

Greater Tzaneen Municipality
Consolidated Financial Statements
for the year ended 30 June 2019

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

General Information

Nature of business and principal activities

Greater Tzaneen Municipality is a local municipality performing the functions as set out in the constitution (Act no 105 of 1996).

Greater Tzaneen Economic Development Agency (GTEDA) is a municipal entity performing the functions consistent with that of an entity.

Jurisdiction within which the Municipality operates

The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province in the Mopani District Municipality Area of Jurisdiction. It extends from Haenertsburg in the west, to Rubbervale in the east, and just south of Modjadjiskloof in the north, to Trichardsdal in the South.

Executive committee

Mayor

Members of the Executive Committee

Councillor M.M. Mangena
Councillor M.M. Mangena
Councillor T.T. Maunatlala (Finance)
Councillor M.M. Letsoalo (Sports, Recreation, Arts and Culture)
Councillor G.E. Ntimbane (Infrastructure)
Councillor M.L. Hlangwane (Health, Environment and Social Development)
Councillor M.S. Tiba (Economic Development, Housing and Spatial Development Plan)
Councillor C. Machimana (Public Transport and Safety and Security)
Councillor N.J. Mbhalati (Corporate Gov. and Share Services)
Councillor D.J. Mmetle (Speaker)
Councillor C.S. Nhembo (Chief Whip)
Councillor M. Prinsloo (Exco)
Councillor D.O. Malemela (Exco)
Councillor D.J. Mmetle (Speaker)
Councillor M.G. Mangena (Mayor)
Councillor C.S. Nhembo (Chief Whip)
Councillor M.M. Letsoalo
Councillor C. Machimana
Councillor T.T. Maunatlala
Councillor N.J. Mbhalati
Councillor G.E. Ntimbane
Councillor M. Prinsloo
Councillor M.M. Sekhwela
Councillor M.S. Tiba
Councillor M.L. Hlangwane
Councillor M.S. Baloyi
Councillor J. Banyini
Councillor O.K. Banyini
Councillor P.W. Cronje
Councillor D.G. Kgafane
Councillor M.R. Kgatla
Councillor L.K. Lepulana
Councillor M.J. Maahe
Councillor M.H. Mafokwane
Councillor N.M. Mahasha
Councillor J.T. Makhubele

Ordinary Councillors

Greater Tzaneen Municipality

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General Information

Councillor G.P. Makhubele
Councillor M.M. Makwala
Councillor S.C. Makwala
Councillor M.A. Makwala
Councillor M.M. Makwala
Councillor T.E. Malatji
Councillor G.M. Malatji
Councillor D.O. Malamela
Councillor S.M. Maplisa
Councillor S.P. Masetla
Councillor N.A. Maslla
Councillor N.P. Mathebula
Councillor M.M. Mathekga
Councillor T.L. Malita
Councillor N.G. Maunatlala
Councillor M.F. Mbhalati
Councillor T.J. McClintock
Councillor D.G. Mkhabele (MPAC Chairperson)
Councillor M.F. Mochabela
Councillor F.T. Mohlaba
Councillor S.N. Mohonone
Councillor M.J. Makgoloboto
Councillor M.C. Morwatshehla
Councillor T. Mpenyana
Councillor N.G. Mukansi
Councillor T.H. Mushwana
Councillor E.T. Ngobeni
Councillor S.E. Ngobeni
Councillor J.L. Ngobeni
Councillor M.C. Nkwashu
Councillor N. Nkwashu
Councillor M.E. Phakula
Councillor R.E. Pohl
Councillor M.L. Pudikabekwa
Councillor M.S. Rakganya
Councillor P.J. Ramodipa
Councillor S.B. Ramoshaba
Councillor M.O. Raolane
Councillor K.I. Rapatsa
Councillor R.S. Rapltsi
Councillor J.M. Ratopola
Councillor C.T. Shisinga
Councillor O. Sithole
Councillor N.H. Zandamela
Councillor M.R. Rikhotso
Councillor P.P. Macheche

Board of directors (GTEDA)

M.Z. Mawasha (Board Chairperson)
Adv. E.S. Maake (Deputy Chairperson)
M.F. Mushwana

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

General Information

	M.I Moakamela M.J Makapan B.J Pretorius
Grading of local authority	Grade 4: High Capacity
Chief Finance Officer (CFO)	Mikateko Palesa Makhubela
Accounting Officer	Bartholomew Serapelo Matlala
Registered office	38 Agatha Street Civic Center Tzaneen 0850
Business address	38 Agatha Street Civic Center Tzaneen 0850
Postal address	PO Box 24 Tzaneen 0850
Bankers	ABSA
Website address	www.tzaneen.gov.za
Audit committee	S.A.B. Ngobeni (Chairperson) J.M. Mabuza N.T. Mabunda J.M. Mofokeng N.S. Hooeane
Level of rounding	Rounding to the nearest Rand
Auditor	Auditor General of South Africa (AGSA) Polokwane Office Telephone number: 015 283 9338

Greater Tzaneen Municipality

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The reports and statements set out below comprise the consolidated financial statements presented to the provincial legislature:

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DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
GTEDA	Greater Tzaneen Economic Development Agency
RAL	Roads Agency Limpopo
VAT	Value Added Tax

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the consolidated financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the consolidated financial statements and will be given unrestricted access to all financial records and related data.

The consolidated financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The consolidated financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges 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 Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit 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 behaviour are applied and managed within predetermined procedures and constraints.

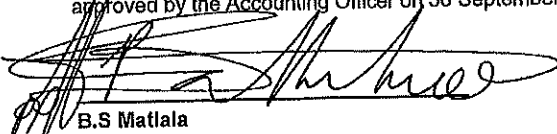
The Accounting Officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated financial statements. However, any system of internal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

The Accounting Officer has reviewed the Municipality's cash flow forecast for the year to 30 June 2020 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.

The consolidated financial statements are prepared on the basis that the Municipality is a going concern and that the Greater Tzaneen Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the Municipality.

Although the Accounting Officer is primarily responsible for the financial affairs of the Municipality, the municipality's external auditors are responsible for expressing an opinion on the financial statements.

The consolidated financial statements set out on pages 7 to 138, which have been prepared on the going concern basis, were approved by the Accounting Officer on 30 September 2019 and were signed on its behalf by:



B.S Matlala
Municipal Manager

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Accounting Officer's Report

The Accounting Officer submits his report for the year ended 30 June 2019.

1. Introduction

Main business and operations

The Greater Tzaneen Municipality is situated in the eastern quadrant of the Limpopo Province within the Mopani District Municipality Area of Jurisdiction. It comprises a land area of approximately 3240 km, and extends from Haenertsburg in the West, to Rubbervale in the East, and just South of Modjadjiskloof in the North, to Trichardsdal in the South.

The long-term goal of Greater Tzaneen Municipality is to ensure that the Municipality is financially sustainable, to stimulate economic growth and to improve the quality of life of all residents in the area of jurisdiction.

To achieve these goals, Council approved the 2018/2019 Budget on 25 May 2018. The Budget, which is informed by the service delivery needs of the community as captured in the Municipality's Integrated Development Plan, demonstrates the Municipality's commitment to improve efforts to limit non-priority spending and direct spending towards the Municipality's Electricity Network. The objectives of combatting electricity service interruptions are high on the Municipality's agenda and the short-term objectives are:

- The upgrading of the Municipality's Electricity Network to ensure the provision of an uninterrupted electricity service.
- Data cleaning and improvement of the Municipality's Revenue Collection.
- A strong administration to ensure a stable working environment through which future development can be established.

The 2018/2019 Budget of the Municipality was amended by means of the following two Adjustment Budgets through the year:

- Adjustment Budget approved by the Council on the 27 February 2019.
- Adjustment Budget approved by the Council on 27 June 2019 to accommodate the SETA grant.

2. Operational responsibility

It is the responsibility of the Municipality to present the statement of financial position, statement of financial performance and cash flow statement for the year ended 30 June 2019 in accordance with applicable legislation which includes the standards of GRAP.

In an attempt to obtain a clean audit opinion for the 2018/2019 financial year the Municipality has institutionalised the concept of operation clean audit (OPCA) to the extent that weekly meetings are held by the Municipality's Audit Steering Committee to address previous audit findings and year-end activities.

3. Review of operating results

This review highlights the Municipality's performance for the past year but does not in any way attempt to provide detail of the performance. Full details appear in the annual financial statements.

Overview of the Municipality's results:

The Municipality's overall actual operating results against the corresponding approved budget figures are scheduled in Appendix E1 of the annual financial statements.

Statement of Financial Performance

The Statement of Financial Performance reflects a summary of income and expenditure items, while the segmental operating results per service are shown in appendix D of the annual financial statements. Over the past financial year the operating revenue increased from R 1 121 251 304 to R 1 140 964 387 while the operating expenditure increased from R 1 196 640 744 to R 1 206 627 000.

With regards to expenditure management the cost containment measures approved by cabinet on 23 October 2013 has been annually updated from 2014/2015 through the budget process and are being complied with.

The actual expenditure amounts to R 1 206 627 000 compared to the budgeted amount of R 1 192 527 125. The overspending is largely due to overspending on the following votes:

- Provision for bad debt
- Roads transferred to RAL
- Legal fees.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Accounting Officer's Report

The expenditure amount includes R 299 024 073 for salaries, R 42 157 906 for repairs and maintenance and R 348 443 869 for the purchase of bulk electricity.

The Municipality reported a net operating deficit of R (67 864 220) for the financial year under review, (2018 R (67 864 220)).

The main revenue sources of the Municipality are:

- Property rates;
- Service charges and
- Government grants and subsidies.

Whilst the highest expenditure items are:

- Employee related costs;
- Bulk purchases;
- Debt impairment;
- Depreciation and amortisation;
- Repairs and maintenance;
- Contracted services;
- Transfers and subsidies paid.

Statement of Financial Position

Council has embarked on implementing a range of revenue collecting strategies to optimise the collection of debt owed by consumers. The outstanding consumer debtors as at 30 June 2019 amounts to R 470 918 091 (2018: R 426 306 198) of which R 368 974 237 (2018: R 288 985 074) were impaired. Indigent debtors to the amount of R - (2018: R 9 978 766) have been written off as uncollectable. The total provision for impairment amounts to R 368 974 237 (2018: R 288 985 074).

Unspent conditional grants and receipts increased from R 3 955 460 in the previous financial year to R 5 083 273 in the current financial year with a 99.80% spending on the Municipal Infrastructure Grant.

The outstanding loans which have been taken-up to finance capital projects amount to R 133 455 817 (2018: R 103 181 579) and the detail of this amount is contained in Note 14 and Appendix A.

4. Going concern

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

The ability of the Municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continue to procure funding for the ongoing operations for the Municipality.

5. Subsequent events

The Accounting Officer is not aware of any matter or circumstance arising since the end of the financial year.

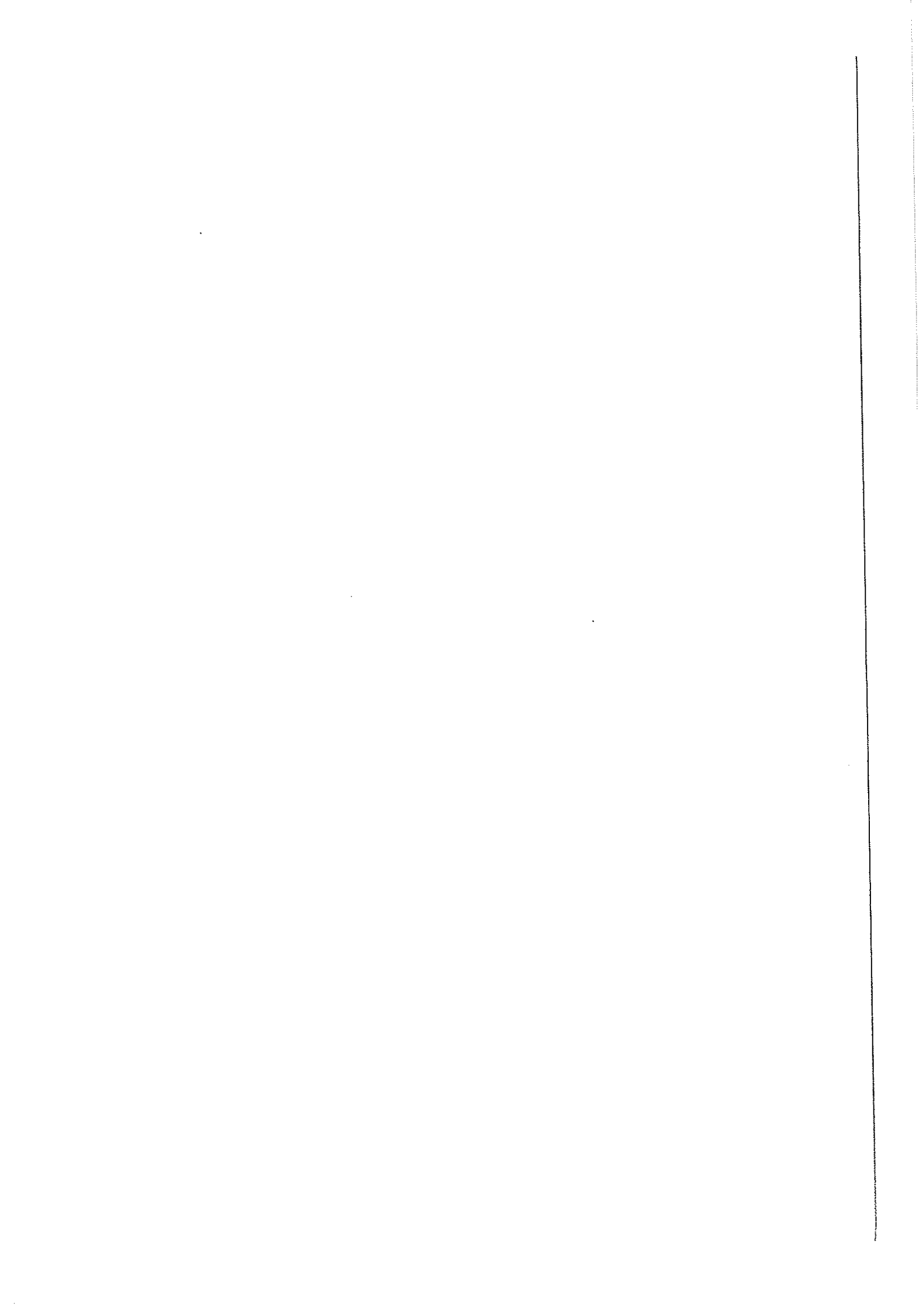
6. Accounting Officer

Name	Nationality
BS Matlala	South African

7. Auditors

Auditor General of South Africa will continue in office for the next financial period.

Report of the Auditor General



Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2019	2018 Restated*	2019	2018 Restated*
Assets					
Current Assets					
Inventories	3	18 162 335	19 164 420	18 162 335	19 164 420
Operating lease asset	6	152 382	173 357	152 382	173 357
Receivables from exchange transactions	7	261 219 338	233 724 774	261 212 868	233 719 455
Receivables from non-exchange transactions	5	37 553 080	43 961 106	36 833 080	43 961 106
Consumer debtors	8	101 943 854	137 321 124	101 943 854	137 321 124
Cash and cash equivalents	9	42 450 240	8 056 255	42 033 011	7 490 665
		<u>461 481 229</u>	<u>442 401 036</u>	<u>460 337 530</u>	<u>441 830 127</u>
Non-Current Assets					
Investment property	10	181 377 053	181 377 053	181 377 053	181 377 053
Property, plant and equipment	11	1 455 343 521	1 486 460 143	1 455 227 822	1 486 313 522
Intangible assets	12	1 135 137	1 606 954	1 135 137	1 603 468
Heritage assets	13	195 000	195 000	195 000	195 000
Other financial assets	4	31 525 083	26 887 399	31 525 083	26 887 399
		<u>1 669 575 794</u>	<u>1 696 526 549</u>	<u>1 669 460 095</u>	<u>1 696 376 442</u>
Total Assets		<u>2 131 057 023</u>	<u>2 138 927 585</u>	<u>2 129 797 625</u>	<u>2 138 206 569</u>
Liabilities					
Current Liabilities					
Other financial liabilities	14	22 810 651	10 725 007	22 810 651	10 725 007
Finance lease obligation	15	2 978 540	824 306	2 978 540	824 306
Payables from exchange transactions	16	228 316 091	208 079 431	227 625 597	207 865 063
VAT payable	17	46 796 765	42 373 166	39 960 827	36 353 082
Consumer deposits	18	27 068 007	26 858 463	27 068 007	26 858 463
Unspent conditional grants and receipts	19	5 083 273	3 955 460	5 083 273	3 955 460
Provisions	20	948 670	445 724	948 670	445 724
		<u>334 001 997</u>	<u>293 261 557</u>	<u>326 475 565</u>	<u>287 027 105</u>
Non-Current Liabilities					
Other financial liabilities	14	110 645 166	92 456 572	110 645 166	92 456 572
Finance lease obligation	15	3 551 484	602 667	3 551 484	602 667
Employee benefit obligation	21	81 474 678	83 821 523	81 474 678	83 821 523
Provisions	20	5 089 171	4 626 520	5 089 171	4 626 520
		<u>200 760 499</u>	<u>181 507 282</u>	<u>200 760 499</u>	<u>181 507 282</u>
Total Liabilities		<u>534 762 496</u>	<u>474 768 839</u>	<u>527 236 064</u>	<u>468 534 387</u>
Net Assets		<u>1 596 294 527</u>	<u>1 664 158 746</u>	<u>1 602 561 561</u>	<u>1 669 672 182</u>
Accumulated surplus		<u>1 596 294 527</u>	<u>1 664 158 746</u>	<u>1 602 561 561</u>	<u>1 669 672 182</u>

