6 777
<p>The municipality does not have an internal system to record and issue inventory. As the inventory are not</p>		

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	2014 R	2013 R
30 RESTATEMENT OF COMPARATIVES		
30.01 EFFECT ON STATEMENT OF FINANCIAL POSITION		
Non-current provisions	Restated	(469 110)
Current provisions	Previously stated	469 110
31 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH		
Surplus/(Deficit) for the year	(32 871 872)	16 076 482
Adjustments for:		
Depreciation and impairment	28 812 144	34 231 133
Gain on disposal of property, plant and equipment	-	(2 981 651)
Debt Impairment	95 783 650	25 889 828
Actuarial Losses / (Gains)	2 377	45 034
Fair Value Adjustments	(2 509)	(6 666)
Operating Surplus/(Deficit) before changes in working capital	91 723 790	73 254 160
Changes in working capital	(37 976 908)	(40 462 881)
Increase/(Decrease) in Trade and Other Payables	26 569 408	2 603 166
Increase/(Decrease) in Consumer Deposits	71 499	62 838
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(9 623 113)	7 170 854
Increase/(Decrease) in Taxes	(3 915 148)	5 786 664
(Increase)/Decrease in Inventory	(7 578)	17 714
(Increase)/Decrease in Receivables from exchange transactions	(41 643 057)	(37 635 461)
(Increase)/Decrease in Receivables from non-exchange transactions	(9 428 919)	(18 468 655)
Cash generated/(absorbed) by operations	53 746 882	32 791 279
32 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 16	1 083 814	2 730 999
Cash Float - Note 16	-	8 117
Primary Bank Account - Note 16	2 494 383	3 534 895
Other Cash and Cash Equivalents - Note 16	-	24 699
Total cash and cash equivalents	3 578 197	6 298 710
RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 32	3 578 197	6 298 710
Cash and Cash Equivalents - Note 32	3 578 197	6 298 710
Less:	5 393 374	16 478 522
Unspent Committed Conditional Grants - Note 8	718 682	7 888 682
VAT - Note 9	4 674 692	8 589 840
Resources available/(unavailable) for working capital requirements	(1 815 177)	(10 179 812)

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		2014 R	2013 R		
33	BUDGET COMPARISONS				
	ACTUAL INCOME AND EXPENDITURE COMPARED TO ADJUSTED BUDGET				
		2014 R	2014 R	2014 R	2014 (%)
33.1	Operational	(Actual)	(Budget)	(Variance)	
	Revenue by source				
	Fines	16 005	225 000	(208 995)	(93%)
	Government Grants and Subsidies	146 560 025	138 042 000	8 518 025	6%
	Interest Earned - external investments	315 803	1 198	314 605	26272%
	Other Income	436 110	1 571 480	(1 135 369)	(72%)
	Property Rates	15 629 795	16 280 450	(650 655)	(4%)
	Rental of Facilities and Equipment	244 250	51 235	193 015	377%
	Interest Earned - outstanding debtors	8 332 585	6 000 000	2 332 585	39%
	Service Charges	67 237 164	67 042 357	194 807	0%
	Dividends received	5 026	10 804	(5 778)	(53%)
	Fair Value Adjustments	2 509	-	2 509	100%
		<u>238 779 272</u>	<u>229 224 524</u>	<u>9 554 748</u>	<u>4%</u>
	Expenditure by nature				
	Bulk Purchases	31 808 304	36 634 750	4 826 446	(13%)
	Capital expenditure	-	5 774 735	5 774 735	(100%)
	Debt Impairment	95 783 650	6 578 433	(89 205 218)	1356%
	Depreciation and Impairment	28 812 144	6 400	(28 805 744)	450090%
	Employee Related Costs	61 641 569	63 937 380	2 295 811	(4%)
	Finance Charges	1 657 112	1 315 716	(341 396)	26%
	Actuarial losses	2 377	-	(2 377)	(100%)
	General Expenses	40 707 562	40 630 255	(77 307)	0%
	Remuneration of Councillors	5 236 176	6 285 000	1 048 824	(17%)
	Repairs and Maintenance	6 002 251	16 134 234	10 131 983	(63%)
		<u>271 651 144</u>	<u>177 296 902</u>	<u>(94 354 242)</u>	<u>53%</u>
	Net Surplus for the year	<u>(32 871 872)</u>	<u>51 927 622</u>	<u>(84 799 493)</u>	<u>-163%</u>

The following explanations are provided by the municipality for the significant variances:

Fines

It was anticipated that traffic officers would be recruited and enhance the revenue by fines, however they weren't

Interest Earned - external investments

Interest was under-anticipated as it can not be determined initially what the interest rates will be for the year and how much cash reserves will be retained in the investment accounts to effects the interest received on savings.

Other Income

Only other income received was for rental of facilities, others such as commission, photocopies and telephones there was no income received.

Rental of Facilities and Equipment

The demand for rental of the facilities of the municipality property was higher than anticipated initially.

Interest Earned - outstanding debtors

A significant number of debtors are behind on payments of the services which result in accumulation of interest on the overdue and what they pay over to the Municipality

Bulk Purchases

Invoice that were not received by year-end resulting in under expenditure

Capital expenditure

None of the budgeted own funds capital programmes were erected

Debt Impairment

Non-cash item, however only few debtors paid their outstanding account in the current year resulting in the under estimation of the provision for doubtful debts.

Depreciation and Impairment

As the depreciation on all assets is only calculated once a year a variance will reflect against the budget. With the compilation of the Annual Financial Statements the amount of depreciation will be determined from the updated fixed asset register and will then be included in the general ledger by means of a journal. The under-estimation of the depreciation are also contributed due to the fact the conditions of the assets are only known at year end and not during the compilation of the budget.

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33 BUDGET COMPARISONS (CONTINUE)

Employee Related Costs

Actual is less than budgeted due to vacancies were not filled within in the municipality due to cash constraints.

Finance charges and actuarial losses

The following was accidentally omitted when budget for finance charges: Actuarial Interests, Finance Leases interest and other liabilities at amortised cost were not determined during the budget estimations.

Repairs and Maintenance

Due to cash flow constrains and the financial position of the Municipality cost cutting measures were implemented to decrease the cost on general expenses for the financial year.

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 (%)
33.2 Expenditure by Vote				
Cemeteries	612 953	2 293 034	(1 680 081)	(73%)
Community & Social Services	3 379 655	5 623 344	(2 243 689)	(40%)
Corporate Services	20 748 189	12 634 628	8 113 561	64%
Council General	8 945 426	6 597 258	2 348 168	36%
Electricity	28 788 226	39 973 002	(11 184 776)	(28%)
Financial Services	139 474 155	20 177 828	119 296 327	591%
Housing	1 721 496	1 217 468	504 029	41%
Libraries	1 229 120	1 200 145	28 975	2%
Municipal Manager	10 200 510	13 089 324	(2 888 814)	(22%)
Office of the Mayor	3 076 854	4 242 831	(1 165 977)	(27%)
Office of the Speaker	2 493 634	2 314 319	179 315	8%
Parks and Recreation	2 069 351	4 091 538	(2 022 187)	(49%)
Properties	-	1 377 832	(1 377 832)	(100%)
Public Works	13 101 218	14 193 206	(1 091 989)	(8%)
Rates	1 026 147	2 171 462	(1 145 315)	(53%)
Refuse	4 576 910	7 177 612	(2 600 701)	(36%)
Remuneration of councillors	2 312 614	-	2 312 614	100%
Sewerage	3 914 882	15 286 654	(11 371 772)	(74%)
Town Hall & Offices	1 513 961	2 751 896	(1 237 935)	(45%)
Traffic	89 981	1 902 771	(1 812 790)	(95%)
Water	22 375 861	20 812 739	1 563 122	8%
	271 651 144	179 128 892	92 522 252	52%

Details of material variances: Implementation of GRAP: Allocation according to GRAP line items and new GRAP line items as depreciation, actuarial losses and debt impairment.

33.3 Reconciliation between budget and actual expenditure

Cemeteries	612 953	2 293 034	(1 680 081)	-73%
Community & Social Services	3 379 655	5 623 344	(2 243 689)	-40%
Corporate Services	20 748 189	12 634 628	8 113 561	64%
Council General	8 945 426	6 597 258	2 348 168	36%
Electricity	28 788 226	39 973 002	(11 184 776)	-28%
Financial Services	139 474 155	20 177 828	119 296 327	591%
Housing	1 721 496	1 217 468	504 029	41%
Libraries	1 229 120	1 200 145	28 975	2%
Municipal Manager	10 200 510	13 089 324	(2 888 814)	-22%
Office of the Mayor	3 076 854	4 242 831	(1 165 977)	-27%
Office of the Speaker	2 493 634	2 314 319	179 315	8%
Parks and Recreation	2 069 351	4 091 538	(2 022 187)	-49%
Properties	-	1 377 832	(1 377 832)	-100%
Public Works	13 101 218	14 193 206	(1 091 989)	-8%
Rates	1 026 147	2 171 462	(1 145 315)	-53%
Refuse	4 576 910	7 177 612	(2 600 701)	-36%
Remuneration of councillors	2 312 614	-	2 312 614	100%
Sewerage	3 914 882	15 286 654	(11 371 772)	-74%
Town Hall & Offices	1 513 961	2 751 896	(1 237 935)	-45%
Traffic	89 981	1 902 771	(1 812 790)	-95%
Water	22 375 861	20 812 739	1 563 122	8%
	271 651 144	179 128 892	92 522 252	52%

The municipality does not consider significant non-cash flow expenditure during the preparation of their budget for the year. To ensure that readers do not misinterpret financial information are significant non-cash flow items highlighted and reconciled from the actual expenditure to the budgeted expenditure.

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	2014 R	2013 R
TOTAL ACTUAL EXPENDITURE WITH NON-CASHFLOW ITEMS		
Corporate Services		8 113 561
Increase in the provision for leave not included in the budget		<u>(1 549 860)</u>
		6 563 701
Financial Services		119 296 327
Increase in the provision for bonuses not included in budget		(99 831)
Increase in the provision for doubtful debts		(95 783 650)
Actual depreciation recognised for the year		<u>(28 812 144)</u>
		(5 399 299)