* See Note 62

Greater Tzaneen Municipality

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Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2019	2018 Restated*	2019	2018 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	22	486 306 412	482 612 518	486 306 412	482 612 518
Rental of facilities and equipment		2 132 853	1 781 896	2 132 853	1 781 896
Interest received (trading)	55	17 826 053	18 395 501	17 826 053	18 395 501
Agency services		9 254 073	7 988 116	9 254 073	7 988 116
Licences and permits		1 020 674	1 005 867	1 020 674	1 005 867
Other income	23	27 601 807	30 768 310	27 601 807	30 768 310
Interest received - investment	55	9 639 044	4 477 920	9 615 814	4 427 275
Total revenue from exchange transactions		553 780 916	547 030 128	553 757 686	546 979 483
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	24	109 160 412	99 289 523	109 160 412	99 289 523
Property rates - penalties imposed	24	10 022 809	8 203 616	10 022 809	8 203 616
Transfer revenue					
Government grants & subsidies	25	432 583 934	428 692 119	432 583 934	428 692 119
Grants SETA		2 898 502	-	-	-
Public contributions and donations	58	110 987	49 272	110 987	49 272
Fines, penalties and forfeits	56	32 189 439	37 986 646	32 189 439	37 986 646
Administration and project management		217 388	-	-	-
Total revenue from non-exchange transactions		587 183 471	574 221 176	584 067 581	574 221 176
Total revenue	27	1 140 964 387	1 121 251 304	1 137 825 267	1 121 200 659
Expenditure					
Employee related costs	28	299 024 073	285 057 089	295 232 455	282 016 266
Remuneration of councillors	29	27 050 526	25 383 568	26 136 302	24 432 412
Depreciation and amortisation	59	127 793 108	127 696 817	127 724 087	127 654 038
Impairment loss/ reversal of impairments	31	4 399 272	2 839 900	4 399 272	2 839 900
Finance costs	32	11 973 760	11 974 269	11 973 760	11 974 269
Lease rentals on operating lease		509 839	512 649	-	-
Debt impairment	60	123 718 683	114 324 552	123 718 684	114 324 552
Collection costs		600 321	1 770 028	600 321	1 770 028
Repairs and maintenance	33	42 157 906	44 932 114	42 157 906	44 932 114
Bulk purchases	34	348 443 869	325 455 993	348 443 869	325 455 993
Contracted services	35	51 435 443	48 050 548	51 435 443	48 050 548
Transfers and subsidies	36	50 297 361	112 420 696	50 297 361	112 420 696
General expenses	37	119 222 839	96 222 521	120 614 821	98 700 950
Total expenditure		1 206 627 000	1 196 640 744	1 202 734 281	1 194 671 766
Operating deficit		(65 662 613)	(75 389 440)	(64 909 014)	(73 371 107)
Loss on disposal/ write off of property, plant and equipment	57	(2 201 607)	(25 924 361)	(2 201 607)	(25 924 361)
Fair value adjustments	54	-	11 004 300	-	11 004 300
Deficit for the year		(67 864 220)	(90 309 501)	(67 110 621)	(88 291 168)

* See Note 62

Greater Tzaneen Municipality
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Statement of Changes in Net Assets

	Note	Accumulated surplus	Total net assets
Figures in Rand			
Economic entity			
Opening balance as previously reported		1 793 005 212	1 793 005 212
Adjustments			
Prior year adjustments	62	(38 536 965)	(38 536 965)
Balance at 01 July 2017 as restated*		<u>1 754 468 247</u>	<u>1 754 468 247</u>
Changes in net assets		(90 309 501)	(90 309 501)
Surplus for the year		(90 309 501)	(90 309 501)
Total changes		<u>1 707 827 104</u>	<u>1 707 827 104</u>
Opening balance as previously reported			
Adjustments			
Prior year adjustments	62	(43 668 357)	(43 668 357)
Restated* Balance at 01 July 2018 as restated*		<u>1 664 158 747</u>	<u>1 664 158 747</u>
Changes in net assets		(67 864 220)	(67 864 220)
Surplus for the year		(67 864 220)	(67 864 220)
Total changes		<u>1 596 294 527</u>	<u>1 596 294 527</u>
Balance at 30 June 2019			
Note(s)			
Controlling entity			
Opening balance as previously reported		1 793 822 770	1 793 822 770
Adjustments			
Prior year adjustments	62	(35 859 420)	(35 859 420)
Balance at 01 July 2017 as restated*		<u>1 757 963 350</u>	<u>1 757 963 350</u>
Changes in net assets		(88 291 168)	(88 291 168)
Surplus for the year		(88 291 168)	(88 291 168)
Total changes		<u>1 709 548 092</u>	<u>1 709 548 092</u>
Opening balance as previously reported			
Adjustments			
Prior year adjustments	62	(39 875 910)	(39 875 910)
Restated* Balance at 01 July 2018 as restated*		<u>1 669 672 182</u>	<u>1 669 672 182</u>
Changes in net assets		(67 110 621)	(67 110 621)
Surplus for the year		(67 110 621)	(67 110 621)
Total changes		<u>1 602 561 561</u>	<u>1 602 561 561</u>
Balance at 30 June 2019			
Note(s)			

* See Note 62

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2019	2018 Restated*	2019	2018 Restated*
Cash flows from operating activities					
Receipts					
Taxation		89 038 362	79 408 159	89 038 362	79 408 159
Sale of goods and services		582 169 438	507 320 781	582 170 590	507 291 775
Grants		482 259 885	491 098 263	473 029 212	485 586 603
Interest income	55	9 639 044	4 477 920	9 615 814	4 427 275
		<u>1 163 106 729</u>	<u>1 082 305 123</u>	<u>1 153 853 978</u>	<u>1 076 713 812</u>
Payments					
Employee costs		(328 421 445)	(310 842 240)	(323 715 602)	(306 850 259)
Suppliers		(716 362 583)	(716 838 636)	(711 701 925)	(715 206 398)
Finance costs	32	(10 961 350)	(11 107 653)	(10 961 350)	(11 107 653)
Transfer of property, plant and equipment (non-cash item)	11	64 509 821	75 728 464	64 509 821	75 728 464
		<u>(991 235 557)</u>	<u>(963 060 065)</u>	<u>(981 869 056)</u>	<u>(957 435 846)</u>
Net cash flows from operating activities	38	<u>171 871 172</u>	<u>119 245 058</u>	<u>171 984 922</u>	<u>119 277 966</u>
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(167 726 334)	(125 493 419)	(167 691 723)	(125 380 561)
Proceeds from sale of property, plant and equipment	11	676 890	2 691 366	676 890	2 691 366
Sale of investment property	10	-	570 000	-	570 000
Purchase of other intangible assets	12	(154 938)	(1 150 797)	(154 938)	(1 150 797)
Increase from sale of financial assets		(4 637 684)	955 966	(4 637 684)	955 966
Net cash flows from investing activities		<u>(171 842 066)</u>	<u>(122 426 884)</u>	<u>(171 807 455)</u>	<u>(122 314 026)</u>
Cash flows from financing activities					
Additions/(Repayment) of other financial liabilities		30 274 238	(16 555 663)	30 274 238	(16 555 663)
Additions/(Repayments) of finance leases		4 090 641	(4 756 775)	4 090 641	(4 756 775)
Net cash flows from financing activities		<u>34 364 879</u>	<u>(21 312 438)</u>	<u>34 364 879</u>	<u>(21 312 438)</u>
Net increase/(decrease) in cash and cash equivalents		34 393 985	(24 494 264)	34 542 346	(24 348 498)
Cash and cash equivalents at the beginning of the year		8 056 255	32 550 519	7 490 665	31 839 163
Cash and cash equivalents at the end of the year	9	<u>42 450 240</u>	<u>8 056 255</u>	<u>42 033 011</u>	<u>7 490 665</u>

* See Note 62

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	534 933 000	-	534 933 000	486 306 412	(48 626 588)	
Rental of facilities and equipment	1 772 100	-	1 772 100	2 132 853	360 753	
Interest received (trading)	17 000 000	-	17 000 000	17 826 053	826 053	
Agency services	51 164 291	-	51 164 291	9 254 073	(41 910 218)	
Licences and permits	771 000	-	771 000	1 020 674	249 674	
Other income - (rollup)	12 235 046	(500 000)	11 735 046	27 601 807	15 866 761	
Interest received - investment	3 801 000	-	3 801 000	9 639 044	5 838 044	
Total revenue from exchange transactions	621 676 437	(500 000)	621 176 437	553 780 916	(67 395 521)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	87 000 000	-	87 000 000	109 160 412	22 160 412	
Property rates - penalties imposed	6 800 000	-	6 800 000	10 022 809	3 222 809	
Transfer revenue						
Government grants & subsidies	454 310 000	636 404	454 946 404	432 583 934	(22 362 470)	
Income received from SETA	-	-	-	2 898 502	2 898 502	
Public contributions and donations	-	-	-	110 987	110 987	
Fines, Penalties and Forfeits	4 501 136	-	4 501 136	32 189 439	27 688 303	
Interest received - external investment	-	-	-	217 388	217 388	
Total revenue from non-exchange transactions	552 611 136	636 404	553 247 540	587 183 471	33 935 931	
Total revenue	1 174 287 573	136 404	1 174 423 977	1 140 964 387	(33 459 590)	
Expenditure						
Employee cost	(346 515 291)	(410 437)	(346 925 728)	(299 024 073)	47 901 655	
Remuneration of councillors	(28 202 323)	(380 000)	(28 582 323)	(27 050 526)	1 531 797	
Depreciation and amortisation	(133 550 583)	-	(133 550 583)	(127 793 108)	5 757 475	
Impairment loss/ Reversal of impairments	-	-	-	(4 399 272)	(4 399 272)	
Finance costs	(26 448 557)	-	(26 448 557)	(11 973 760)	14 474 797	
Lease rentals on operating lease	(310 682)	(42 000)	(352 682)	(509 839)	(157 157)	
Debt Impairment	(29 400 000)	-	(29 400 000)	(123 718 683)	(94 318 683)	
Collection costs	(1 368 243)	(165 000)	(1 533 243)	(600 321)	932 922	
Repairs and maintenance	(51 349 902)	(9 881 407)	(61 231 309)	(42 157 906)	19 073 403	
Bulk purchases	(340 000 000)	-	(340 000 000)	(348 443 869)	(8 443 869)	
Contracted Services	(54 066 372)	(3 000 000)	(57 066 372)	(51 435 443)	5 630 929	
Transfers and Subsidies	(30 804 673)	(636 404)	(31 441 077)	(50 297 361)	(18 856 284)	
General Expenses	(126 631 541)	(9 363 710)	(135 995 251)	(119 222 839)	16 772 412	
Total expenditure	(1 168 648 167)	(23 878 958)	(1 192 527 125)	(1 206 627 000)	(14 099 875)	
Operating deficit	5 639 406	(23 742 554)	(18 103 148)	(65 662 613)	(47 559 465)	

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Loss on disposal of assets and liabilities	2 500 000	-	2 600 000	(2 201 607)	(4 701 607)	
Deficit before taxation	8 139 406	(23 742 554)	(15 603 148)	(67 864 220)	(52 261 072)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	8 139 406	(23 742 554)	(15 603 148)	(67 864 220)	(52 261 072)	
Reconciliation						

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	534 933 000	-	534 933 000	486 306 412	(48 626 588)	Note 53
Rental of facilities and equipment	1 772 100	-	1 772 100	2 132 853	360 753	
Interest received - outstanding receivables	17 000 000	-	17 000 000	17 826 053	826 053	
Income from agency services	51 164 291	-	51 164 291	9 254 073	(41 910 218)	Note 53
Licences and permits	771 000	-	771 000	1 020 674	249 674	Note 53
Other income	12 235 046	(500 000)	11 735 046	27 601 807	15 866 761	Note 53
Interest received - external investment	3 801 000	-	3 801 000	9 615 814	5 814 814	Note 53
Total revenue from exchange transactions	621 676 437	(500 000)	621 176 437	553 767 686	(67 418 751)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	87 000 000	-	87 000 000	109 160 412	22 160 412	Note 53
Property rates - penalties imposed	6 800 000	-	6 800 000	10 022 809	3 222 809	Note 53
Transfer revenue						
Government grants and subsidies	454 310 000	636 404	454 946 404	432 583 934	(22 362 470)	
Public contributions and donations	-	-	-	110 987	110 987	Note 52
Fines	4 501 136	-	4 501 136	32 189 439	27 688 303	Note 53
Total revenue from non-exchange transactions	552 611 136	636 404	553 247 540	584 067 581	30 820 041	
Total revenue	1 174 287 573	136 404	1 174 423 977	1 137 825 267	(36 598 710)	
Expenditure						
Employee cost	(343 017 085)	-	(343 017 085)	(295 232 455)	47 784 630	Note 53
Remuneration of councillors	(27 425 152)	-	(27 425 152)	(26 136 302)	1 288 850	
Depreciation and amortisation	(133 475 496)	-	(133 475 496)	(127 724 087)	5 751 409	
Impairment loss/ Reversal of impairments	-	-	-	(4 399 272)	(4 399 272)	Note 53
Finance costs	(26 448 557)	-	(26 448 557)	(11 973 760)	14 474 797	Note 53
Debt impairment	(29 400 000)	-	(29 400 000)	(123 718 684)	(94 318 684)	Note 53
Collection costs	(1 200 000)	-	(1 200 000)	(600 321)	599 679	Note 53
Repairs and maintenance	(51 180 125)	(9 801 407)	(60 981 532)	(42 157 906)	18 823 626	Note 53
Bulk purchases	(340 000 000)	-	(340 000 000)	(348 443 869)	(8 443 869)	
Contracted services	(54 066 372)	(3 000 000)	(57 066 372)	(51 435 443)	5 630 929	
Grants and subsidies paid	(30 804 673)	(636 404)	(31 441 077)	(50 297 361)	(18 856 284)	Note 53
General Expenses	(125 453 662)	(8 867 088)	(134 320 750)	(120 614 821)	13 705 929	
Total expenditure	(1 162 471 122)	(22 304 899)	(1 184 776 021)	(1 202 734 281)	(17 958 260)	
Operating deficit	11 816 451	(22 168 495)	(10 352 044)	(64 909 014)	(54 556 970)	
Gain (Loss) on disposal of assets	2 500 000	-	2 500 000	(2 201 607)	(4 701 607)	Note 53
Deficit before taxation	14 316 451	(22 168 495)	(7 852 044)	(67 110 621)	(59 258 577)	

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	14 316 451	(22 168 495)	(7 852 044)	(67 110 621)	(59 258 577)	

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	16 265 405	-	16 265 405	18 162 335	1 896 930	Note 53
Other financial assets	3 267 978	-	3 267 978	-	(3 267 978)	Note 53
Operating lease asset	140 962	-	140 962	152 382	11 420	
Receivables from exchange transactions	150 599 800	-	150 599 800	261 212 868	110 613 068	Note 53
Receivables from non-exchange transactions	74 626 631	-	74 626 631	36 833 080	(37 793 551)	Note 53
Consumer debtors	109 186 535	-	109 186 535	101 943 854	(7 242 681)	Note 53
Cash and cash equivalents	11 457 490	(4 786 921)	6 670 569	42 033 011	35 362 442	Note 53
	365 544 801	(4 786 921)	360 757 880	460 337 530	99 579 650	
Non-Current Assets						
Investment property	203 900 753	-	203 900 753	181 377 053	(22 523 700)	Note 53
Property, plant and equipment	1 768 059 957	(50 000 000)	1 718 059 957	1 455 227 822	(262 832 135)	Note 53
Intangible assets	810 118	-	810 118	1 135 137	325 019	Note 53
Heritage assets	-	-	-	195 000	195 000	Note 52
Other financial assets	45 348 941	-	45 348 941	31 525 083	(13 823 858)	Note 53
	2 018 119 769	(50 000 000)	1 968 119 769	1 669 460 095	(298 659 674)	
Total Assets	2 383 664 570	(54 786 921)	2 328 877 649	2 129 797 625	(199 080 024)	
Liabilities						
Current Liabilities						
Other financial liabilities	10 766 611	-	10 766 611	22 810 651	12 044 040	Note 52
Finance lease obligation	-	-	-	2 978 540	2 978 540	Note 53
Payables from exchange transactions	177 604 332	-	177 604 332	227 625 594	50 021 262	Note 52
VAT payable	34 473 369	-	34 473 369	39 960 827	5 487 458	Note 52
Consumer deposits	25 529 385	-	25 529 385	27 068 007	1 538 622	
Unspent conditional grants and receipts	1 415 052	-	1 415 052	5 083 273	3 668 221	Note 53
Provisions	681 902	-	681 902	948 670	266 768	Note 53
	250 470 651	-	250 470 651	326 475 562	76 004 911	
Non-Current Liabilities						
Other financial liabilities	172 594 016	(50 000 000)	122 594 016	110 645 166	(11 948 850)	Note 53
Finance lease obligation	14 634 000	-	14 634 000	3 551 484	(11 082 516)	Note 52
Employee benefit obligation	80 653 144	-	80 653 144	81 474 678	821 534	
Provisions	5 089 172	-	5 089 172	5 089 171	(1)	
	272 970 332	(50 000 000)	222 970 332	200 760 499	(22 209 833)	
Total Liabilities	523 440 983	(50 000 000)	473 440 983	527 236 061	53 795 078	
Net Assets	1 860 223 587	(4 786 921)	1 855 436 666	1 602 561 564	(252 875 102)	