33.3 FINAL BUDGET COMPARED TO ADJUSTED BUDGET

	2014 R (Final budget)	2014 R (Adjustment budget)	2014 R (Variance)	2014 (%)
Operational				
Revenue by source				
Fines	225 000	225 000	-	0%
Government Grants and Subsidies	138 042 000	138 042 000	-	0%
Interest Earned - external investments	339 458	1 198	338 260	28247%
Other Income	1 511 670	1 571 480	(59 810)	-4%
Property Rates	10 980 450	16 280 450	(5 300 000)	-33%
Rental of Facilities and Equipment	49 979	51 235	(1 257)	-2%
Interest Earned - outstanding debtors	13 200 000	6 000 000	7 200 000	120%
Service Charges	70 687 213	67 042 357	3 644 856	5%
Dividends received	10 804	10 804	-	0%
	<u>235 046 574</u>	<u>229 224 524</u>	<u>5 822 050</u>	<u>3%</u>
Expenditure by nature				
Bulk Purchases	27 434 750	36 634 750	(9 200 000)	-25.1%
Capital expenditure	5 774 735	5 774 735	-	0.0%
Debt Impairment	29 532 803	6 578 433	22 954 370	348.9%
Depreciation and Impairment	2 006 400	6 400	2 000 000	31250.0%
Employee Related Costs	68 506 310	63 937 380	4 568 930	7.1%
Finance Charges	424 200	1 315 716	(891 516)	-67.8%
General Expenses	31 008 831	40 630 255	(9 621 425)	-23.7%
Remuneration of Councillors	6 285 000	6 285 000	-	0.0%
Repairs and Maintenance	12 110 234	16 134 234	(4 024 000)	-24.9%
	<u>183 083 262</u>	<u>177 296 902</u>	<u>5 786 359</u>	<u>3%</u>

Explanations for significant variances between the adjustment and final budget

Interest Earned - external investments

Interest received are based on the total cash in the call deposit accounts at the financial institutions. Based on the cash constraints were less cash kept in the call deposit accounts and therefore were the interest adjusted.

Property Rates

Collection increased due to cut-off and a less number than anticipated indigent consumers registered for the current year.

Interest Earned - outstanding debtors

Total interest income were decreased due to the low collection of the outstanding debt during the year.

Service Charges

The variance are as a result of the following:

- Lack of indigent registrations by deserving consumers
- At bi-annual 53% of the original budget was already collected which resulted in 3% adjustment
- Lack of indigent registrations by deserving consumers resulted in the Municipality over budgeting
- At bi-annual 56% of the original budget was already collected which resulted in 7% adjustment
- Lack of indigent registrations by deserving consumers resulted in the Municipality over budgeting
- The purchasing of tenders was higher than the previous year as the original budget was supported by the demand of the previous financial year

Bulk Purchases

Increase due to high demand of essential services

Debt Impairment

Decrease due to no write-offs had occurred during the financial year

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33 BUDGET COMPARISONS (CONTINUE)

Employee Related Costs

Over-budgeted due to vacancies which were not all filled

Finance Charges

The vote was used to pay capital and interest on outstanding loans.

General Expenses

The variance are as a result of the following:

- Lack of proper monitoring resulted in over-spending on the original budget;
- Insurance claims were less;
- Demand of internet access and cellphones even after office hours to address operations of the municipality;
- More training were arranged by the municipality to capacitated officials;
- The municipality needed more media coverage;
- AG spent more time on the municipality resulting in exhausting the original budget;
- More branding was required to clearly identify municipal property in all units;
- The were more public participation that hat was budgeted for;
- More human support was provided to the municipality due to the upgrade of the financial system;
- The Municipality held less stakeholder meetings than anticipated for the financial year;
- The original budget was not inclusive of vehicle requested from government garage during the financial year;
- More legal cases that what was budgeted for;
- A need of more security arose due to stealing of municipal property;
- Yhe need for strategic support was higher than anticipated which resulted in under-budgeting;
- More training were arranged by the municipality to capacitated officials;

Repairs and Maintenance

The variance are as a result of the following:

- Maintenance on gardens was in need;
- The infrastructure is old and needs maintenance now and then, as a result it was under-budgeted in the original budget;
- Due to relocation of offices as a result of armrests in Theunissen;
- The municipality is operating with old plan & equipment which is repaired regularly due to break downs;
- To improve the effective of roads and storm water the original budget was under anticipated;
- The were more breakages of streetlights, and as an essential service there was an adjustment.

34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

34.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	591 872 637	553 676 848
Unauthorised expenditure current year - operating	7 167 360	38 195 789
Unauthorised expenditure awaiting authorisation	599 039 998	591 872 637

Unauthorised expenditure on operating votes is mainly due to provisional amounts recognised for

Incident	Disciplinary steps/criminal proceedings		
Over expenditure on votes	None	7 167 360	38 195 789
		7 167 360	38 195 789

34.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	1 739 851	1 202 546
Fruitless and wasteful expenditure current year	1 088 149	537 305
Written off by council	-	-
Fruitless and wasteful expenditure awaiting further action	2 828 000	1 739 851

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	2014 R	2013 R
Incident		
Disciplinary steps/criminal proceedings		
Interest payments on the late payments of suppliers	65 354	15 551
Interest payments on the late payments of suppliers of water - Sandvet	90 445	465 833
Interest payments on the late payments of suppliers of electricity - Eskom	678 396	44 582
Interest payments on the late payments of VAT & PAYE, UIF & SDL - SARS	42 846	-
Interest payment on the late payments long term liabilities - INCA & DBSA	211 109	11 339
	1 088 149	537 305

34.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	164 599 892	133 071 845
Irregular expenditure excluding VAT current year	28 052 420	31 528 047
Written off by council	-	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	192 652 312	164 599 892
Irregular expenditure awaiting condonement by National Treasury	192 652 312	164 599 892

The irregular expenditure is due to supply chain management processes not being followed

Incident	Disciplinary steps/criminal proceedings		
Procurement regulations not followed for purchases between nil and R2 000 and no deviation documented.	None	1 400	-
Procurement regulations not followed for purchases between R2 000 and R10 000 and no deviation documented.	None	287 484	529 153
Procurement regulations not followed for purchases between R10 001 and R30 000 and no deviation documented.	None	283 682	2 316 466
Procurement regulations not followed for purchases between R30 001 and R200 000 and no deviation documented.	None	1 208 334	28 682 428
Procurement regulations not followed for purchases more than R200 000 and no deviation documented.	None	26 271 520	-
		28 052 420	31 528 047