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 860 223 587	(4 786 921)	1 855 436 666	1 602 561 561	(252 875 105)	Note 53
Undefined Difference	-	-	-	3	3	
Total Net Assets	1 860 223 587	(4 786 921)	1 855 436 666	1 602 561 561	(252 875 105)	

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Cash Flow Statement

Cash flows from operating activities

Receipts						
Taxation revenue	93 800 000	-	93 800 000	89 038 362	(4 761 638)	
Sale of goods and services	606 476 573	(500 000)	605 976 573	582 170 590	(23 805 983)	
Grants	454 310 000	636 404	454 946 404	473 029 212	18 082 808	
Interest income	20 801 000	-	20 801 000	9 615 814	(11 185 186)	Note 53
	1 176 387 573	136 404	1 175 623 977	1 153 853 978	(21 669 999)	

Payments

Employee costs	(343 017 085)	-	(343 017 085)	(323 715 602)	19 301 483	
Suppliers	(689 978 983)	(636 404)	(690 615 387)	(711 701 925)	(21 086 538)	
Finance costs	(24 448 557)	-	(24 448 557)	(10 961 350)	13 487 207	Note 53
Transfer of property, plant and equipment	-	-	-	64 509 821	64 509 821	Note 53
	(1 057 444 625)	(636 404)	(1 058 081 029)	(981 869 056)	76 211 973	

Net cash flows from operating activities

	117 942 948	(500 000)	117 442 948	171 984 922	54 541 974	
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Cash flows from investing activities

Additions to property, plant and equipment	(195 199 250)	50 000 000	(145 199 250)	(167 691 723)	(22 492 473)	Note 53
Proceeds on disposal of property, plant and equipment	2 500 000	-	2 500 000	676 890	(1 823 110)	Note 52
Purchase of other intangible assets	-	-	-	(154 938)	(154 938)	Note 52
Increase in financial assets	(5 073 000)	-	(5 073 000)	(4 637 684)	436 316	Note 52
	(197 772 250)	50 000 000	(147 772 250)	(171 807 455)	(24 036 205)	

Cash flows from financing activities

Long term liabilities	90 000 000	(50 000 000)	40 000 000	40 000 000	-	
Repayment of other financial liabilities	(9 556 844)	-	(9 556 844)	(9 725 762)	(168 918)	
Finance lease payments	(1 500 000)	-	(1 500 000)	4 090 641	5 590 641	
	78 943 156	(50 000 000)	28 943 156	34 364 879	5 421 723	

Net increase/(decrease) in cash and cash equivalents

	(886 146)	(500 000)	(1 386 146)	34 542 346	35 928 492	
Cash and cash equivalents at the beginning of the year	12 342 983	(4 286 921)	8 056 062	7 490 665	(565 397)	
Cash and cash equivalents at the end of the year	11 456 837	(4 786 921)	6 669 916	42 033 011	35 363 095	

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements: Accounting Policies

1. Basis of preparation

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

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

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

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

1.1 Presentation currency

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

1.2 Rounding

All financial figures have been rounded off to the nearest Rand.

1.3 Going concern assumption

These consolidated financial statements have been prepared based on the expectation that the Municipality will continue to operate as a going concern for at least the next 12 months.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated financial statements. Significant judgements include:

Trade receivables and loans and receivables

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

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

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Municipality for similar financial instruments.

Subsequent to initial measurement, investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date, determined by the external valuator.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements: Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The Municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand, together with economic factors such as inflation interest and economic conditions.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Post-retirement benefits

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 21.

Effective interest rate

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

Allowance for doubtful debts

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

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements: Accounting Policies

1.5 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefit or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements: Accounting Policies

1.6 Property, plant and equipment (continued)

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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Notes to the Financial Statements: Accounting Policies

1.6 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life in years
Infrastructure	Straight line	
• Roads and paving		10 -30
• Pedestrian malls		20
• Electricity		10 - 30
• Water		15-20
• Sewage		15-20
• Housing		30
Community	Straight line	
• Improvements		30
• Recreational facilities		20
• Security		3 - 5
Other assets	Straight line	
• Buildings		30
• Specialist vehicles		20
• Other vehicles		5 - 7
• Office equipment		3-5
• Furniture and fittings		7-10
• Watercraft		15
• Bins and containers		5-10
• Specialised plant and equipment		5-15
• Other items of plant and equipment		5

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the Municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The Municipality assesses at each reporting date whether there is any indication that the Municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the Municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the economic entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The Municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements: Accounting Policies

1.6 Property, plant and equipment (continued)

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

1.7 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality; and
- the cost or fair value of the asset can be measured reliably.

The Municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

Item	Useful life
Computer software, other	3-5 years

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

Derecognition

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.8 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. No asset lives are allocated.

Recognition

The Municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

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Notes to the Financial Statements: Accounting Policies

1.8 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The Municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the Municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The Municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements: Accounting Policies

1.9 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Consumer debtors	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a Municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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Notes to the Financial Statements: Accounting Policies

1.9 Financial Instruments (continued)

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements: Accounting Policies

1.9 Financial Instruments (continued)

- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Greater Tzaneen Municipality

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Notes to the Financial Statements: Accounting Policies

1.9 Financial instruments (continued)

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.10 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the Municipality's incremental borrowing rate.

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

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements: Accounting Policies

1.10 Leases (continued)

Operating leases - lessee

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

1.11 Inventories

Consumable and stands inventories consist of work in progress, consumables and finished goods. Inventory is measured at lower of cost, or net realisable value. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at cost.

The cost of consumable inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Redundant and slow moving inventories are identified and written down with regard to their cost. Consumables are written down according to their age, condition and utility.

Stands available for sale during the next 12 months are recognised as inventory.

1.12 Impairment of cash-generating assets

Cash-generating assets are those assets held by the Municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The Municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

Value in use

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

When estimating the value in use of an asset, the Municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the Municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the Municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Greater Tzaneen Municipality

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Notes to the Financial Statements: Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the economic entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

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

Recognition and measurement (Individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the Municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

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

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the Municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

Greater Tzaneen Municipality

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Notes to the Financial Statements: Accounting Policies

1.12 Impairment of cash-generating assets (continued)

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of Impairment loss

The Municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.13 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The Municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the Municipality estimates the recoverable service amount of the asset.

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Notes to the Financial Statements: Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the Municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the Municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The Municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements: Accounting Policies

1.13 Impairment of non-cash-generating assets (continued)

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an Municipality after deducting all of its liabilities.

1.15 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employee render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employee render the related service.

Post-employment benefits

Post-employment benefits are benefits (other than termination benefits) which a municipality pays fixed contributions into a separate municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to the employee services in the current and prior periods

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements: Accounting Policies

1.15 Employee benefits (continued)

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.16 Provisions and contingencies

Provisions are recognised when:

- the Municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 41.

1.17 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.18 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements: Accounting Policies

1.18 Revenue from exchange transactions (continued)

An exchange transaction is one in which the Municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

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

Sale of goods

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

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

Rendering of services

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and revenue is recognized when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognized as revenue in the invoicing period.

Revenue arising from application of the approved tariff of changes is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licenses and permits.

Service charges relating to solid waste, sanitation and sewerage are levied monthly in terms of the approved tariffs.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.19 Revenue from non-exchange transactions

Revenue from non-exchange transaction refers to transaction where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements: Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Recognition

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

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

Measurement

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

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

Taxes

The Municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the Municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The Municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

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

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

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

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements: Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Fines

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

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

Where the Municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the Municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

1.20 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.22 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Irregular expenditure

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

1.25 Internal reserves

1.26 Departmental information

A departmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendixes C and D. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements: Accounting Policies

1.26 Departmental information (continued)

Departmental information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.27 Budget information

Economic Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2018/07/01 to 2019/06/30.

The consolidated financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required.

1.28 Related parties

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.29 Events after reporting date

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.30 Value Added Tax (VAT)

The municipality accounts for VAT on the payment basis. Output VAT is only payable as and when the purchase consideration is received and input tax can be claimed as and when payments are made.

1.31 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised. The liability is transferred to revenue as and when the conditions attached to the grants are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Consolidated Financial Statements

	Economic entity	Controlling entity
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2. New standards and Interpretations

2.1 Standards and interpretations not yet effective or relevant

The following standards and Interpretations have been published and are mandatory for the Municipality's accounting periods beginning on or after 01 July 2019 or later periods but are not relevant to its operations:

GRAP 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board[®] amended its existing Standards to deal with these issues. The IASB issued IFRS[®] Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS[®] on Financial Instruments: Presentation and the IFRS Standard[®] on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the amendment is not yet set by the Minister of Finance.

The Municipality does not envisage the adoption of the amendment until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

Guideline: Guideline on Accounting for Landfill Sites

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the guideline is not yet set by the Minister of Finance.

The Municipality does not envisage the adoption of the guideline until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Consolidated Financial Statements

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The effective date of the guideline is not yet set by the Minister of Finance.

The Municipality does not envisage the adoption of the guideline until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

- Information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

A Municipality applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2020.

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Consolidated Financial Statements

The effective date of the standard is for years beginning on or after 01 April 2020.

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

The impact of this standard is currently being assessed.

GRAP 38: Disclosure of Interests In Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

GRAP 110 (as amended 2016): Living and Non-living Resources

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The subsequent amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the standard is not yet set by the Minister of Finance.

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Consolidated Financial Statements

IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue

The amendments to this Interpretation of the Standard of GRAP clarifies that the entity should also consider other factors in assessing the probability of future economic benefits or service potential to the entity. Entities are also uncertain of the extent to which factors, other than the uncertainty about the collectability of revenue, should be considered when determining the probability of the inflow of future economic benefits or service potential on initial recognition of revenue. For example, in providing certain goods or services, or when charging non-exchange revenue, the amount of revenue charged may be reduced or otherwise modified under certain circumstances. These circumstances include, for example, where the entity grants early settlement discounts, rebates or similar reductions based on the satisfaction of certain criteria, or as a result of adjustments to revenue already recognised following the outcome of any review, appeal or objection process.

The consensus is that on initial recognition of revenue, an entity considers the revenue it is entitled to, following its obligation to collect all revenue due to it in terms of legislation or similar means. In addition, an entity considers other factors that will impact the probable inflow of future economic benefits or service potential, based on past experience and current facts and circumstances that exist on initial recognition.

An Municipality applies judgement based on past experience and current facts and circumstances.

The effective date of the amendment is for years beginning on or after 01 April 2020.

The Municipality does not envisage the adoption of the amendment until such time as it becomes applicable to the Municipality's operations.

The impact of this standard is currently being assessed.

GRAP 18 (as amended 2016): Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The subsequent amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 July 2019

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

It is unlikely that the standard will have a material impact on the Municipality's consolidated financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The Municipality does not envisage the adoption of the standard until such time as it becomes applicable to the Municipality's operations.

Greater Tzaneen Municipality

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It is unlikely that the standard will have a material impact on the Municipality's consolidated financial statements.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 01 July 2019.

The Municipality does not envisage the adoption of the interpretation until such time as it becomes applicable to the Municipality's operations.

It is unlikely that the interpretation will have a material impact on the Municipality's consolidated financial statements.

IGRAP 19: Liabilities to Pay Levies

This Interpretation of the Standards of GRAP provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?
- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The effective date of the interpretation is not yet set by the Minister of Finance.

The Municipality does not envisage the adoption of the interpretation until such time as it becomes applicable to the Municipality's operations.

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It is unlikely that the interpretation will have a material impact on the Municipality's consolidated financial statements.

3. Inventories

Consumable stores	12 742 335	13 744 420	12 742 335	13 744 420
Stands	5 420 000	5 420 000	5 420 000	5 420 000
	<u>18 162 335</u>	<u>19 164 420</u>	<u>18 162 335</u>	<u>19 164 420</u>

The carrying value of inventories is disclosed at lower of cost or net realisable value.

4. Other financial assets

At amortised cost				
Fixed deposits - listed	<u>31 525 083</u>	<u>26 887 399</u>	<u>31 525 083</u>	<u>26 887 399</u>
Non-current assets				
At amortised cost	<u>31 525 083</u>	<u>26 887 399</u>	<u>31 525 083</u>	<u>26 887 399</u>
Financial assets at amortised cost				
Council's valuation of listed investments				
Liberty Group Limited	14 136 980	10 762 080	14 136 980	10 762 080
Standard Bank	17 388 103	16 125 319	17 388 103	16 125 319
	<u>31 525 083</u>	<u>26 887 399</u>	<u>31 525 083</u>	<u>26 887 399</u>

Fair value of investments are at book value as at 30 June 2019.

No non-current investments defaulted and no terms of any of the non-current investments were re-negotiated.

The maximum exposure to credit risk at the reporting date is the fair value of each class of financial asset mentioned above.

Fixed deposits of R 14 136 980 and R 17 388 103 been made with Liberty and Standard Bank of South Africa respectively to repay loans of R 15 000 000 and R 30 000 000 on maturity date.

Loans to staff and the public

To comply with the requirements of the MFMA, no loan has been made after 1 March 2004.

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
5. Receivables from non-exchange transactions				
Fines	36 833 080	43 961 106	36 833 080	43 961 106
Government grants and subsidies	720 000	-	-	-
	<u>37 553 080</u>	<u>43 961 106</u>	<u>36 833 080</u>	<u>43 961 106</u>
Reconciliation of traffic fines				
Opening balance	43 961 106	75 870 945	43 961 106	75 870 945
Issued	33 076 650	38 364 900	33 076 650	38 364 900
Less: Withdrawn	(1 441 020)	(913 400)	(1 441 020)	(913 400)
Less: Fines receipted	(1 974 279)	(5 018 102)	(1 974 279)	(5 018 102)
Less: Provision for impairment	(36 789 377)	(64 343 237)	(36 789 377)	(64 343 237)
Balance at the end of the year	<u>36 833 080</u>	<u>43 961 106</u>	<u>36 833 080</u>	<u>43 961 106</u>
Reconciliation of provision for traffic fines				
Opening balance	91 141 550	26 789 313	91 141 550	26 789 313
Provision for impairment	36 789 377	64 343 237	36 789 377	64 343 237
	<u>127 930 927</u>	<u>91 132 550</u>	<u>127 930 927</u>	<u>91 141 550</u>

Receivables from non-exchange transactions

The Accounting Standard Board amended GRAP 1 applying the Probability Test on the Initial Recognition of Revenue to include revenue from non-exchange transactions. This amendment is applicable to municipalities from 1 July 2013. GRAP 1 indicates that entities should not consider the probability of non-payment on the initial recognition of revenue. This should be considered as a subsequent event when assessing impairment.

Fine revenue of all fines issued during the current year amounted to R 31 635 630 (2018: R 37 451 500). The outstanding fines were assessed for impairment based on the payment history of fines issued and measures put in place to recover the outstanding amount.

The recovery of traffic fines is a protracted process due to the administrative and court procedures.

Credit quality of receivables from non-exchange transactions

Traffic fines are payable as determined by the fine. The credit period granted is considered to be consistent with the established practices and legislation.

The Municipality's historical experience in collection of traffic fines fall 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 receivables from non-exchange transactions.

6. Operating lease asset (accrual)

Operating lease asset (accrual)

Current assets	<u>152 382</u>	<u>173 357</u>	<u>152 382</u>	<u>173 357</u>
Municipality as lessor: Future minimum lease repayments receivable				
Less than one year	478 478	445 409	478 478	445 409
Between one year and five years	1 108 500	1 585 328	1 108 500	1 585 328
More than five years	108 376	110 026	108 376	110 026
	<u>1 695 354</u>	<u>2 140 763</u>	<u>1 695 354</u>	<u>2 140 763</u>

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018

Operating leases relate to property owned by the Municipality with lease terms of between one (1) and twenty (20) years, with an option to extend the lease. The lessee does not have an option to purchase the property at the expiry of the lease period. The properties are maintained by the tenant, at their cost.

The Municipality has operating lease agreements for the following classes of assets which are only significant collectively.

- Municipal buildings
- Vacant land

Operating lease income and expenditure have been recognised on a straight line basis over the lease term. The effect of accounting for operating leases on the straight line basis had the above effect.

No restrictions have been imposed on the Municipality in terms of the operating lease agreements

7. Receivables from exchange transactions

Trade debtors	260 572 669	230 349 127	260 572 673	230 349 133
Prepayments	3 089	1 939	-	-
Rental deposit	3 386	3 386	-	-
Other receivables	33 148 139	29 056 132	33 148 140	29 056 132
Bursary loans	692 742	574 734	692 742	574 734
	<u>294 420 026</u>	<u>259 985 318</u>	<u>294 413 555</u>	<u>259 979 999</u>
Provision for impairment of receivables	(33 200 687)	(26 260 544)	(33 200 687)	(26 260 544)
	<u>261 219 338</u>	<u>233 724 774</u>	<u>261 212 868</u>	<u>233 719 455</u>

Reconciliation of provision for impairment of trade and other receivables

Opening balance	26 260 544	22 357 001	26 260 544	22 357 001
Provision for impairment	6 940 143	9 651 393	6 940 143	9 651 393
Amounts written off as uncollectible	-	(5 747 850)	-	(5 747 850)
	<u>33 200 687</u>	<u>26 260 544</u>	<u>33 200 687</u>	<u>26 260 544</u>

The 'bursary loans' 2018 comparative amount of R 574 734 has been restated from R 586 374 (see note 62).