The full extent of the irregularities of R 28 052 420 (2013: R164 046 667) (2012: R133 071 845), is still in the process of being investigated as disclosed in note 34.3

34.4 Material Losses

Water distribution losses

- Kilo litres disinfected/purified/purchased	3 960 400	3 996 400
- Kilo litres lost during distribution	419 141	1 291 586
- Percentage lost during distribution	10.58%	32.32%

Electricity distribution losses

- Units purchased (Kwh)	37 140 297	28 565 114
- Units lost during distribution (Kwh)	21 034 397	1 514 176
- Percentage lost during distribution	56.63%	5.30%

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	2014 R	2013 R
35	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	
35.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>	
Opening balance	-	-
Council subscriptions	685 060	421 000
Amount paid - current year	(7 500)	(421 000)
Amount paid - previous years	-	-
Balance unpaid (included in trade creditors)	677 560	-
35.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>	
Opening balance	1 105 853	7 362
Current year audit fee	3 807 351	3 331 847
Amount paid - current year	(3 353 956)	(2 225 905)
Amount paid - previous year	-	(7 451)
Balance unpaid (included in trade creditors)	1 559 247	1 105 853
35.3	<u>VAT - [MFMA 125 (1)(b)]</u>	
VAT	4 674 692	8 589 840
Closing balance - VAT Payable / (Receivable)	4 674 692	8 589 840
<p>The value added tax recoverable from, or payable to, the taxation authority presented in this note and the Statement of Financial Position is on the accrual basis while the municipality is registered on cash basis according to section 15 of the Value-added Tax Act, 1991 (Act 89 of 1991).</p> <p>The total amount of VAT receivable at 30 June 2014 is R68 059 (30 June 2013: R686 510) on the cash basis. The balance on the accrual basis at 30 June 2014 is R4 734 751 (30 June 2013: R9 267 350) and this is the net amount payable after all cash receipts of consumers and cash payments to suppliers.</p>		
35.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>	
Opening balance	595 349	515 673
Current year payroll deductions and Council Contributions	5 408 759	6 019 271
Amount paid - current year	(4 795 048)	(5 520 305)
Amount paid - previous year	(595 349)	(419 291)
Balance unpaid	613 711	595 349
35.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>	
Opening balance	1 887 738	2 478 069
Current year payroll deductions and Council Contributions	12 262 085	12 262 085
Amount paid - current year	(11 454 672)	(11 454 672)
Amount paid - previous year	(1 397 744)	(1 397 744)
Balance unpaid	1 297 407	1 887 738

**MASILONYANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2014 R	2013 R
35.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]		
The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2014:		
	2014 R	2013 R
	Outstanding more than 90 days	
Mayor K S Koalane	-	-
Speaker S J Mabitla	1 417	6 893
Councillor S C Mangoejane	-	9 106
Councillor D E Modise	344	560
Councillor I I Majara	299	-
Councillor J A Pienaar	132	804
Councillor K A Sekharume	-	2 547
Councillor K P Dichakane	-	3 390
Councillor L M Moloele	-	3 824
Councillor V M Lekale	-	101
Councillor M B Tsoela	324	-
Councillor M M Kholumo	299	4 820
Councillor M G Mafa	-	8 296
Councillor P T Botha	54	1 149
Councillor S L Kgoe	388	392
Councillor T P Ramongalo	91	-
Councillor T J Chele	299	-
Councillor X Nqwiliso	-	-
Councillor Z P Thuthani	538	19 400
Councillor M Venter	2 043	-
Total Councillor Arrear Consumer Accounts	6 227	61 282

35.7 Other non-compliance (MFMA 125(2)(e))

- Section 75 of the MFMA. Information to be placed on websites of municipalities. The website of Masilonyana Municipality was not functional for the 2010/11 financial year.
- Section 65 of the MFMA. Expenditure management. All money owing by the municipality must be paid within 30 days of receiving the relevant invoices or statement. Masilonyana Municipality did not comply with above section due to serious cash flow problems.
- Section 127(5)(b) of the MFMA. Submission and tabling of annual reports. The annual report was not submitted to the auditor-general before the annual report was tabled.
- Municipal Systems Act – No job descriptions for municipal employees as required by section 66 of the MSA.

36 COMMITMENTS

Commitments in respect of expenditure:

Total approved commitments:

60 739 970	68 825 364
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This committed expenditure relates to infrastructure development and will be financed by available bank facilities, existing cash resources and government grants and subsidies.

For the disclosure of the commitments per finance lease obligations, refer to note 2 to the financial statements.

**MASILONYANA LOCAL MUNICIPALITY
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**2014
R** **2013
R**

37 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% (2012 - 0.5%) Increase in interest rates	(200 732)	(84 423)
1% (2012 - 0.5%) Decrease in interest rates	200 732	84 423

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Receivables are individually evaluated annually at the Statement of Financial Position date for impairment.

**MASILONYANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2014 R	2013 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	7 613 586	40 791 669
Receivables from non-exchange transactions	3 688 440	15 206 862
Cash and Cash Equivalents	3 578 197	6 298 710
Non-Current Investments	90 743	88 234
Unpaid conditional grants and subsidies	3 170 941	717 828
	18 141 906	63 103 303

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on-going review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2014				
Long Term liabilities	1 248 665	3 676 340	208 548	-
Trade and Other Payables	58 338 371	-	-	-
	59 587 035	3 676 340	208 548	-
2013				
Long Term liabilities	2 344 807	3 495 544	1 470 536	-
Trade and Other Payables	43 580 051	-	-	-
	45 924 858	3 495 544	1 470 536	-

38 FINANCIAL INSTRUMENTS

Financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

38.1 <u>Financial Assets</u>	<u>Classification</u>		
Receivables			
Receivables from exchange transactions	Financial instruments at cost	7 613 586	40 791 669
Receivables from non-exchange transactions	Financial instruments at cost	3 688 440	15 206 862
Bank Balances and Cash			
Cash Floats and Advances	Financial instruments at amortised cost	-	8 117
Primary Bank Account	Financial instruments at amortised cost	2 494 383	3 534 895
Other cash and cash equivalents	Financial instruments at amortised cost	-	24 699
Call Deposits Accounts	Financial instruments at amortised cost	1 083 814	2 730 999
		14 880 222	62 297 241
SUMMARY OF FINANCIAL ASSETS			
Financial instruments at amortised cost		14 880 222	62 297 241
At amortised cost		14 880 222	62 297 241

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

		2014 R	2013 R
38.2	Financial Liability		
	Classification		
	Long-term Liabilities		
	Other financial liabilities	2 812 679	3 277 908
	Capitalised Lease Liability	(1)	463 386
	Payables from exchange transactions		
	Trade Payables	40 092 568	24 307 488
	Sundry Creditors	18 245 803	19 272 563
	Current Portion of Long-term Liabilities		
	Other financial liabilities	390 916	361 753
	Capitalised Lease Liability	462 709	1 416 133
		62 004 674	49 099 231
39	EVENTS AFTER THE REPORTING DATE		
	The municipality performed an subsequent events assessment and no significant matters were identified.		
40	IN-KIND DONATIONS AND ASSISTANCE		
	The municipality did not receive any in-kind donations or assistance during the year under review.		
41	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		
42	CONTINGENT LIABILITY		
	Bon Accor Safaris (Pty) Ltd; Dal Tempe Boerdery; Barens Jacobus Wessels & Willem Johannes Pienaar	1 291 019	1 291 019
	A fire originated on the property of the municipality and spread to the plaintiffs above property resulting in damages. The municipal entity is being sued for negligence as a result of the damages. The maximum potential liability is estimated at R1 291 019 (2012: R1 291 019). Partly Heard in High Court, proceeding February 2015.		
	State Attorneys	41 180	41 180
	The Municipality failed to display a road signage that resulted in the collision between vehicles and the consequent damages to the State vehicle. The maximum potential liability is estimated at R41 180 (2012: R41 180). No summons received.		
	Masilonyana municipality // R du Toit	9 771	9 771
	Claiming damages to vehicle after driving on municipal road. Await judgment from court		
	M M Moseme	10 164	10 164
	Claiming damages to vehicle after driving on municipal road in Brandfort. No summons received		
	Landfill sites	10 000 000	10 000 000
	The Municipality has five active landfill sites in Theunissen, Brandfort, Windburg, Soutpan and Verkeerdevelei. It has been identified that not all landfill sites are licensed as required by the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008).		
	In accordance with section 68(1) of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008), a person convicted of an offence referred to in section 67(1)(a), (g) or (h) is liable to a fine not exceeding R10 000 000 or to imprisonment for a period not exceeding 10 years, or to both such fine and such imprisonment, in addition to any other penalty or award that may be imposed or made.		
	The necessary steps have been taken by the Municipality to obtain the required permits and licenses and the process has been started.		
	Employees leave days in access of 48 days	75 719	75 719
	Section 3.1.5 of SALBC Main Collective Agreement states: Any leave in excess of forty-eight (48) days may be encashed should the employee be unable to take such leave as a result of operational requirements. A contingent liability is raised of R75 719 (2012: R482 645) for employees' leave days in excess of forty-eight (48) days not taken.		

**MASILONYANA LOCAL MUNICIPALITY
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	2014 R	2013 R
BJ Moshweledi	3 060 000	3 060 000
Claim by family of children who drowned in sewerage plant - Soutpan. No summons has been received. The liability are estimated at R3 060 000.		
Wage curve agreement not implemented	-	-
Employees' job evaluations were not completed and they were not paid according to the wage scales and rates in the wage curve agreement and did not receive the nine months retrospective increase. This is in accordance with the provisions of the Labor Relations Act, 1995 made and entered into between the South Africa Local Government Association and Independent Municipal and Allied Trade Union and the South African Municipal Workers Union. The material impact of the liability is undetermined.		
Various farmers	5 033 956.00	1 700 000.00
Veld fire at Verkeerdevlei landfill site, damage to a number of farms. Summons was received, pleadings are closed and the matters are at the discovery stage with next sitting on 27 November 2014.		
	<u><u>19 521 809</u></u>	<u><u>16 187 853</u></u>

The following matters exist but the maximum potential liabilities are not determinable:

GLEN LOSER: Await appointment of Executor in the estate of Glen Loser

43 CONTINGENT ASSETS

Break in at workshop - Theunissen	-	7 076
A break in and theft was reported at the Theunissen workshop during July 2012. 70m of cable was stolen. An agreement of loss was signed with the insurers Cre8 Alexander Forbes.		
Robbery of cashier - Theunissen	-	16 760
A cashier of the municipality was robbed on his way to the bank in August 2012 with the July cashup. A claim was submitted and payment is expected during July 2013.		
Stolen electrical equipment - Winburg	-	44 693
A break in and theft was reported on 31 October 2012 at the substation in Le Roux Street. A length of cable and a transformer was stolen. A claim was submitted and payment is expected during July 2013.		
	<u><u>-</u></u>	<u><u>68 529</u></u>

**MASILONYANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
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	2014 R	2013 R		
44 RELATED PARTIES				
Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.				
44.01 Related Party Transactions and Balances				
	Rates - Levied 1 Jul 11 - 30 Jun 14	Service Charges - Levied 1 Jul 11 - 30 Jun 14	Other - Levied 1 Jul 11 - 30 Jun 14	Outstanding Balances 30 June 2014
Year ended 30 JUNE 2014				
Councillors	69 035	31 714	4 873	176 774
Mayor K S Koalane				
Speaker S J Mabitla	17 950	1 982	712	6 780
Councillor S C Mangoejane	1 558	1 982	266	218
Councillor D E Modise	1 602	1 982	306	5 117
Councillor I I Majara	1 602	1 982	238	18 729
Councillor J A Pienaar	1 277	-	201	2 591
Councillor K A Sekharume	2 041	1 982	-	1 182
Councillor K P Dichakane	1 602	1 982	-	597
Councillor L M Moloele	1 602	1 982	-	-
Councillor V M Lekale	-	-	-	-
Councillor M B Tsoaela	1 602	1 982	145	6 044
Councillor M M Kholumo	1 602	1 982	77	4 753
Councillor M G Mafa	2 107	1 982	475	(1 159.25)
Councillor P T Botha	7 768	1 982	158	1 903
Councillor S L Kgoe	2 098	1 982	316	7 230
Councillor T P Ramongalo	1 602	1 982	4	991
Councillor T J Chele	1 602	1 982	-	25 998
Councillor X Nqwiliso	-	-	-	-
Councillor Z P Thuthani	829	1 982	1 976	24 851
Councillor M Venter	20 594	1 982	-	70 949
Municipal Manager and Section 57 Employees	676	496	4	560
Previous Chief Financial Officer- M E Mokoena	676	496	4	-50
Director - M E Maphabole	-	-	-	609

44 RELATED PARTIES (CONTINUE)

	Rates - Levied 1 Jul 11 - 30 Jun 13	Service Charges - Levied 1 Jul 11 - 30 Jun 13	Other - Levied 1 Jul 11 - 30 Jun 13	Outstanding Balances 30 June 2013
Year ended				
Councillors	3 393	41 758	28 242	70 529
Councillor K S Koalane				(7)
Councillor S J Mabitla	-	11 464	267	12 136
Councillor S C Mangoejane	623	3 908	5 299	9 830
Councillor D E Modise	-	1 220	6	1 227
Councillor F B Posthumus	-	-	-	-120
Councillor K A Sekharume	380	2 426	509	3 314
Councillor K P Dichakane	-	3 101	953	4 054
Councillor L M Moloele	-	3 446	1 042	4 487
Councillor V M Lekale	-	-	101	101
Councillor M B Tsoaela	-	-	-	(102)
Councillor M G Mafa	1 112	3 861	4 246	9 218
Councillor P T Botha	-	-	1 592	1 149
Councillor S L Kgoe	195	977	2	1 174
Councillor T P Ramongalo	-	-	-	(2 597)
Councillor M M Kholumo	-	5 224	260	5 483
Councillor J A Pienaar	1 084	-	34	1 119
Councillor Z P Thuthani	-	6 133	13 930	20 063
Municipal Manager and Section 57 Employees	-	16 741	1 250	17 991
Previous Municipal Manager - Mr Mpakane	-	16 741	641	17 382
Chief Financial Officer - Mr L I Tlatsi	-	-	-	-
Acting Municipal Manager - Me M E Maphabole	-	-	609	609

**MASILONYANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

2014 **2013**
R **R**

44.02 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted according to Section 164 (c) - Forbidden activities of the MFMA.

44.03 Compensation of key management personnel

The compensation of key management personnel is set out in note 21 to the Annual Financial Statements.

45 GOING CONCERN

The annual financial statements of the municipality has been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the business.

Although some positive trends have been observed ,the ability of the Municipality to continue as a going concern is dependent on a number of factors. The Municipality is aware that steps such as effective cash management procedures and effective debt collection procedures have to be implemented to ensure its ability to meet its obligations and to increase its cash flow .

10 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2014

Reconciliation of Carrying Value	Cost					Accumulated Depreciation & Impairment				Carrying Value	
	Opening Balance	Additions	Corrections	Work-In-Progress	Disposals	Closing Balance	Opening Balance	Additions	Correction		Closing Balance
	R	R		R	R	R	R	R	R	R	R
Land and Buildings	55 161 446	2 110 600	-	-	-	57 272 046	1 052 147	706 198	-	1 758 345	55 513 701
Land and Buildings	55 161 446	2 110 600	-	-	-	57 272 046	1 052 147	706 198	-	1 758 345	55 513 701
Infrastructure	838 905 896	611 818	-	13 058 530	-	852 576 244	514 504 497	23 907 927	-	538 412 424	314 163 820
Stormwater and Roads	309 245 713	-	-	-	-	309 245 713	198 143 551	7 264 832	-	205 408 383	103 837 330
Sewerage	131 895 086	111 118	-	-	-	132 006 204	57 588 825	4 636 382	-	62 225 207	69 780 998
Electricity	28 478 997	196 500	-	-	-	28 675 497	2 885 401	460 298	-	3 345 699	25 329 798
Water	369 256 152	304 200	-	13 058 530	-	382 618 882	255 884 246	11 544 515	-	267 428 761	115 190 121
Solid Waste disposal (Refuse)	29 948	-	-	-	-	29 948	2 473	1 900	-	4 373	25 575
Lease Assets	4 015 409	-	-	-	-	4 015 409	1 154 211	1 097 248	-	2 251 458	1 763 951
Office Equipment & Vehicles	4 015 409	-	-	-	-	4 015 409	1 154 211	1 097 248	-	2 251 458	1 763 951
Other Assets	17 628 179	1 016 828	-	-	-	18 645 007	6 061 675	2 250 280	-	8 311 955	10 333 052
Office Equipment	271 908	25 773	-	-	-	297 681	98 458	80 348	-	178 806	118 875
Furniture & Fittings	3 344 971	45 966	-	-	-	3 390 937	1 705 235	444 958	-	2 150 193	1 240 744
Plant and Equipment	5 899 194	54 500	-	-	-	5 953 694	1 991 769	1 051 833	-	3 043 602	2 910 092
Motor vehicles	7 234 119	-	-	-	-	7 234 119	1 656 540	554 698	-	2 211 238	5 022 881
Emergency equipment	147 447	249 866	-	-	-	397 313	58 180	7 718	-	65 898	331 415
Computer equipment	730 540	640 723	-	-	-	1 371 263	551 493	110 724	-	662 217	709 046
Work in Progress	101 241 175	-	-	50 142 607	13 058 530	138 325 252	-	-	-	-	138 325 252
	101 241 175	-	-	50 142 607	13 058 530	138 325 252	-	-	-	-	138 325 252
	1 016 952 105	3 739 246	-	63 201 137	13 058 530	1 070 833 959	522 772 530	27 961 653	-	550 734 183	520 099 776