The 'trade debtors' 2018 comparative amount of R 223 million has been restated from R 243 million (see note 62).

The impairment allowance mainly represents the outstanding amounts due to the Municipality in respect of indigent consumables, rental hawkker stalls, private dumping, etc.

Credit quality of receivables from exchange transactions

Trade and other 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 receivable on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to other 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.

8. Consumer debtors

Gross balances	189 892 185	159 747 326	189 892 185	159 747 326
Rates	199 197 687	197 492 845	199 197 687	197 492 845
Electricity	81 828 219	69 066 027	81 828 219	69 066 027
Refuse	<u>470 918 091</u>	<u>426 306 198</u>	<u>470 918 091</u>	<u>426 306 198</u>

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Less: Allowance for impairment				
Rates	(170 651 580)	(132 340 973)	(170 651 560)	(132 340 973)
Electricity	(128 114 016)	(98 079 859)	(128 114 016)	(98 079 859)
Refuse	(70 208 661)	(58 564 242)	(70 208 661)	(58 564 242)
	<u>(368 974 237)</u>	<u>(288 985 074)</u>	<u>(368 974 237)</u>	<u>(288 985 074)</u>
Net balance				
Rates	19 240 625	27 406 353	19 240 625	27 406 353
Electricity	71 083 671	99 412 986	71 083 671	99 412 986
Refuse	11 619 558	10 501 785	11 619 558	10 501 785
	<u>101 943 854</u>	<u>137 321 124</u>	<u>101 943 854</u>	<u>137 321 124</u>
Included in above is receivables from exchange transactions				
Electricity	71 083 671	99 412 986	71 083 671	99 412 986
Refuse	11 619 558	10 501 785	11 619 558	10 501 785
	<u>82 703 229</u>	<u>109 914 771</u>	<u>82 703 229</u>	<u>109 914 771</u>
Included in above is receivables from non-exchange transactions (taxes and transfers)				
Rates	19 240 625	27 406 353	19 240 625	27 406 353
Net balance	<u>101 943 854</u>	<u>137 321 124</u>	<u>101 943 854</u>	<u>137 321 124</u>
Rates				
Current (0 -30 days)	9 619 270	9 333 209	9 619 270	9 333 209
31 - 60 days	5 025 903	5 433 544	5 025 903	5 433 544
61 - 90 days	4 243 682	3 793 069	4 243 682	3 793 069
91 - 120 days	3 970 083	3 590 317	3 970 083	3 590 317
121 - 365 days	167 033 247	137 597 187	167 033 247	137 597 187
	<u>189 892 185</u>	<u>159 747 326</u>	<u>189 892 185</u>	<u>159 747 326</u>
Electricity				
Current (0 -30 days)	45 308 917	62 010 928	45 308 917	62 010 928
31 - 60 days	6 204 859	10 421 706	6 204 859	10 421 706
61 - 90 days	9 538 695	5 860 226	9 538 695	5 860 226
91 - 120 days	3 265 273	17 687 175	3 265 273	17 687 175
121 - 365 days	134 879 943	101 512 810	134 879 943	101 512 810
	<u>199 197 687</u>	<u>197 492 845</u>	<u>199 197 687</u>	<u>197 492 845</u>
Refuse				
Current (0 -30 days)	3 430 392	3 574 191	3 430 392	3 574 191
31 - 60 days	2 010 906	1 785 671	2 010 906	1 785 671
61 - 90 days	1 713 103	1 311 323	1 713 103	1 311 323
91 - 120 days	1 436 272	1 256 771	1 436 272	1 256 771
121 - 365 days	73 237 546	61 138 071	73 237 546	61 138 071
	<u>81 828 219</u>	<u>69 066 027</u>	<u>81 828 219</u>	<u>69 066 027</u>

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Summary of debtors by customer classification				
Residential				
Current (0 -30 days)	17 805 834	25 018 711	17 805 834	25 018 711
31 - 60 days	6 692 329	7 811 301	6 692 329	7 811 301
61 - 90 days	6 201 227	4 837 055	6 201 227	4 837 055
91 - 120 days	4 416 310	4 103 348	4 416 310	4 103 348
121 - 365 days	239 438 774	191 386 528	239 438 774	191 386 528
	<u>274 554 474</u>	<u>233 156 943</u>	<u>274 554 474</u>	<u>233 156 943</u>
Industrial/ commercial				
Current (0 -30 days)	35 030 580	43 144 736	35 030 580	43 144 736
31 - 60 days	3 894 378	6 785 389	3 894 378	6 785 389
61 - 90 days	7 035 623	4 463 331	7 035 623	4 463 331
91 - 120 days	1 923 930	14 197 481	1 923 930	14 197 481
121 - 365 days	123 808 710	91 885 861	123 808 710	91 885 861
	<u>171 693 221</u>	<u>160 476 798</u>	<u>171 693 221</u>	<u>160 476 798</u>
National and provincial government				
Current (0 -30 days)	1 434 382	1 431 910	1 434 382	1 431 910
31 - 60 days	742 038	936 908	742 038	936 908
61 - 90 days	634 872	789 350	634 872	789 350
91 - 120 days	278 770	549 684	278 770	549 684
121 - 365 days	13 234 796	11 499 710	13 234 796	11 499 710
	<u>16 324 858</u>	<u>15 207 562</u>	<u>16 324 858</u>	<u>15 207 562</u>
Other				
Current (0 -30 days)	2 478 404	5 074 274	2 478 404	5 074 274
31 - 60 days	590 477	3 223 969	590 477	3 223 969
61 - 90 days	436 114	1 541 872	436 114	1 541 872
91 - 120 days	928 030	4 031 779	928 030	4 031 779
121 - 365 days	3 912 513	3 593 001	3 912 513	3 593 001
	<u>8 345 538</u>	<u>17 464 895</u>	<u>8 345 538</u>	<u>17 464 895</u>
Total	<u>470 918 091</u>	<u>426 306 198</u>	<u>470 918 091</u>	<u>426 306 198</u>

Consumer debtors pledged as security

No porting of accounts receivables was pledged as security for any financial liabilities

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor impaired can be assessed by reference to historical information about counterparty default rates:

Consumer debtors are payable within 30 days. This credit period is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to consumer debtors are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of consumer debtors 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 consumer debtors.

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018

Fair value of consumer debtors

The fair value of accounts receivable approximates their carrying amounts.

Consumer debtors

No security is held for any of the accounts receivable.

Consumer debtors Impaired

As of 30 June 2019, consumer debtors of R 368 974 237 (2018: R 288 985 074) were impaired and provided for.

An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor may enter bankruptcy and default of delinquency in payments (more than 90 days overdue) are considered indicators that the consumer is impaired. No amount for the current year (2018: R 9 978 766) was written off during the year as uncollectable.

The amounts best represent the maximum exposure to credit risk at the end of the reporting period without taking into account of any collateral held or other credit enhancements.

Reconciliation of allowance for impairment of consumer debtors

Opening balance	288 985 074	258 633 918	288 985 074	258 633 918
Allowance for impairment	79 989 163	40 329 922	79 989 163	40 329 922
Amounts written off as uncollectible	-	(9 978 766)	-	(9 978 766)
	<u>368 974 237</u>	<u>288 985 074</u>	<u>368 974 237</u>	<u>288 985 074</u>

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	178	177	-	-
Bank balances	42 448 807	7 696 885	42 033 011	7 490 665
Other cash and cash equivalents	1 255	359 193	-	-
	<u>42 450 240</u>	<u>8 056 255</u>	<u>42 033 011</u>	<u>7 490 665</u>

No cash and cash equivalents, or portion thereof, was pledged as security for any financial liabilities.

The balance of unspent conditional grants as per Note 19 can only be used for the purpose as set out in the different grant conditions and is not available to the Municipality to use in its normal business operations.

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The Municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
Consolidated cash book balance	-	-	-	42 450 240	8 056 255	32 550 420
ABSA Bank - Cheque account number 126 085 0527 Primar						
ABSA Bank - Cheque account number - 404 896 4222	7 714 245	6 995 425	3 313 689	-	-	-
ABSA Bank - Cheque account number - 908 197 4990	245 207	487 580	1 510 568	-	-	-
ABSA Bank Liquidity plus account - 9312433930 (MIG)	5 141 834	4 692	22 534 572	-	-	-
ABSA Bank - Liquidity plus account - 9312434237 (INEP)	28 931 725	2 968	4 480 334	-	-	-
ABSA Bank - Cheque Account - 40-7166-4582	93 850	206 220	646 331	-	-	-
ABSA Bank - 32 Day notice account 92-2181-3770	356	348	340	-	-	-
ABSA Bank - Depositr Plus Account - 92-8795-3029	898	358 845	64 508	-	-	-
ABSA Bank - Classic Business Account (SETA) 40-9462-4490	321 947	-	-	-	-	-
Total	42 450 062	8 056 078	32 550 342	42 450 240	8 056 255	32 550 420

The Municipality has two bank accounts to control MIG and INEP funds separately.

An amount of R 5 083 272 (2018: R 2 924 847) of the unspent conditional grants is included in cash and cash equivalents.

Credit quality of Cash and cash equivalents

The credit quality of cash and cash equivalents that are neither past due nor impaired can be assessed by reference to the Municipality's going concern ratio's which include current ratio, debt ratio and net income to net sales ratio.

10. Investment property

Economic entity	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	181 377 053	-	181 377 053	181 377 053	-	181 377 053
Controlling entity	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	181 377 053	-	181 377 053	181 377 053	-	181 377 053

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Reconciliation of investment property - Economic entity - 2019

Investment property	Opening balance	Total
	181 377 053	181 377 053

Reconciliation of investment property - Economic entity - 2018

Investment property	Opening balance	Disposals	Transfers received	Total
	170 942 753	(570 000)	11 004 300	181 377 053

Reconciliation of investment property - Controlling entity - 2019

Investment property	Opening balance	Total
	181 377 053	181 377 053

Reconciliation of investment property - Controlling entity - 2018

Investment property	Opening balance	Disposals	Transfers received	Total
	170 942 753	(570 000)	11 004 300	181 377 053

Pledged as security

No investment properties were pledged as security for liabilities.

The municipality generated income from rental of investment properties of R140 510 monthly on average (2018: R131 310)

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.

Details of valuation

The Greater Tzaneen Municipal valuations are based on the valuation roll which is reviewed every four years. The last valuation roll came into effect on 1 July 2017. Supplementary valuations are issued and processed annually to take into account changes in individual property value due to alterations and subdivisions.

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Figures in Rand

11. Property, plant and equipment

Economic entity	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	124 398 446	-	124 398 446	124 398 446	-	124 398 446
Furniture and fixtures	183 960	(163 446)	20 514	171 732	(147 207)	24 525
Office equipment	37 278	(27 240)	10 038	45 324	(38 810)	6 514
IT equipment	245 776	(160 636)	85 140	257 333	(141 757)	115 576
Infrastructure	2 282 241 337	(1 183 099 509)	1 099 141 828	2 254 746 250	(1 074 653 827)	1 180 092 423
Community	198 842 767	(43 332 949)	155 509 818	170 390 866	(36 314 648)	134 076 218
Work in Progress	52 949 441	-	52 949 441	30 985 479	-	30 985 479
Other assets	71 276 426	(55 570 812)	15 705 614	65 326 385	(51 553 361)	13 773 024
Leased Assets	18 315 531	(10 792 849)	7 522 682	10 920 220	(7 932 282)	2 987 938
Total	2 748 490 962	(1 293 147 441)	1 455 343 521	2 657 242 035	(1 170 781 892)	1 486 460 143

Controlling entity	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	124 398 446	-	124 398 446	124 398 446	-	124 398 446
Infrastructure	2 282 241 335	(1 183 099 510)	1 099 141 825	2 254 746 249	(1 074 653 828)	1 180 092 421
Community	198 842 765	(43 332 950)	155 509 815	170 390 865	(36 314 649)	134 076 216
Work in progress	52 949 441	-	52 949 441	30 985 479	-	30 985 479
Other assets	71 276 425	(55 570 812)	15 705 613	65 326 384	(51 553 363)	13 773 021
Leased assets	18 315 531	(10 792 849)	7 522 682	10 920 221	(7 932 282)	2 987 939
Total	2 748 023 943	(1 292 796 121)	1 455 227 822	2 656 767 644	(1 170 454 122)	1 486 313 522

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Reconciliation of property, plant and equipment - Economic entity - 2019

	Opening balance	Additions	Write-offs/ Disposals	Transfers	Depreciation	Impairment loss	Total
Land	124 398 446	-	-	-	-	-	124 398 446
Furniture and fixtures	24 525	12 232	-	-	(16 243)	-	20 514
Office equipment	6 514	7 878	-	-	(4 355)	-	10 038
IT equipment	115 576	14 500	-	-	(44 936)	-	85 140
Infrastructure	1 180 092 423	39 099 332	(2 526 247)	-	(113 124 409)	(4 399 271)	1 099 141 828
Community	134 076 218	28 451 899	-	-	(7 018 299)	-	155 509 818
Work in progress	30 985 479	86 473 783	-	(64 509 821)	-	-	52 949 441
Other assets	13 773 024	6 337 058	(343 916)	-	(4 060 552)	-	15 705 614
Leased assets	2 987 938	7 440 638	(8 335)	-	(2 897 559)	-	7 522 862
	1 486 460 143	167 837 321	(2 878 498)	(64 509 821)	(127 166 353)	(4 399 271)	1 455 343 521

Reconciliation of property, plant and equipment - Economic entity - 2018

	Opening balance	Additions	Write-offs/ Disposals	Transfers	Depreciation	Impairment loss	Total
Land	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446
Furniture and fixtures	43 794	-	-	-	(19 269)	-	24 525
Office equipment	3 355	5 216	-	-	(2 057)	-	6 514
IT equipment	24 812	107 642	-	-	(16 876)	-	115 576
Infrastructure	1 293 611 062	27 802 250	(23 642 192)	-	(114 838 797)	(2 839 900)	1 180 092 423
Community	88 965 562	49 330 304	(88 140)	-	(4 131 508)	-	134 076 218
Work in progress	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479
Other assets	20 579 648	472 597	(1 284 662)	-	(5 984 539)	-	13 773 024
Leased assets	7 585 464	-	(2 590 713)	-	(2 006 813)	-	2 987 938
	1 595 160 676	125 493 419	(28 615 727)	(75 728 464)	(127 009 861)	(2 839 900)	1 486 460 143

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Reconciliation of property, plant and equipment - Controlling entity - 2019

	Opening balance	Additions	Write-offs/ Disposals	Transfers	Depreciation	Impairment loss	Total
Land	124 398 446	-	-	-	-	-	124 398 446
Infrastructure	1 180 092 421	39 099 332	(2 526 247)	-	(113 124 409)	(4 399 272)	1 099 141 825
Community	134 076 216	28 451 899	-	-	(7 018 300)	-	155 509 815
Work in progress	30 985 479	86 473 783	-	(64 509 821)	-	-	52 949 441
Other assets	13 773 021	6 337 058	(343 916)	-	(4 060 550)	-	15 706 613
Leased assets	2 987 939	7 440 638	(8 335)	-	(2 897 560)	-	7 522 682
	1 486 313 522	167 802 710	(2 878 498)	(64 509 821)	(127 100 819)	(4 399 272)	1 455 227 822

Reconciliation of property, plant and equipment - Controlling entity - 2018

	Opening balance	Additions	Write-offs/ Disposals	Transfers	Depreciation	Impairment loss	Total
Land	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446
Infrastructure	1 293 611 062	27 802 250	(23 642 192)	-	(114 838 799)	(2 839 900)	1 180 092 421
Community	88 965 561	49 330 304	(88 140)	-	(4 131 509)	-	134 076 216
Work in progress	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479
Other assets	20 579 650	472 597	(1 284 682)	-	(5 994 544)	-	13 773 021
Leased assets	7 585 463	-	(2 590 713)	-	(2 006 811)	-	2 987 939
	1 595 088 715	125 380 561	(28 615 727)	(75 728 464)	(126 971 663)	(2 839 900)	1 486 313 522

Included in the Infrastructure is an amount for Landfill site with the carrying amount of R 4 655 646 (2018: R 4 891 493).

The municipality incurred expenditure for repairs and maintenance of property, plant & equipment of R 42 157 906 (2018: R 44 932 114).

Pledged as security

None of the property, plant and equipment has been pledged as security for any liabilities.

The 2017/2018 comparative amount of R 1,486 billion on property, plant and equipment has been restated from R 1,502 billion (see note 62).

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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.

The prior period balances were restated for prior year errors. Refer to note 62 for detail.

A detailed breakdown of property plant and equipment by asset class can be found in Annexure "B".

12. Intangible assets

Economic entity	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	3 808 727	(2 673 590)	1 135 137	3 653 789	(2 046 835)	1 606 954
Other intangible assets	45 051	(45 051)	-	45 051	(45 051)	-
Total	3 853 778	(2 718 641)	1 135 137	3 698 840	(2 091 886)	1 606 954

Controlling entity	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	3 760 040	(2 624 903)	1 135 137	3 605 102	(2 001 634)	1 603 468

Reconciliation of intangible assets - Economic entity - 2019

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	1 606 954	154 938	(626 755)	1 135 137

Reconciliation of intangible assets - Economic entity - 2018

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	1 143 105	1 150 797	(686 948)	1 606 954

Reconciliation of intangible assets - Controlling entity - 2019

	Opening balance	Additions	Amortisation	Total
Computer software and license	1 603 468	154 938	(623 269)	1 135 137

Reconciliation of intangible assets - Controlling entity - 2018

	Opening balance	Additions	Amortisation	Total
Computer software and license	1 135 042	1 150 797	(682 371)	1 603 468

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Pledged as security

No intangible assets have been pledged as security for any liability.