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

30 JUNE 2013

Reconciliation of Carrying Value	Cost					Accumulated Depreciation & Impairment				Carrying Value	
	Opening Balance	Additions	Corrections	Work-In-Progress	Disposals	Closing Balance	Opening Balance	Additions	Correction	Closing Balance	
	R	R		R	R	R	R	R	R	R	R
Land and Buildings	54 245 444	916 002	-	-	-	55 161 446	-	1 052 147	-	1 052 147	54 109 299
Land and Buildings	54 245 444	916 002	-	-	-	55 161 446	-	1 052 147	-	1 052 147	54 109 299
Infrastructure	811 473 246	27 432 650	-	-	-	838 905 896	487 175 224	27 287 731	41 542	514 504 497	324 401 399
Stormwater and Roads	309 242 388	3 325	-	-	-	309 245 713	190 613 726	7 529 825	-	198 143 551	111 102 162
Sewerage	125 070 637	6 824 449	-	-	-	131 895 086	52 445 970	5 142 855	-	57 588 825	74 306 261
Electricity	28 478 997	-	-	-	-	28 478 997	3 846	2 881 555	-	2 885 401	25 593 596
Water	348 651 276	20 604 876	-	-	-	369 256 152	244 111 206	11 731 499	41 542	255 884 246	113 371 906
Solid Waste disposal (Refuse)	29 948	-	-	-	-	29 948	476	1 997	-	2 473	27 475
Lease Assets	4 681 835	1 980 110	-	-	-2 646 536	4 015 409	3 021 430	958 774	-2 825 993	1 154 211	2 861 199
Office Equipment & Vehicles	4 681 835	1 980 110	-	-	-2 646 536	4 015 409	3 021 430	958 774	-2 825 993	1 154 211	2 861 199
Other Assets	17 235 496	392 683	-	-	-	17 628 179	2 603 501	3 458 174	-	6 061 675	11 566 504
Office Equipment	251 995	19 913	-	-	-	271 908	54 365	44 093	-	98 458	173 450
Furniture & Fittings	3 301 235	43 736	-	-	-	3 344 971	1 233 099	472 136	-	1 705 235	1 639 736
Plant and Equipment	5 592 947	306 247	-	-	-	5 899 194	646 978	1 344 791	-	1 991 769	3 907 425
Motor vehicles	7 234 119	-	-	-	-	7 234 119	326 389	1 330 151	-	1 656 540	5 577 579
Emergency equipment	147 447	-	-	-	-	147 447	33 130	25 050	-	58 180	89 267
Computer equipment	707 753	22 787	-	-	-	730 540	309 540	241 953	-	551 493	179 047
Work in Progress	48 184 369	-	32 455 634	20 601 172	-	101 241 175	-	-	-	-	101 241 175
	48 184 369	-	32 455 634	20 601 172	-	101 241 175	-	-	-	-	101 241 175
	935 820 390	30 721 445	32 455 634	20 601 172	-2 646 536	1 016 952 105	492 800 155	32 756 826	-2 784 451	522 772 530	494 179 575

**APPENDIX A - UNAUDITED
MASILONYANA LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2013	Correction	Balance at 30 JUNE 2013 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2014
LONG-TERM LIABILITIES									
Infrastructure Corporate Finance Limited	16%	BDT114US908	30-Sep-14	66 903	-	66 903	-	48 646	18 257
Infrastructure Corporate Finance Limited	16%	THN114US879	30-Sep-14	66 903	-	66 903	-	49 728	17 175
Development Bank of South Africa	12.5% -14.5%	61001050	31-Mar-20	3 504 905	-	3 504 905	-	336 742	3 168 163
LONG-TERM LIABILITIES				3 638 711	-	3 638 711	-	435 116	3 203 595
LEASE LIABILITY									
Copperleaf - Rental of Photocopiers	14.08%	Various	01-Jan-15	1 205 131	-	1 205 131	-	742 423	462 708
Multitech Corporation -Rental of telephone system	9.29%		30-May-14	674 388	-	674 388	-	674 388	0
Total Lease Liabilities				1 205 131	-	1 879 519	-	742 423	462 708
TOTAL EXTERNAL LOANS				4 843 842	-	5 518 231	-	1 177 539	3 666 304

**APPENDIX B - UNAUDITED
MASILONYANA LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
MUNICIPAL VOTES CLASSIFICATION**

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
118 821	(541 343)	(422 521)	Cemeteries	91 984	(612 953)	(520 969)
(7 541)	(4 033 995)	(4 041 535)	Community & Social Services	3 693	(3 379 655)	(3 375 962)
69 387	(3 516 158)	(3 446 771)	Housing	97 196	(1 721 496)	(1 624 301)
-	(1 117 370)	(1 117 370)	Libraries	-	(1 229 120)	(1 229 120)
49 126	(501 934)	(452 809)	Traffic	16 005	(89 981)	(73 975)
34 745 531	(36 436 170)	(1 690 639)	Electricity	38 250 274	(28 788 226)	9 462 048
-	(11 213 770)	(11 213 770)	Corporate Services	46 200	(20 748 189)	(20 701 989)
41 113 057	(6 453 221)	34 659 836	Council General	26 288 509	(8 945 426)	17 343 082
-	(8 030 298)	(8 030 298)	Municipal Manager	-	(10 200 510)	(10 200 510)
-	(3 460 386)	(3 460 386)	Office of the Mayor	-	(3 076 854)	(3 076 854)
-	(2 869 505)	(2 869 505)	Office of the Speaker	-	(2 493 634)	(2 493 634)
16 472 807	(53 129 304)	(36 656 497)	Financial Services	12 642 515	(139 474 155)	(126 831 640)
73 721	(180 163)	(106 442)	Properties	72 408	-	72 408
15 075 772	-	15 075 772	Rates	15 629 795	(1 026 147)	14 603 649
25 167	(1 881 197)	(1 856 030)	Town Hall & Offices	54 527	(1 513 961)	(1 459 434)
31 199 699	(15 107 360)	16 092 340	Public Works	41 267 749	(13 101 218)	28 166 532
-	(10 140 115)	(10 140 115)	Parks and Recreation	-	(2 069 351)	(2 069 351)
17 087 367	(5 434 026)	11 653 341	Refuse	17 294 788	(4 576 910)	12 717 877
25 626 626	(9 098 150)	16 528 476	Sewerage	26 497 267	(3 914 882)	22 582 386
32 198 751	(24 200 362)	7 998 389	Water	60 526 362	(22 375 861)	38 150 501
213 848 291	(197 771 304)	16 076 987	Sub Total	238 779 272	(271 651 144)	(32 871 872)
-	-	-	Less Inter-Departmental Charges	-	-	-
213 848 291	(197 771 304)	16 076 987	Total	238 779 272	(271 651 144)	(32 871 872)

**APPENDIX C - UNAUDITED
MASILONYANA LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
229 793	(9 710 800)	(9 481 007)	Community & social	208 877	(7 033 205)	(6 824 328)
34 745 531	(36 436 170)	(1 690 639)	Electricity	38 250 274	(28 788 226)	9 462 048
41 113 057	(32 453 658)	8 659 399	Executive & Council	26 334 709	(47 777 228)	(21 442 519)
31 647 468	(55 190 665)	(23 543 197)	Finance & Administration	28 399 246	(142 014 263)	(113 615 017)
31 199 699	(15 107 360)	16 092 340	Roads transport	41 267 749	(13 101 218)	28 166 532
-	(10 140 115)	(10 140 115)	Sports & Recreation	-	(2 069 351)	(2 069 351)
-	-	-	Planning and Development	-	-	-
25 626 626	(9 098 150)	16 528 476	Waste Water Management	26 497 267	(3 914 882)	22 582 386
17 087 367	(5 434 026)	11 653 341	Waste Management	17 294 788	(4 576 910)	12 717 877
32 198 751	(24 200 362)	7 998 389	Water	60 526 362	(22 375 861)	38 150 501
213 848 291	(197 771 304)	16 076 987	Sub Total	238 779 272	(271 651 144)	(32 871 872)
-	-	-	Less Inter-Departmental Charges	-	-	-
213 848 291	(197 771 304)	16 076 987	Total	238 779 272	(271 651 144)	(32 871 872)

**APPENDIX D - UNAUDITED
MASILONYANA LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2013	Correction of error	Restated Balance 1 JULY 2013	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2014	Unspent 30 JUNE 2014 (Creditor)	Unpaid 30 JUNE 2014 (Debtor)
	R	R	R	R	R	R	R	R	R
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS									
<u>National Government Grants</u>									
Equitable Share	-	-	-	82 581 000	82 581 000	-	-	-	-
Municipal Infrastructure Grant	7 888 682	-	7 888 682	34 921 000	-	42 091 000	718 682	718 682	-
Municipal Systems Improvement Grant	-	-	-	890 000	890 000	-	-	-	-
Local Government Financial Management Grant (FMG)	-	-	-	2 867 065	2 867 065	-	-	-	-
Regional Bulk Infrastructure Grant	(717 828)	-	(717 828)	15 563 434	-	18 016 547	(3 170 941)	-	(3 170 941)
Expanded Public Works Programme Integrated Grant for Municipalities	-	-	-	1 000 000	1 000 000	-	-	-	-
Total National Government Grants	7 170 854	-	7 170 854	137 822 499	87 338 065	60 107 547	(2 452 259)	718 682	(3 170 941)
<u>Provincial Government Grants</u>									
Local Government Sector Education Training Authority	-	-	-	80 233	80 233	-	-	-	-
Total Provincial Government Grants	-	-	-	80 233	80 233	-	-	-	-
Total	7 170 854	-	7 170 854	137 902 732	87 418 298	60 107 547	(2 452 259)	718 682	(3 170 941)