The municipality amortizes all its intangible assets on a straight-line method and none of these are regarded as having an indefinite useful life. The useful lives of intangible assets changed from one to two years on average from previous years.

13. Heritage assets

Economic entity	2019			2018		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Stamp collections, military insignia, medals, coin	195 000	-	195 000	195 000	-	195 000

Controlling entity	2019			2018		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	195 000	-	195 000	195 000	-	195 000

Reconciliation of heritage assets Economic entity - 2019

	Opening balance	Total
Stamp collections, military insignia, medals, coin	195 000	195 000

Reconciliation of heritage assets Economic entity - 2018

	Opening balance	Total
Stamp collections, military insignia, medals, coin	195 000	195 000

Reconciliation of heritage assets Controlling entity - 2019

	Opening balance	Total
Mayoral chain	195 000	195 000

Reconciliation of heritage assets Controlling entity - 2018

	Opening balance	Total
Mayoral chain	195 000	195 000

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
14. Other financial liabilities				
Designated at amortised cost				
DBSA local registered loan stock	15 000 000	15 000 000	15 000 000	15 000 000
Loan Stock - Standard Bank	30 000 000	30 000 000	30 000 000	30 000 000
	<u>45 000 000</u>	<u>45 000 000</u>	<u>45 000 000</u>	<u>45 000 000</u>
At amortised cost				
Annuity loan - DBSA	30 466 889	32 183 025	30 466 889	32 183 025
Annuity loan - ABSA	16 848 525	18 340 756	16 848 525	18 340 756
Annuity loan - INCA	-	1 953 417	-	1 953 417
Annuity loan - Standard Bank	-	4 565 172	-	4 565 172
Annuity loan - DBSA	40 000 000	-	40 000 000	-
Accrued interest	1 140 403	1 139 209	1 140 403	1 139 209
	<u>88 455 817</u>	<u>58 181 579</u>	<u>88 455 817</u>	<u>58 181 579</u>
Total other financial liabilities	<u>133 455 817</u>	<u>103 181 579</u>	<u>133 455 817</u>	<u>103 181 579</u>
Non-current liabilities				
Other				
Annuity loans	45 000 000	45 000 000	45 000 000	45 000 000
	65 645 166	47 456 572	65 645 166	47 456 572
	<u>110 645 166</u>	<u>92 456 572</u>	<u>110 645 166</u>	<u>92 456 572</u>
Current liabilities				
At amortised cost				
	22 810 651	10 725 007	22 810 651	10 725 007

The 'Other financial liabilities' 2018 comparative amount of R 32.183 million has been restated from R 32.041 million (see note 62).

Annuity loan - Standard Bank

This loan of R21 011 000 was taken up on 30 June 2012. The loan bears interest at a fixed rate of 11,8% and has been fully redeemed on 30 June 2019.

Annuity loan - ABSA

This loan of R25 140 000, with a current balance of R 16 848 525, was taken up on 15 August 2010. The loan bears interest at a fixed rate of 10,62% and will be fully redeemed on 31 July 2025.

Annuity loan - DBSA

A loan of R41 000 000, with a current balance of R 30 466 889, was taken up to finance capital projects. This loan bears interest at a fixed rate of 6,75% per annum and will be fully redeemed on 31 October 2030.

Annuity loan - INCA

The loan has been taken up to finance the purchase of land. It bore interest at a fixed rate of 12,5% per annum and has been fully redeemed on 31 December 2018.

Loan stock: DBSA (Excelsior 1 000 Investment)

An annual investment of R855 619 has been made with Liberty to repay a loan of R15 000 000 on maturity date. The loan bears interest at a variable rate and will be redeemed on 30 September 2019.

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	2019	2018	2019	2018

Annulity loan: DBSA

A loan of R 40 000 000, with a current balance of R 40 000 000, has been taken up to finance capital projects. The loan bears interest at a fixed rate of 11.3% per annum and will be fully redeemed on 30 September 2028.

Loan Stock: Standard Bank

A loan of R 30 000 000 has been taken up to finance capital projects. The loan bears interest at a fixed rate of 12.09 % per annum and will be redeemed on 16 October 2025.

Undrawn borrowings

There were no undrawn borrowing facilities that were available for future activities or to settle capital commitments at 30 June 2019.

None of the loans are secured by any fixed or movable assets of the Greater Tzaneen Municipality.

The Municipality did not default on any of the borrowings in respect of capital or interest portions.

No terms attached to the financial liabilities were re-negotiated.

15. Finance lease obligation

Minimum lease payments due	3 630 878	934 458	3 630 878	934 458
- within one year	4 060 236	632 049	4 060 236	632 049
- in second to fifth year inclusive	7 691 114	1 566 507	7 691 114	1 566 507
	(1 161 090)	(139 534)	(1 161 090)	(139 534)
Less: future finance charges	6 530 024	1 426 973	6 530 024	1 426 973
Present value of minimum lease payments				
Present value of minimum lease payments due	2 978 540	824 306	2 978 540	824 306
- within one year	3 551 484	602 667	3 551 484	602 667
- in second to fifth year inclusive	6 530 024	1 426 973	6 530 024	1 426 973
Non-current liabilities	3 551 484	602 667	3 551 484	602 667
Current liabilities	2 978 540	824 306	2 978 540	824 306
	6 530 024	1 426 973	6 530 024	1 426 973

The average lease term was 2 to 3 years. Interest rates are fixed at the contract date. Certain leases have fixed repayments and others escalate. No arrangements have been entered into for contingent rent.

The carrying value of these leased assets are included under property, plant and equipment.

The Municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

The Municipality did not default on any of the interest or capital repayments of the finance leases.

New lease agreements were entered into during 2018/2019 financial year for ICT equipment and photocopiers.

No terms and conditions of the finance leases were re-negotiated during the reporting period.

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
16. Payables from exchange transactions				
Payables	161 179 161	136 307 796	161 179 159	136 307 795
Staff leave	30 919 811	35 880 487	30 919 811	35 880 487
Retention	22 753 278	24 481 008	22 753 277	24 481 008
Accrued leave pay	45 598	39 005	-	-
Unknown direct deposits	4 739 264	3 798 158	4 739 264	3 798 158
13th Cheque	8 034 086	7 397 615	8 034 086	7 397 615
Accrued audit fee	495 934	-	-	-
Other payables	148 959	175 362	-	-
	<u>228 316 091</u>	<u>208 079 431</u>	<u>227 625 597</u>	<u>207 665 063</u>

The 'payables' 2018 comparative amount of R 136,3 million has been restated from R 129,7 million (see note 62).

The 'retention' 2018 comparative amount of R 24,4 million has been restated from R 23,6 million (see note 62).

Trade payables

The average credit period on purchases is 30 days from receipt of the invoice, as determined by Section 99 of the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Municipality deals with.

Included under payables are payments received in advance which are non-interest bearing and normally settled on 30 day terms

Staff leave

Annual leave accrues to employees on a monthly basis subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

Retention

Retention is non-interest bearing and settled in terms of the contract agreement.

Unknown direct deposits

The origin of the deposits could not be determined at year-end.

13th Cheque

A 13th cheque or annual bonus accrues to staff on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff and is paid after the completion of twelve months. The Municipality has an obligation to pay a service bonus in terms of its conditions of employment.

The carrying value of payables from exchange transactions approximate their fair values. The fair value is determined after considering the standard terms and conditions of agreements entered into by the Municipality and the parties.

The Municipality did not default on any accounts payable in respect of capital or interest portions.

No terms attached to the accounts payable were re-negotiated.

17. VAT payable

Net VAT payable	<u>46 796 765</u>	<u>42 373 166</u>	<u>39 960 827</u>	<u>36 353 082</u>
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The financial statements have been prepared on the accrual basis whilst VAT is payable to SARS on the payments basis. Output VAT is only payable as and when the purchase consideration is received and input VAT can only be claimed as and when payments are made. Interest on late payment is charged according to SARS policies. In terms of the VAT Act, the VAT increased from 14% to 15% from 01 April 2018.

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
18. Consumer deposits				
Electricity	27 068 007	26 858 463	27 068 007	26 858 463
Guarantees held in lieu of electricity deposits	3 211 830	3 339 030	3 211 830	3 339 030

Consumer deposits are paid by customers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the Municipality can utilise the deposit as payment for the outstanding accounts.

Guarantees are given to business consumers on application for new electricity connections instead of deposits. In cases where consumers default on their accounts, the Municipality can request the guarantee amounts from the consumers' bank as payment for the outstanding accounts.

19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts	5 083 273	3 955 460	5 083 273	3 955 460
Grants - other				
Movement during the year				
Balance at the beginning of the year	3 955 460	17 749 721	3 955 460	17 749 721
Additions during the year	116 602 405	134 005 000	116 602 405	134 005 000
Income recognition during the year	(94 239 934)	(116 715 118)	(94 239 934)	(116 715 118)
Administration fee recognised during the year	(4 615 750)	(6 047 100)	(4 615 750)	(6 047 100)
Loan repayments	-	(7 738 405)	-	(7 738 405)
Roll-over not approved	(2 725 000)	(1 919 412)	(2 725 000)	(1 919 412)
VAT	(12 863 296)	(15 379 226)	(12 863 296)	(15 379 226)
Roll-over not applied for	(1 030 612)	-	(1 030 612)	-
	<u>5 083 273</u>	<u>3 955 460</u>	<u>5 083 273</u>	<u>3 955 460</u>

The amount of unspent conditional grants and receipts is held in the operating bank account of the Municipality until utilized. The total grants recognised in the statement of financial performance are disclosed in note 25.

20. Provisions

Reconciliation of provisions - Economic entity - 2019

	Opening Balance	Additions	Total
Provision for rehabilitation of landfill site	4 626 520	462 651	5 089 171
Provision for performance bonuses	445 724	502 946	948 670
	<u>5 072 244</u>	<u>965 597</u>	<u>6 037 841</u>

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018

Reconciliation of provisions - Economic entity - 2018

	Opening Balance	Additions	Reduction due to re-measurement or settlement without cost to entity	Total
Provision for rehabilitation of landfill site	4 205 927	420 593	-	4 626 520
Provision for performance bonuses	606 890	-	(161 166)	445 724
	<u>4 812 817</u>	<u>420 593</u>	<u>(161 166)</u>	<u>5 072 244</u>

Reconciliation of provisions - Controlling entity - 2019

	Opening Balance	Additions	Total
Provision for rehabilitation of landfill site	4 626 520	462 651	5 089 171
Provision for performance bonuses	445 724	502 946	948 670
	<u>5 072 244</u>	<u>965 597</u>	<u>6 037 841</u>

Reconciliation of provisions - Controlling entity - 2018

	Opening Balance	Additions	Reduction due to re-measurement or settlement without cost to entity	Total
Provision for rehabilitation of landfill site	4 205 927	420 593	-	4 626 520
Provision for performance bonuses	606 890	-	(161 166)	445 724
	<u>4 812 817</u>	<u>420 593</u>	<u>(161 166)</u>	<u>5 072 244</u>
Non-current liabilities	5 089 171	4 626 520	5 089 171	4 626 520
Current liabilities	948 670	445 724	948 670	445 724
	<u>6 037 841</u>	<u>5 072 244</u>	<u>6 037 841</u>	<u>5 072 244</u>

Provision for rehabilitation of landfill site

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. Provision is made in terms of the Municipality's licensing stipulations on the waste landfill site. The provision has been determined on the basis of independent valuations by environmental consultants. It is calculated as the present value of the future obligation, discounted at 10% over an average period of 20 years. The due date of this provision is June 2027.

Provision for performance bonuses

Performance bonuses accrue to Section 57 managers on an annual basis subject to certain conditions. The provision is the actual amount due at the reporting date to staff. Performance bonuses are paid one year in arrears as the assessment of eligible employees had not taken place at the end of the reporting period. Performance bonuses are measured at face value as it is expected that these would be paid shortly after the financial year end once performance evaluations have been completed.

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018

21. Employee benefit obligations

Defined benefit plan

The total amount recognised in the statement of financial position is as follows:

Carrying value				
Defined benefit obligation - long service award	16 353 718	12 977 156	16 353 718	12 977 156
Defined benefit obligation - post retirement medical aid plan	65 120 960	70 844 367	65 120 960	70 844 367
	<u>81 474 678</u>	<u>83 821 523</u>	<u>81 474 678</u>	<u>83 821 523</u>

Post-retirement medical aid plan

The Municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the municipality is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the municipality will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the municipality's decision on protected rights.

The post-employment health care benefits valuation considers all current employees, retired employees and their dependants who participate in the health care arrangements and are entitled to a post-employment medical scheme subsidy. The post-employment health care liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability. The effective date of the valuation which was performed by ARCH Actuarial Consulting is 30 June 2019.

Plan assets

Currently, no long-term assets are set aside off - balance sheet in respect of the employer's post-employment health care liability.

The Projected Unit Credit Method was used to value the liabilities and the liability for eligible employees is accrued over their expected working lifetime.

Membership of health care arrangements entitled to a post-employment medical aid subsidy at reporting date was:

In-service members	392	385	392	385
In-service non-members	262	268	262	268
Continuation members	51	53	51	53
	<u>705</u>	<u>706</u>	<u>705</u>	<u>706</u>

The amount recognised in the statement of financial position is as follows:

Carrying value				
Present value of the defined benefits obligations - wholly unfunded	65 120 960	70 844 367	65 120 960	70 844 367
Changes in the present value of the defined benefit obligation are as follows:				
Opening balance	70 844 367	72 653 728	70 844 367	72 653 728
Benefits paid	(2 217 321)	(2 172 117)	(2 217 321)	(2 172 117)
Net expense recognised in the statement of financial performance	(3 506 086)	462 756	(3 506 086)	462 756
	<u>65 120 960</u>	<u>70 844 367</u>	<u>65 120 960</u>	<u>70 844 367</u>

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Net expense recognised in the statement of financial performance				
Current cost	3 613 750	3 981 762	3 613 750	3 981 762
Interest cost	6 738 938	7 017 670	6 738 938	7 017 670
Actuarial (gains) / losses	(13 858 774)	(10 536 676)	(13 858 774)	(10 536 676)
	<u>(3 506 086)</u>	<u>462 756</u>	<u>(3 506 086)</u>	<u>462 756</u>

Calculation of actuarial gains and losses				
Actuarial (gains) / losses	<u>13 858 774</u>	<u>(10 536 676)</u>	<u>13 858 774</u>	<u>(10 536 676)</u>

Key assumptions used

Assumptions used at reporting date

Discount rate used	9.48 %	9.66 %	9.48 %	9.66 %
Health care cost inflation rate	6.93 %	7.45 %	6.93 %	7.45 %
Net discount rate	2.38 %	2.06 %	2.38 %	2.06 %
Average retirement rate	62	61	62	61
Best estimate of contribution expected to be paid				
Expected benefit to be paid	2 200 887	2 217 321	2 200 887	2 217 321

Other assumptions

The sensitivity analysis is based on the total liability which includes water and sewerage.

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in surplus or deficit. The effect of a one percentage movement in the assumed rate of health care cost inflation is as follows:

Increase				
Effect of aggregate service cost and interest cost	13 329 300	14 295 400	13 329 300	14 295 400
Effect on the defined benefit obligation	82 169 000	89 597 000	82 169 000	89 597 000
Decrease				
Effect of aggregate service cost and interest cost	(9 562 700)	(10 170 200)	(9 562 700)	(10 170 200)
Effect on the defined benefit obligation	(60 994 000)	(67 172 000)	(60 994 000)	(67 172 000)

Amounts for the current and previous four years are as follows:

	2019	2018	2017	2016	2015
	R	R	R	R	R
Defined benefit obligation	65 120 960	70 844 367	72 553 728	74 141 098	65 494 316
Surplus (deficit)	(65 120 960)	(70 844 367)	(72 553 728)	(74 141 098)	(65 494 316)

Long service awards

Long service awards relates to the legal obligation to provide for long service leave awards. An actuarial valuation has been performed on all 655 (2018: 654) employees that are entitled to long service leave awards on 30 June 2019. The long service leave awards liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability.

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	2019	2018	2019	2018

The amounts recognised in the statement of financial position are as follows:

Carrying value				
Present value of the defined benefit obligation-wholly unfunded	16 353 718	12 977 156	16 353 718	12 977 156

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	12 977 156	11 669 376	12 977 156	11 669 376
Benefits paid	(1 738 011)	(976 674)	(1 738 011)	(976 674)
Net expense recognised in the statement of financial performance	5 114 573	2 284 454	5 114 573	2 284 454
	<u>16 353 718</u>	<u>12 977 156</u>	<u>16 353 718</u>	<u>12 977 156</u>

Net expense recognised in the statement of financial performance

Current service cost	1 206 302	1 154 289	1 206 302	1 154 289
Interest cost	1 022 199	940 824	1 022 199	940 824
Actuarial (gains) losses	2 886 072	189 341	2 886 072	189 341
	<u>5 114 573</u>	<u>2 284 454</u>	<u>5 114 573</u>	<u>2 284 454</u>

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	<u>2 886 072</u>	<u>189 341</u>	<u>2 886 072</u>	<u>189 341</u>
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Key assumptions used

Assumptions used at the reporting date:

Discount rates used	8.13 %	8.43 %	8.13 %	8.43 %
Expected increase in salaries	5.55 %	6.06 %	5.55 %	6.06 %
Other material actuarial assumptions	2.44 %	2.23 %	2.44 %	2.23 %
	62	61	62	61

Other assumptions

The sensitivity analysis is based on the total liability which includes water and sewerage.

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

Increase				
Effect of aggregate service cost and interest cost	2 627 600	2 473 400	2 627 600	2 473 400
Effect on defined contribution obligation	19 067 000	15 137 000	19 067 000	15 137 000
Decrease				
Effect on aggregate service cost and interest cost	(2 305 900)	(2 162 200)	(2 305 900)	(2 162 200)
Effect on defined benefit obligation	(16 954 000)	(13 580 000)	(16 954 000)	(13 580 000)

Amounts for the current and previous four years are as follows:

	2019	2018	2017	2016	2015
	R	R	R	R	R
Defined benefit obligation	16 353 718	12 977 156	11 669 376	11 622 662	10 830 506
Surplus (deficit)	(16 353 718)	(12 977 156)	(11 669 376)	(11 622 662)	(10 830 506)

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	2019	2018	2019	2018

Defined contribution plan

The Municipality is under no obligation to cover any unfunded benefits.

The amount recognised as an expense for defined contribution plans is	51 922 920	49 198 630	51 922 920	49 198 630
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The only obligation of the Municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors/ employees leave plans prior to full vesting of the contributions, the contributions payable by the Municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the statement of financial performance of R 51.9 million represents contributions payable to these plans by the Municipality at rates specified in the rules of the plans.

Included in defined contribution plan of R 51 922 920 above, is the following plans which are Multi-Employer Funds and are Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the Municipality to account for the plans as defined benefit plans, the Municipality accounted for these plans as defined contribution plans.

The amounts disclosed above includes an amount of R 671 964 (2018: R 1 657 183) which represents the contributions for councillors.

Municipal Employees pension fund

The contribution rate paid by the members of 7.5% and council of 22% or 18% are sufficient to fund the benefits accruing from the fund in future.

<u>2 458 610</u>	<u>2 334 578</u>	<u>2 458 610</u>	<u>2 334 578</u>
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Municipal Employees Gratuity Fund

The contribution paid by the members of 7.5% or 9% and council 22% or 18% is sufficient to fund the benefits accruing from the fund in future.

At the valuation date of 30 June 2018 the gratuity fund was funded and revealed that the fund was certified to be in a sound financial position.

<u>7 760 568</u>	<u>7 580 663</u>	<u>7 760 568</u>	<u>7 580 663</u>
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Municipal Fund for Municipal Workers

The above mentioned fund is a defined contribution fund and according to regulation 2 of the Pension Fund of 1956 exempt from the provisions of sections 9A and 16 of the Act.

<u>41 031 779</u>	<u>37 626 206</u>	<u>41 031 779</u>	<u>37 626 206</u>
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Municipal councillors pension fund

The municipal councillors' pension fund operates as a defined contribution scheme. The contribution rate paid by the members is 28.75% and no contribution is made by Council.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
22. Service charges				
Sale of electricity	439 099 834	444 092 394	439 099 834	444 092 394
Sale of prepaid electricity	10 764 021	7 930 880	10 764 021	7 930 880
Indigent charges	2 882 501	1 798 946	2 882 501	1 798 946
Refuse removal	33 052 322	30 990 314	33 052 322	30 990 314
Other service charges	507 734	(2 200 016)	507 734	(2 200 016)
	<u>486 306 412</u>	<u>482 612 518</u>	<u>486 306 412</u>	<u>482 612 518</u>

The amounts disclosed above for sale of electricity, indigent charges and refuse removal are in respect of services rendered and are billed to the consumers on a monthly basis according to council's approved tariffs.

Greater Tzaneen Municipality acts as service provider for the Mopani District Municipality with regard to the water and sewer services. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

23. Other income

Credit control actions	154 709	1 040 188	154 709	1 040 188
Environmental health services	19 774	23 856	19 774	23 856
Grant admin fee	5 452 684	6 047 100	5 452 684	6 047 100
Insurance claims	-	8 399	-	8 399
Library services	7 413	7 753	7 413	7 753
Motor vehicle and drivers licence	6 922 135	8 022 361	6 922 135	8 022 362
Recoveries	361 494	1 181 768	361 494	1 181 767
Sundry income	192 322	888 627	192 322	888 627
Valuation certificates	82 565	110 100	82 565	110 100
Grant revenue	14 408 711	13 370 955	14 408 711	13 370 955
Other income	-	67 203	-	67 203
	<u>27 601 807</u>	<u>30 768 310</u>	<u>27 601 807</u>	<u>30 768 310</u>

The amounts disclosed above as other income are in respect of services rendered, other than disclosed in note 22, which are billed to or paid for by the users of services as required according to councils approved tariffs.

24. Property rates

Rates levied

Residential	46 599 616	41 106 934	46 599 616	41 106 934
Commercial	37 736 924	35 894 071	37 736 924	35 894 071
State	9 251 648	7 046 036	9 251 648	7 046 036
Other	15 572 224	15 242 482	15 572 224	15 242 482
	<u>109 160 412</u>	<u>99 289 523</u>	<u>109 160 412</u>	<u>99 289 523</u>
Property rates - penalties imposed	10 022 809	8 203 616	10 022 809	8 203 616
	<u>119 183 221</u>	<u>107 493 139</u>	<u>119 183 221</u>	<u>107 493 139</u>

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Valuations				
	R'000	R'000	R'000	R'000
Residential	6 940 743	6 525 395	6 940 743	6 525 395
Commercial	3 033 734	2 855 825	3 033 734	2 855 825
State	739 185	1 657 355	739 185	1 657 355
Municipal	385 999	385 999	385 999	385 999
Agriculture	4 955 176	4 197 687	4 955 176	4 197 687
Other	184 106	184 106	184 106	184 106
	<u>16 238 943</u>	<u>15 806 367</u>	<u>16 238 943</u>	<u>15 806 367</u>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on a monthly basis to take into account changes in individual property values due to alterations and subdivisions. The same rate is applied on different categories of property and improvement valuations to determine assessment rates. Rates are levied on a monthly basis and are payable by the 25th of each month, owners are allowed to pay the annual instalment by 30 September each year. Rebates are granted on various categories of properties. Interest at prime rate plus 1% is levied on outstanding rates and the prime rate of ABSA applies.

25. Government grants and subsidies

Operating grants

Equitable share	338 344 000	311 977 000	338 344 000	311 977 000
Finance Management Grant	2 145 000	2 145 000	2 145 000	2 145 000
SETA	636 404	-	636 404	-
Municipal Infrastructure Grant	76 150 621	98 925 621	76 150 621	98 925 621
National - Electrification Grant	9 604 683	10 726 498	9 604 683	10 726 498
EPWP	5 510 000	4 918 000	5 510 000	4 918 000
Cleanest town	193 226	-	193 226	-
	<u>432 583 934</u>	<u>428 692 119</u>	<u>432 583 934</u>	<u>428 692 119</u>

The Municipality does not foresee a significant change in the level of grant funding. Unconditional grants are used to subsidise the provision of basic services to indigent communities. Conditional grants are for operating and capital expenditure. Other than the amount unspent, the conditions of the grants have been met.

Unconditional Grants

Equitable Share

Current year allocation	338 344 000	311 977 000	338 344 000	311 977 000
Transfer to revenue	(338 344 000)	(297 496 413)	(338 344 000)	(297 496 413)
Allocation not received (receivable)	-	(14 480 587)	-	(14 480 587)
Conditions still to be met - transferred to liabilities	-	-	-	-

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.

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Conditional Grants

The grant is targeting communities without primary potable water, mainly attributed by drought. The aim is to provide primary water to a minimum of 25lit per day in the proposed area.

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018

SETA

Current year receipts	636 404	-	636 404	-
Conditions met - transfer to revenue	(636 404)	-	(636 404)	-
Conditions still to be met - transferred to liabilities	-	-	-	-

The grant is used to pay for training courses. It supplements / augments the funds on the training vote. It is used to fund the primary and secondary skills development facilitators when they are out of the office on skills development related matters.

Municipal Infrastructure Grant

Balance unspent at beginning of year	-	15 830 308	-	15 830 308
Current-year receipts	92 315 000	101 742 000	92 315 000	101 742 000
Conditions met - transferred to revenue	(76 150 621)	(98 925 621)	(76 150 621)	(98 925 621)
VAT on Grant (own Revenue)	(11 422 593)	(13 849 587)	(11 422 593)	(13 849 587)
Administration fee	(4 615 750)	(4 797 100)	(4 615 750)	(4 797 100)
Conditions still to be met - transferred to liabilities	126 036	-	126 036	-

Conditions still to be met - remain liabilities (see note 19).

Municipal Infrastructure Grant funds are used to upgrade and build new infrastructure up to a basic level of service as well as to rehabilitate existing infrastructure for the poorest of the poor.

National Electrification Grant

Balance unspent at beginning of year	3 755 458	-	3 755 458	-
Current-year receipts	15 996 000	25 000 000	15 996 000	25 000 000
Conditions met - transferred to revenue	(9 604 683)	(10 726 498)	(9 604 683)	(10 726 498)
VAT on grants	(1 440 703)	(1 529 639)	(1 440 703)	(1 529 639)
Administration fees	-	(1 250 000)	-	(1 250 000)
Roll over not approved	(2 725 000)	-	(2 725 000)	-
Loan repayment	-	(7 738 405)	-	(7 738 405)
Roll-over not applied for	(1 030 612)	-	(1 030 612)	-
Conditions still to be met - transferred to liabilities	4 950 460	3 755 458	4 950 460	3 755 458

Conditions still to be met - remain liabilities (see note 19).

The grant was used for electrification of farm labour housing and schools.

Neighbourhood Grant

Balance unspent at beginning of year	-	1 919 413	-	1 919 413
Rolled-over not approved	-	(1 919 413)	-	(1 919 413)
Conditions still to be met - transferred to liabilities	-	-	-	-

These funds were used to embellish the entrances of various towns and villages.

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Cleanest Town				
Balance unspent at beginning of year	200 000	-	200 000	-
Current-year receipts	-	200 000	-	200 000
Conditions met - transferred to revenue	(193 226)	-	(193 226)	-
Conditions still to be met - transferred to liabilities	6 774	200 000	6 774	200 000

Conditions still to be met - remain liabilities (see note 19).

Funds received through the greenest town competition were used for the construction of a wall for grease and oil trays and traps.

Finance Management Grant

Current-year receipts	2 145 000	2 145 000	2 145 000	2 145 000
Conditions met - transferred to revenue	(2 145 000)	(2 145 000)	(2 145 000)	(2 145 000)
Conditions still to be met - transferred to liabilities	-	-	-	-

The Finance Management Grant is paid by National Treasury to municipalities to help implement the finance reforms required by the Municipal Finance Management Act (MFMA), 2003. The Finance Management Grant also pays for the cost of the Financial Management Internship Programme (e.g. Salary cost of the financial management interns).

EPWP Grant

Current-year receipts	5 510 000	4 918 000	5 510 000	4 918 000
Conditions met - transferred to revenue	(5 510 000)	(4 918 000)	(5 510 000)	(4 918 000)
Conditions still to be met - transferred to liabilities	-	-	-	-

The expanded public works programme grant was used to increase labour employment through operational programmes that increase job creation and skills development.

The grant is mainly used for rural waste removal.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

26. Donations received

2018/2019

Greater Tzaneen Municipality received a donation of IT equipment from The Office of the Premier on the 21st of February 2019. The IT equipment was accounted for at cost of R 110 987 as provided by The Office of the Premier.

2017/2018

Greater Tzaneen Municipality received a donation of speed humps from TBC Company on Agatha street on the 13 March 2018. The speed humps were accounted for at cost of R49 272. The cost information was provided by TBC.

Greater Tzaneen Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
27. Revenue				
Service charges	486 306 412	482 612 518	486 306 412	482 612 518
Rental of facilities and equipment	2 132 853	1 781 896	2 132 853	1 781 896
Interest received (trading)	17 826 053	18 395 501	17 826 053	18 395 501
Agency services	9 254 073	7 988 116	9 254 073	7 988 116
Licences and permits	1 020 674	1 005 867	1 020 674	1 005 867
Other income	27 601 807	30 768 310	27 601 807	30 768 310
Interest received - investment	9 639 044	4 477 920	9 615 814	4 427 275
Property rates	109 160 412	99 289 523	109 160 412	99 289 523
Property rates - penalties imposed	10 022 809	8 203 616	10 022 809	8 203 616
Government grants & subsidies	432 583 934	428 692 119	432 583 934	428 692 119
Grants - SETA	2 898 502	-	-	-
Public contributions and donations	110 987	49 272	110 987	49 272
Fines	32 189 439	37 986 646	32 189 439	37 986 646
Administration and project management fee	217 388	-	-	-
	1 140 964 387	1 121 251 304	1 137 825 267	1 121 200 659
The amount included in revenue arising from exchanges of goods or services are as follows:				
Service charges	486 306 412	482 612 518	486 306 412	482 612 518
Rental of facilities and equipment	2 132 853	1 781 896	2 132 853	1 781 896
Interest received (trading)	17 826 053	18 395 501	17 826 053	18 395 501
Agency services	9 254 073	7 988 116	9 254 073	7 988 116
Licences and permits	1 020 674	1 005 867	1 020 674	1 005 867
Other income	27 601 807	30 768 310	27 601 807	30 768 310
Interest received - investment	9 639 044	4 477 920	9 615 814	4 427 275
	553 780 916	547 030 128	553 757 686	546 979 483
The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue	109 160 412	99 289 523	109 160 412	99 289 523
Property rates	10 022 809	8 203 616	10 022 809	8 203 616
Property rates - penalties imposed	-	-	-	-
Transfer revenue	432 583 934	428 692 119	432 583 934	428 692 119
Government grants & subsidies	2 898 502	-	-	-
Levies	110 987	49 272	110 987	49 272
Public contributions and donations	32 189 439	37 986 646	32 189 439	37 986 646
Fines	217 388	-	-	-
Administration and project management fee	-	-	-	-
	587 183 471	574 221 176	584 067 581	574 221 176

Greater Tzaneen Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
28. Employee related costs				
Salaries and wages	214 159 716	199 521 064	211 558 810	197 263 207
Performance bonus	51 488	37 431	-	-
Social contributions	46 104 962	46 010 629	44 265 273	45 522 664
Leave pay provision charge	56 092	94 115	-	-
Travel allowance	12 879 438	11 907 142	12 767 198	11 847 450
Overtime payments	24 770 008	25 484 376	24 754 790	25 477 677
13th Cheques	115 978	97 064	-	-
Housing allowances	1 886 391	1 905 268	1 886 384	1 905 268
	<u>299 024 073</u>	<u>285 057 089</u>	<u>295 232 455</u>	<u>282 016 266</u>

No advances were made to employees during the year.

For reclassification of employee cost refer to note 62.

Remuneration of Municipal Manager

Annual Remuneration	1 497 396	356 123	1 497 396	356 123
Car Allowance	60 000	15 000	60 000	15 000
Contributions to UIF, Medical and Pension Funds	201 785	49 052	201 785	49 052
Telephone allowance	24 000	5 250	24 000	5 250
	<u>1 783 181</u>	<u>425 425</u>	<u>1 783 181</u>	<u>425 425</u>

The Municipal Manager was appointed on 1 April 2018.

Remuneration of Chief Finance Officer

Annual Remuneration	957 568	147 738	957 568	147 738
Car Allowance	329 364	54 894	329 364	54 894
Contributions to UIF, Medical and Pension Funds	221 652	38 377	221 652	38 377
Telephone allowance	24 000	4 000	24 000	4 000
	<u>1 532 584</u>	<u>245 009</u>	<u>1 532 584</u>	<u>245 009</u>

The Chief Finance Officer was appointed on 1 May 2018.

Director Community Services

Annual Remuneration	1 009 926	238 075	1 009 926	238 075
Car Allowance	72 000	18 000	72 000	18 000
Contributions to UIF, Medical and Pension Funds	179 625	45 858	179 625	45 858
Telephone allowance	24 000	5 000	24 000	5 000
	<u>1 285 551</u>	<u>306 933</u>	<u>1 285 551</u>	<u>306 933</u>

The Director Community Services was appointed on 1 April 2018

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Director Engineering Services				
Annual Remuneration	892 293	83 869	892 293	83 869
Car Allowance	349 000	25 000	349 000	25 000
Contributions to UIF, Medical and Pension Funds	245 856	2 554	245 856	2 554
Telephone allowance	24 000	2 000	24 000	2 000
	<u>1 511 149</u>	<u>113 423</u>	<u>1 511 149</u>	<u>113 423</u>

The Director Civil Engineering was appointed on 1 June 2018.

Director Planning and Economic Development

Annual Remuneration	987 761	309 433	987 761	309 433
Car Allowance	96 000	32 000	96 000	32 000
Contributions to UIF, Medical and Pension Funds	177 025	61 091	177 025	61 091
Telephone allowance	24 000	-	24 000	-
	<u>1 284 786</u>	<u>402 524</u>	<u>1 284 786</u>	<u>402 524</u>

The Director Planning and Economic Development was appointed on 1 March 2018.

Director Corporate Services

Annual Remuneration	1 008 401	946 539	1 008 401	946 539
Car Allowance	72 000	72 000	72 000	72 000
Contributions to UIF, Medical and Pension Funds	181 785	192 234	181 785	192 234
Telephone allowance	24 000	14 000	24 000	14 000
Acting allowance	-	74 552	-	74 552
	<u>1 286 186</u>	<u>1 299 325</u>	<u>1 286 186</u>	<u>1 299 325</u>

The Director Corporate Services was appointed with effect from 01 June 2017.

Director Electrical Engineering

Annual Remuneration	1 111 512	1 040 371	1 111 512	1 040 371
Car Allowance	151 778	151 778	151 778	151 778
Contributions to UIF, Medical and Pension Funds	257 168	269 801	257 168	269 801
Telephone allowance	24 000	14 000	24 000	14 000
Acting allowance	-	173 472	-	173 472
	<u>1 544 458</u>	<u>1 649 422</u>	<u>1 544 458</u>	<u>1 649 422</u>

The Director Electrical Engineering was appointed with effect from 1 April 2017.

K.J. Maphoto - Chief Executive Officer

Annual remuneration	700 834	689 766	-	-
Performance Bonuses	51 488	37 431	-	-
Travelling	113 418	91 989	-	-
	<u>865 740</u>	<u>819 186</u>	<u>-</u>	<u>-</u>

29. Remuneration of councillors

Greater Tzaneen Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
Councillor				
Mayor	904 434	860 032	904 434	860 032
Executive Committee allowance	2 037 281	1 888 916	2 037 281	1 888 916
Speaker and full-time councillors' allowances	4 872 620	4 614 143	4 872 620	4 614 143
Other councillors' allowances	19 236 191	18 020 477	18 321 967	17 069 321
	<u>27 050 526</u>	<u>25 383 568</u>	<u>26 136 302</u>	<u>24 432 412</u>
Mayor				
Annual remuneration	644 603	619 810	644 603	619 810
Car allowance	214 868	206 603	214 868	206 603
Cellphone allowance	40 800	29 660	40 800	29 660
Contribution to medical aid and pension fund	4 163	3 959	4 163	3 959
	<u>904 434</u>	<u>860 032</u>	<u>904 434</u>	<u>860 032</u>
Speaker				
Annual remuneration	515 681	495 847	515 681	495 847
Car allowance	171 894	165 282	171 894	165 282
Cellphone allowance	40 800	29 660	40 800	29 660
Contribution to medical aid and pension fund	3 386	3 215	3 386	3 215
	<u>731 761</u>	<u>694 004</u>	<u>731 761</u>	<u>694 004</u>
Chief Whip				
Annual remuneration	483 452	464 828	483 452	464 828
Car allowance	161 151	154 953	161 151	154 953
Cellphone allowance	40 800	29 660	40 800	29 660
Contribution to medical aid and pension fund	4 616	3 923	4 616	3 923
	<u>690 019</u>	<u>653 364</u>	<u>690 019</u>	<u>653 364</u>

In-kind benefits

The Mayor, Speaker, Chief WHIP and five Councillors are full-time employees. Each is provided with an office at the cost of the Council.

The Mayor and Speaker have use of Council owned vehicles for official duties.

The Mayor has one full-time secretary, one manager and a gender, youth and disability programme.

The allowances and benefits of councillors of the Municipality, whether financial or in-kind, are within the upper limits of the framework envisaged in section 219 of the Constitution. Refer to Government Gazette nr 41335.

30. Employees remuneration

Councillors

2019

	Emoluments	Other benefits*	Cellphone allowance	SETA	Total
MS MM Letsoalo	269 703	89 901	40 800	2 648	403 052
MS ML Hlangwane	269 703	89 901	40 800	2 660	403 064
MR D Malemela	61 378	20 459	6 800	658	89 295
MR M Prinsloo	269 703	89 901	40 800	2 636	403 040
MS MM Sekhwela	224 752	74 918	34 000	2 108	335 778
MS MS Tiba	269 703	89 901	40 800	2 647	403 051
MR C Machimana	483 452	161 151	40 800	5 456	690 859
MR GE Ntimbane	483 452	161 151	40 800	4 601	690 004

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MR TT Maunatlala	483 452	161 151	40 800	4 574	689 977
MR NJ Mbhalati	483 452	161 151	40 800	4 577	689 980
MR DG Mkhabela	483 452	161 151	40 800	4 620	690 023
MR MG Mangena	644 603	214 868	40 800	4 163	904 434
MISS MJ Mokgolobo	203 993	67 997	40 800	-	312 790
MS SP Masetla	203 993	67 997	40 800	1 458	314 248
MS MS Raganya	203 993	67 997	40 800	1 458	314 248
MR TL Matlita	203 993	67 997	40 800	2 046	314 836
MS MM Mohale	203 993	67 997	40 800	2 044	314 834
MR NR Rikhotso	203 993	67 997	40 800	2 044	314 834
MS NH Zandamela	203 993	67 997	40 800	2 043	314 833
MR OK Banyini	203 993	67 997	40 800	2 044	314 834
MR MA Makwela	203 993	67 997	40 800	2 043	314 833
MS RE Pohl	203 993	67 997	40 800	2 043	314 833
MR N Nkhwashu	203 993	67 997	40 800	2 047	314 837
MR TH Mushwane	203 993	67 997	40 800	2 045	314 835
MS MS Baloyi	203 993	67 997	40 800	2 046	314 838
MR J Banyini	203 993	67 997	40 800	2 043	314 833
MR PW Cronje	265 016	6 974	40 800	2 062	314 852
MS DF Kgafane	68 868	22 289	13 909	664	103 730
MS MG Kgatla	203 993	67 997	40 800	2 044	314 834
MS MR Kgatla	203 993	67 997	40 800	2 044	314 834
MR LK Lepulana	203 993	67 997	40 800	2 043	314 833
MR MJ Maake	203 993	67 997	40 800	2 046	314 836
MR MH Mafokwane	203 993	67 997	40 800	1 534	314 324
MS JT Makhubele	203 993	67 997	40 800	2 043	314 833
MR GP Makhubele	203 993	67 997	40 800	2 044	314 834
MR TE Malatji	189 994	56 665	34 000	1 638	262 297
MR D Malemela	203 993	67 997	40 800	1 528	314 316
MS SM Mapijla	231 235	40 755	40 800	2 584	315 374
MS NP Mathebula	203 993	67 997	40 800	2 051	314 841
MS MM Thlokwa	203 993	67 997	40 800	2 048	314 838
MR NG Maunatlala	203 993	67 997	40 800	2 043	314 833
MR TJ MC Clintock	203 993	67 997	40 800	2 043	314 833
MR MF Mochabela	203 993	67 997	40 800	2 043	314 833
MS FT Mohlaba	203 993	67 997	40 800	2 049	314 839
MR SN Mohonone	203 993	67 997	40 800	2 044	314 834
MS MC Morwatshepe	203 993	67 997	40 800	1 523	314 313
MS TR Mpenyana	203 993	67 997	40 800	2 043	314 833
MR NG Mukansi	203 993	67 997	40 800	2 043	314 833
MR JL Ngobeni	203 993	67 997	40 800	1 523	314 313
MS ET Ngobeni	203 993	67 998	40 800	2 046	314 837
MR SE Ngobeni	203 993	67 997	40 800	2 043	314 833
MR ME Phakula	203 993	67 997	40 800	2 044	314 834
MS SB Ramoshaba	203 993	67 997	40 800	2 044	314 834
MS MO Raolane	203 993	67 997	40 800	2 045	314 835
MS KI Rapatsa	203 993	67 997	40 800	2 044	314 834
MR RS Rapitsi	203 993	67 997	40 800	2 043	314 833
MS JM Ratopola	33 999	11 333	6 800	393	52 525
MS MM Sekhwela	203 993	67 997	40 800	2 044	314 834
MS CT Shisinga	203 993	67 997	40 800	2 043	314 833
MR O Sithole	135 252	45 084	27 045	1 717	209 098
MR PP Machethe	261 791	87 264	40 800	2 572	392 427
MS MF Mbhalati	261 791	87 264	40 800	2 565	392 420
MR SC Makwala	261 791	87 264	40 800	2 565	392 420
MR NA Masila	261 791	87 264	40 800	2 565	392 420
MS ML Pudikabekwa	261 791	87 264	40 800	2 584	392 439
MR PJ Ramodipa	261 791	87 264	40 800	2 573	392 428
MR NM Mahasha	261 791	87 264	40 800	2 591	392 446
MR MM Makwala	261 391	87 264	40 800	2 611	392 066
MR MC Nkwashu	261 791	87 264	40 800	2 572	392 427
MR GM Malatji	515 681	171 894	40 800	3 386	731 761
MS DJ Mmetle	483 435	161 161	40 800	4 628	690 024
MR CS Nhemu					

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M.Z Mawasha (Chairperson) (GTEDA)	138 105	28 469	-	-	166 574
Adv E.S Maake (GTEDA)	146 601	33 037	-	-	179 638
M.F Mushwana (GTEDA)	89 388	12 713	-	-	102 101
M.J Makapan (GTEDA)	74 491	76 430	-	-	150 921
M.I Moakamela (GTEDA)	81 939	23 268	-	-	105 207
B.J Pretorius (GTEDA)	78 215	36 212	-	-	114 427
B.L Mathebula (GTEDA)	63 317	32 039	-	-	95 356
	18 127 759	5 943 175	2 815 354	164 238	27 050 526

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	Emoluments	Other benefits*	Pension paid or receivable	Compensation for loss of office	Total
Letsoalo MM	259 330	86 443	29 660	2 256	377 689
Hlangwa ML	259 330	86 443	29 660	2 258	377 691
Prinsloo M	259 330	86 443	29 660	2 489	377 922
Sekhwela MM	259 330	86 443	29 660	2 489	377 922
Tiba MS	259 330	86 443	29 660	2 257	377 690
Maunatlala TT	464 858	154 953	29 660	4 347	653 818
Mbhalati NJ	464 858	154 953	29 660	4 345	653 816
Mkhabela DG	464 858	154 953	29 660	3 711	653 182
Machlman C	464 858	154 953	29 660	3 221	652 692
Ntombane GE	464 858	154 953	29 660	3 794	653 265
Mangena MG	619 810	206 603	29 660	3 958	860 031
Mjmkog SS	196 147	65 382	29 660	-	291 189
Masetla SP	196 147	65 382	29 660	1 356	292 545
Raganya MS	196 147	65 382	29 660	1 356	292 545
Matlita TL	196 147	65 382	29 660	1 745	292 934
Mohale MM	196 147	65 382	29 660	1 742	292 931
Rikhotso NR	196 147	65 382	29 660	1 742	292 931
Zandamel NH	196 147	65 382	29 660	1 742	292 931
Banyini OK	196 147	65 382	29 660	1 742	292 931
Makwela MA	196 147	65 382	29 660	1 919	293 108
Pohi RE	196 147	65 382	29 660	1 919	293 108
Nkhwashi N	196 147	65 382	29 660	1 742	292 931
Mashuwan TH	196 147	65 382	29 660	1 742	292 931
Baloyi MS	196 147	65 382	29 660	1 742	292 931
Banyini J	196 147	65 382	29 660	1 919	293 108
Cronje PW	192 147	65 382	29 660	2 014	289 203
Kgafane DF	196 147	65 382	29 660	1 742	292 931
Kgalla MG	196 147	65 382	29 660	1 743	292 932
Kgalla MR	196 147	65 382	29 660	1 742	292 931
Lepulana LK	196 147	65 382	29 660	1 919	293 108
Maake MJ	196 147	65 382	29 660	1 743	292 932
Mafokwane MH	196 147	65 382	29 660	1 400	292 589
Makhubele JT	196 147	65 382	29 660	1 741	292 930
Makhubele GP	196 147	65 382	29 660	1 742	292 931
Malatji TE	196 147	65 382	29 660	1 919	293 108
Mamelela D	196 147	65 382	29 660	1 421	292 610
Mapitja SM	196 147	65 382	29 660	2 235	293 424
Mathebula NP	196 147	65 382	29 660	1 742	292 931
Thokwa MM	196 147	65 382	29 660	1 743	292 932
Maunatlala NG	196 147	65 382	29 660	1 919	293 108
Mc Clintock TJ	196 147	65 382	29 660	1 919	293 108
Mochabela MF	196 147	65 382	29 660	1 742	292 931
Mohlaba FT	196 147	65 382	29 660	1 919	293 108
Mohonone SN	196 147	65 382	29 660	1 742	292 931
Morwatshehla MC	196 147	65 382	29 660	1 420	292 609
Mpenyana TR	196 147	65 382	29 660	1 919	293 108
Mfukanwsi NG	196 147	65 382	29 660	1 919	293 108
Ngobeni JL	196 147	65 382	29 660	1 420	292 609
Ngobeni ET	196 147	65 382	29 660	1 743	292 932
Ngobeni SE	196 147	65 382	29 660	1 919	293 108
Phakula ME	196 147	65 382	29 660	1 742	292 931
Ramashaba SB	196 147	65 382	29 660	1 919	293 108
Raolane MO	196 147	65 382	29 660	1 742	292 931
Rapatsa KI	196 147	65 382	29 660	1 742	292 931
Rapitsi RS	196 147	65 382	29 660	1 742	292 931

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Ratopola JM	196 147	65 382	29 660	2 248	293 437
Shlshinga CT	196 147	65 382	29 660	1 743	292 932
Sithole O	196 147	65 382	29 660	1 919	293 108
Mbhalali MF	251 722	83 907	29 660	2 196	367 485
Makwela SC	251 722	83 907	29 660	2 193	367 482
Masila NA	251 722	83 907	29 660	2 193	367 482
Pudlkabek ML	251 722	83 907	29 660	2 193	367 482
Ramodipa PJ	251 722	83 907	29 660	2 194	367 483
Mahasha NM	251 722	83 907	29 660	2 194	367 483
Makwala MM	251 722	83 907	29 660	2 196	367 485
Nkwashu MC	249 922	83 907	29 660	2 196	365 685
Malatji GM	251 722	83 907	29 660	2 421	367 710
Mmetle DJ	495 847	165 316	29 660	3 215	694 038
Nhemo CS	464 828	154 953	29 660	3 923	653 364
MZ Mawasha (Chairperson) (GTEDA)	165 849	34 560	-	-	200 409
Adv E.S Maaake (GTEDA)	147 402	41 088	-	-	188 490
M.F Mushwana (GTEDA)	82 676	14 149	-	-	96 825
M.J Makapan (GTEDA)	70 436	102 202	-	-	172 638
M.I Moakamela (GTEDA)	75 998	19 850	-	-	95 848
B.J Pretorius (GTEDA)	106 545	3 447	-	-	109 992
B.L Mathebula (GTEDA)	48 287	38 667	-	-	86 954
	17 377 225	5 815 932	2 046 640	143 871	25 383 568

31. Impairment loss

Impairments

Property, plant and equipment	4 399 272	2 839 900	4 399 272	2 839 900
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In terms of GRAP21, "Impairment of non-cash generating assets", Municipalities are required to assess the impairment of its assets to comply with GRAP standards and asset management policy. Greater Tzaneen Municipality has assessed the impairment of its assets for the financial year ended 30 June 2019. The assessment of impairment of assets has resulted in an impairment loss of R 4 399 272 (2018: R 2 839 900) as a result significant loss in carrying amount of electricity infrastructure of R 3 745 124 due to physical damage and roads infrastructure of R 654 148 due to significant change in condition.

32. Finance costs

Finance leases	1 012 410	866 616	1 012 410	866 616
Other interest paid	10 961 350	11 107 653	10 961 350	11 107 653
	11 973 760	11 974 269	11 973 760	11 974 269

33. Repairs and maintenance

Machinery and equipment	76 119	61 900	76 119	61 900
Lawnmowers	82 979	38 843	82 979	38 843
Distribution networks	14 589 708	13 882 020	14 589 708	13 882 020
Stormwater, drainage and bridges	857 206	126 500	857 206	126 500
Tarred roads	9 105 738	11 420 950	9 105 738	11 420 950
Gravel roads	11 332 065	11 986 290	11 332 065	11 986 290
Street lights	312 666	303 012	312 666	303 012
Council-owned buildings	1 381 593	1 908 975	1 381 593	1 908 975
Council owned vehicles	3 909 148	3 583 086	3 909 148	3 583 086
Other	510 684	1 620 538	510 684	1 620 538
	42 157 906	44 932 114	42 157 906	44 932 114

Greater Tzaneen Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018

34. Bulk purchases

Electricity - Eskom	348 443 869	325 455 993	348 443 869	325 455 993
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Bulk purchases are the cost of electricity not generated by the Municipality. The electricity which is purchased from Eskom is sold to consumers.

Water purchases are not included in bulk purchases as the Municipality acts as resource provider for Mopani District Municipality with regards to this service. Mopani District Municipality is the water and sewer service authority and those services reflect in their records.

35. Contracted services

Valuation roll	437 342	674 097	437 342	674 097
Traffic and security services	14 965 651	14 796 413	14 965 651	14 796 413
Refuse removal	12 875 846	11 993 588	12 875 846	11 993 588
Cleaning services	12 606 749	11 064 628	12 606 749	11 064 628
Council owned land	980 332	1 963 316	980 332	1 963 316
Information technology	1 176 365	933 933	1 176 365	933 933
Meter reading	842 498	1 348 490	842 498	1 348 490
Town planning	496 952	250 758	496 952	250 758
Aerodrum	28 060	-	28 060	-
EPWP	4 033 010	2 500 000	4 033 010	2 500 000
Credit control	2 992 638	2 525 325	2 992 638	2 525 325
	<u>51 435 443</u>	<u>48 050 548</u>	<u>51 435 443</u>	<u>48 050 548</u>

36. Grants and subsidies paid

Other subsidies	-	594 188	-	594 188
HPH	-	-	-	-
Other grants	39 621 982	102 856 003	39 621 982	102 856 003
Eskom EBSST	3 304 042	3 087 047	3 304 042	3 087 047
Mayor bursary account	620 837	520 526	620 837	520 526
SPCA	156 000	130 000	156 000	130 000
Sport Council	106 644	106 644	106 644	106 644
SETA (Training)	636 404	-	636 404	-
Mayor special account	341 452	194 962	341 452	194 962
Museum	-	33 326	-	33 326
Solid waste: EPWP	5 510 000	4 918 000	5 510 000	4 918 000
	<u>50 297 361</u>	<u>112 420 696</u>	<u>50 297 361</u>	<u>112 420 696</u>

The mayor's bursary account is in respect of providing bursaries for further tertiary education.

Other grants are summarized as follows

Finance Management Grant	2 145 000	2 191 787	2 145 000	2 191 787
Integrated National Electrification programme (INEP) (DBSA project)	857 572	152	857 572	152
MIG project transfer to RAL	27 014 727	90 780 489	27 014 727	90 780 489
Integrated National Electrification programme (INEP)	9 604 683	9 883 575	9 604 683	9 883 575
	<u>39 621 982</u>	<u>102 856 003</u>	<u>39 621 982</u>	<u>102 856 003</u>

Greater Tzaneen Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
37. General expenses				
Advertising	70 926	132 430	-	-
Auditor's remuneration	6 619 161	3 795 922	6 780 394	3 448 595
Bank charges	41 844	37 077	-	-
Cleaning	-	4 400	-	-
Computer rental	972 965	706 301	972 965	706 301
Consulting fees	39 426 250	25 790 052	39 147 870	25 422 561
Consumables	1 277 783	1 391 511	1 276 761	1 388 110
Entertainment	9 637	7 323	-	-
Fines and penalties	351 828	274 531	-	-
Insurance	61 133	43 730	-	-
IT expenses	77 380	40 695	44 890	27 619
Fuel and oil	11 402 837	9 165 920	-	-
Postage and courier	598 849	616 604	11 402 836	9 165 920
Printing and stationery	1 780 801	1 740 128	598 255	616 394
Protective clothing	950 129	892 310	1 748 128	1 721 828
Project maintenance costs	3 148 927	724 796	950 130	892 309
Security (Guarding of municipal property)	4 281	4 636	-	-
Seminar and workshop cost	67 604	32 094	-	-
Subscriptions and membership fees	25 280	28 475	-	-
Telephone and fax	2 301 028	1 632 963	-	-
Training	2 854 223	1 961 744	2 145 797	1 479 118
Travel - local	7 566 396	9 477 187	2 854 223	1 898 615
Insurance claims - Own expenditure	2 988 509	8 093 635	7 331 213	9 149 276
Membership fees - Salga	3 072 616	3 943 982	2 988 509	8 090 394
Telephone exchange rental	40 461	366 677	3 089 866	2 868 915
Public relations, tourism and marketing	1 622 503	1 987 573	40 461	366 677
Small tools and equipment	676 436	377 303	8 457 173	8 242 223
Lease rentals on operating leases	608 529	1 161 064	676 436	377 304
Bank administration fees	1 772 510	1 693 588	504 173	1 047 349
Licences and permits	2 139 162	1 039 818	1 772 510	1 693 588
Cultural day	903 826	976 432	2 139 162	1 039 817
Other expenses	25 789 225	18 081 620	903 826	976 432
	119 222 839	96 222 521	120 614 821	98 700 950
Other general expenditure is summarized as follows				
Water and sewerage expenses	13 818 841	7 538 330	13 818 841	7 538 330
Interest paid	4 795 678	3 520 073	4 795 678	3 520 073
Electricity	1 215 177	956 941	1 215 177	956 941
Insurance excess payment	1 012 321	12 898	1 012 321	12 898
Other expenses	4 947 208	6 053 378	4 947 226	6 053 363
	25 789 225	18 081 620	25 789 243	18 081 605

Refer to note 62 for prior year reclassification details of general expense items.

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
38. Cash generated from operations				
Deficit	(67 864 220)	(90 309 501)	(67 110 621)	(88 291 168)
Adjustments for:				
Depreciation and amortisation	127 793 108	127 696 817	127 724 087	127 654 034
Loss on disposal of property, plant and equipment	2 201 607	25 924 361	2 201 607	25 924 361
Fair value adjustments	-	(11 004 300)	-	(11 004 300)
Finance costs - Finance leases	1 012 410	866 616	1 012 410	866 616
Impairment deficit	4 399 272	2 839 900	4 399 272	2 839 900
Debt impairment	123 718 683	114 324 552	123 718 683	114 324 552
Movements in operating lease assets and accruals	20 975	(23 541)	20 975	(23 541)
Movements in retirement benefit assets and liabilities	(2 346 845)	(401 581)	(2 346 845)	(401 581)
Movements in provisions	965 597	259 428	965 597	259 427
Donation of assets (Non-cash item)	(110 987)	-	(110 987)	-
Transfer of property, plant and equipment (non-cash item)	64 509 821	75 728 464	64 509 821	75 728 464
Changes in working capital:				
Inventories	1 002 085	(4 411 218)	1 002 085	(4 411 218)
Receivables from exchange transactions	(34 434 709)	(42 681 813)	(34 433 554)	(42 710 805)
Consumer debtors	(44 611 892)	(70 615 917)	(44 611 892)	(70 615 917)
Other receivables from non-exchange transactions	(30 381 351)	(32 433 398)	(29 661 351)	(32 433 398)
Payables from exchange transactions	20 236 662	28 568 884	19 760 533	28 660 677
VAT	4 423 599	4 982 490	3 607 745	2 977 048
Unspent conditional grants and receipts	1 127 813	(13 794 263)	1 127 813	(13 794 263)
Consumer deposits	209 544	3 729 078	209 544	3 729 078
	<u>171 871 172</u>	<u>119 245 058</u>	<u>171 984 922</u>	<u>119 277 966</u>
39. Auditors remuneration				
Fees - Auditor General of South Africa	6 566 987	3 628 094	5 780 394	3 448 595
Consulting	52 174	167 828	-	-
	<u>6 619 161</u>	<u>3 795 922</u>	<u>5 780 394</u>	<u>3 448 595</u>

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
40. Commitments				
Authorised expenditure				
Already contracted for but not provided for				
• Property, plant and equipment	128 705 576	13 600 982	128 705 576	13 600 982
• Internal Audit (GTEDA)	73 099	125 731	-	-
• IT Support (GTEDA)	44 170	23 940	-	-
• Cellphone (GTEDA)	52 118	22 200	-	-
• Panasonic - copier rental (GTEDA)	52 734	110 262	-	-
• Office lease / rental (GTEDA)	36 092	-	-	-
• Other financial assets	100 165 025	60 915 727	100 165 025	60 915 727
	<u>229 128 814</u>	<u>74 798 842</u>	<u>228 870 601</u>	<u>74 516 709</u>
Total capital commitments				
Already contracted for but not provided for	<u>229 128 814</u>	<u>74 798 842</u>	<u>228 870 601</u>	<u>74 516 709</u>
Total commitments				
Total commitments				
Authorised capital expenditure	<u>229 128 814</u>	<u>74 798 842</u>	<u>228 870 601</u>	<u>74 516 709</u>
Capital commitments represent future, capital expenditure. The Municipality has an obligation to spend these amounts due to signed contracts with suppliers and approval as per the Medium-Term Revenue and Expenditure Framework (MTREF).				
The expenditure will be financed by:				
Internal advances	86 474 674	61 862 861	86 216 461	61 580 728
MIG grants	128 705 576	12 935 981	128 705 576	12 935 981
DBSA loan	13 948 564	-	13 948 564	-
	<u>229 128 814</u>	<u>74 798 842</u>	<u>228 870 601</u>	<u>74 516 709</u>

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
41. Contingencies				
Contingent liabilities				
Contractual disputes				
Various contractual claims by contractors' suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation. The provisional estimate based on management assessment is R 76 million. The merits must still be determined and could result in a lesser or greater amount.				
Malunga Tax Consultants vs Greater Tzaneen Municipality				
In 2016 Malunga Tax Consultant sued the Municipality for not honouring payment of services rendered in respect of review and recover of VAT, SDL, UIF and PAYE, the matter is still pending in High Court. The actual amount claimed as per the summons and estimated legal fees for the matter is indicated in 2019 and in 2018 was an estimation of how much the claim would cost	10 302 106	7 896 584	10 302 106	7 896 584
Siphiwe Engineering and Technologies vs Greater Tzaneen Municipality				
The Municipality is being sued by Siphiwe Engineering Technologies for unlawful termination of contract for services of upgrading of electrical network, the matter is still pending at the Arbitration stage from 2017. However, the Municipality made an application in terms of section 33 of the Arbitration Act 42 of 1965 against Siphiwe Engineering Technologies CC and His Lordship Retired MR Justice Zulman in High Court. The application involves a setting aside of an award granted in the amount of R 10 594 144.74 which is included in the contingent liability of 2019 and also the estimated legal fees for this matter	11 694 144	1 200 000	11 694 144	1 200 000
Mapheto Business Enterprise vs Greater Tzaneen Municipality				
The Municipality is being sued for unlawful termination of contract for provision of physical security services, the matter was settled in the High Court	-	27 000 000	-	27 000 000
Letaba Pakkers vs Greater Tzaneen Municipality				
The Municipality is being sued for damage of electrical equipment which was caused by electrical surge within the jurisdiction of Greater Tzaneen operated by the Municipality, the matter is pending in the Magistrate Court from 2017. The actual amount claimed as per the particulars of claim and estimated legal fees is clearly indicated in 2019 and in 2018 was an estimation of how much the damages would cost	625 969	170 000	625 969	170 000

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	2019	2018	2019	2018
C Van Der Merwe vs Greater Tzaneen Municipality				
Mrs C Van Der Merwe who was the employee of the Municipality is suing the institution for an insurance claim that was not paid after a valid claim was instituted due to an accident which happened while she was employed by Council. The matter is still pending in the High Court. The contingent liability of 2019 for this matter includes the actual amount claimed and estimated legal fees for the matter	1 366 511	916 511	1 366 511	916 511
Hlimbyi Trading Enterprise vs Greater Tzaneen Municipality				
Hlimbyi is suing the Municipality for unlawful termination of contract for provision of physical security contract, the matter is pending in the High Court from 2015. The actual amount claimed as per the summons and estimated legal fees for the matter is indicated in 2019 and in 2018 was an estimation of how much the claim would cost	32 564 330	27 307 440	32 564 330	27 307 440
Thabo Molepo vs Greater Tzaneen Municipality				
In 2009, Mr Thabo Molepo sued the Municipality for unlawful arrest which was caused by the conduct of the Municipal Traffic Officer, the case had been settled pending finalisation by the High Court as per court order	-	100 000	-	100 000
Greater Tzaneen Municipality vs Phlnnet				
ITEC Finance is suing Phlnnet Communications and the Municipality for breach of contract for the services of managed printing in the Municipality, the case has been settled with Phlnnet	-	1 200 000	-	1 200 000
Marla Malatji vs Greater Tzaneen Municipality				
In 2015, Ms Marla Malatji sued the municipality for damages to her property as a result of floods. The matter is pending in the High Court. The actual amount claimed as per the summons and estimated legal fees for the matter is indicated in 2019 and in 2018 was an estimation of how much the claim would cost	1 150 000	3 000 000	1 150 000	3 000 000

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	2019	2018	2019	2018
Bernado Tounge vs Greater Tzaneen Municipality				
In 2015, Bernado Tounge sued the Municipality for damages to his property as a result of floods. The matter is pending in the High Court. The actual amount claimed as per the summons and estimated legal fees for the matter is indicated in 2019 and in 2018 was an estimation of how much the claim would cost.	1 150 000	300 000	1 150 000	300 000
Makoma Pony Hlokwe vs Greater Tzaneen Municipality				
Makoma Pony Hlokwe is suing the Municipality for loss of support as a result of the death of her husband whom was an employee of the Municipality. The amount claimed as per the summons is R 3 391 214 and the estimated legal fees amount is R 1 800 000	5 191 214	-	5 191 214	-
Sima Silver Lodge vs Greater Tzaneen Municipality				
Sima Silver Lodge is suing the Municipality for services rendered to Council in the amount of R 1 389 250 and the estimated legal fees amount is R 510 000	1 899 250	-	1 899 250	-
Bravospan 252 CC vs Greater Tzaneen Municipality				
In 2018, Bravospan sued the Municipality for damages of declaring their contract nul and void in the amount of R 9 624 000 and the estimated legal fees amount is R 700 000	10 324 000	10 324 000	10 324 000	10 324 000
	<u>76 267 524</u>	<u>79 414 535</u>	<u>76 267 524</u>	<u>79 414 535</u>

Other in GTEDA

Mushwane vs GTEDA In the High Court of SA Case No: JR142/16

Mr A. Mushwana was dismissed with effect from 18 May 2015 as a sanction of the disciplinary hearing. Subsequently, Mr A. Mushwana approached the Labour court of South Africa pleading for arbitration sanction following the outcomes of the disciplinary hearing Mr A. Mashwana further requested for reasons for dismissal from the Labour court to prepare for an appeal since 2017. The case is continuing and the potential extend of the liability cannot be determined at this stage.

Subsequently, Mr A. Mushwana proceeded the matter to the High Court in terms of the provisions of section 145 of the Labour Relations Act 66 of 1995, for an order to review and set aside the CCMA ruling awarded in favour of GTEDA. The potential extent of the liability cannot be determined at this state.

Mushwana vs GTEDA In the Tzaneen Magistrate Court Case No: 2834/15

Subsequent to Mr. A. Mushwana's dismissal, he approached the Court for the Subdistrict of Tzaneen pleading for compensation for his alleged bonus. An agreement was reached with legal representatives of the employee with his concern, a settlement amount was agreed on.

The contingent liability is R 103 000

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	2019	2018	2019	2018

Output VAT on Grants

Provision for VAT payable has been made. This is a result of the Entity not declaring output VAT on grants received from its funders i.e. the Greater Tzaneen Municipality and Industrial Development Corporation.

Penalties and interest have been accrued.

Contingent assets

Outstanding insurance claims

The estimated contingent asset for insurance claims amounts to R 276 088 (2018: R 4 987 000). The estimation is based on quotations, medical reports, estimates based on previous claims of similar nature, estimates by management and letters of demand received. The merits must all still be determined and could result in a lesser or greater amount. A detailed insurance register is available at the municipality for inspection.

Contractual disputes

Phadima Group Holding and Greater Tzaneen Municipality are currently in dispute. The potential extent of the asset cannot be determined, since it is subject to litigation. The provisional estimate based on management assessment is R 912 800. The merits must still be determined and could result in a lesser or greater amount.

Phadima Group Holding vs Greater Tzaneen Municipality

On or during the 2007 to 2009, the parties (the Municipality and Phadima Phadima) entered into three written agreements with regards to the development of an immovable property known as Avis Park Extension 53, Tzaneen ("The Property")	912 800	912 800	912 800	912 800
	_____	_____	_____	_____

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42. Related parties

Relationships/Management

Municipal Manager
Chief Financial Officer
Director Community Services
Director Civil Engineering
Director Corporate Services
Director Electrical Engineering
Director Planning and Economic Development
Councillors

BS Matlala
MP Makhubela
HA Nkuna
CW Molokomme
W Shibamba
MS Lelope
B Mathebula
Refer to Note 29 for list of councillors

No member of the Municipality's management has significant influence over the financial or operating policies of the municipality.

No business transactions took place between the municipality and key management personnel.

All Councillors have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over the Council in making financial and operational decisions. Councillors are remunerated according to the Remuneration of Public Office Bearers Act 20 of 1998 and only have collective executive powers for planning, directing and controlling the activities of the municipality.

Loans granted to related parties

In terms of the MFMA the Municipality may not grant loans to its councillors, management, staff and public with effect from 1 March 2004. Loans granted prior to this date as well as stand sale arrangement are disclosed in note 4 to the annual financial statements.

GTEDA

GTEDA is a Municipal Entity Established by Greater Tzaneen Municipality and performs the function consistent with that of an entity and cannot control or influence council in making financial or operational decisions

Mopani District Municipality

Greater Tzaneen Municipality acts as the service provider for Mopani District Municipality (MDM) with regards to the water and sewer services. Mopani District Municipality is the water and sewer service authority and those services reflect in their records. Mopani District Municipality has no control over the council of Greater Tzaneen Municipality and cannot influence council in making financial or operational decisions.

The balance owing by MDM to GTM at year end amounts R237 639 646 (2018: R 209 840 260)

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Section 57 Managers and Councilors

Refer to note 28 for detail of remuneration paid to Section 57 Managers and to note 30 for remuneration paid to Councilors.

Bids awarded to family of employees in service of state.

In terms of Section 45 of the municipal supply chain management regulations any award above R 2 000 to family of employees in the service of the state must be disclosed in the annual financial statements.

The following is a list as recorded:

Name of person	Capacity in which the person	Successful tenderer	Amount is in service
H. Maake	Manager in Human Resources	Baobab Trading	R 130 955
H. Maake	Manager in Human Resources	White Hall Tradings and Projects 64	R 398 208
XP. Sibisi	Compliance Officer	Rivisi Electrical Contractors	R 10 693 694
H. Maake	Manager in Human Resources	Keteka Trading CC	R 67 250
SD. Maake	Testing officer	DTM Consulting	R 981 927
			<u>R 12 272 034</u>

43. Risk management

Financial risk management

Exposure to liquidity, credit, interest rate and currency risk arises in the normal course of the Municipality's operations. This note presents information about the municipality's exposure to each of the above risks and processes for measuring and managing risks. Quantative disclosures are included in these financial statements.

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Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. The Municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

Cash flow forecasts are prepared and adequately utilised borrowing facilities are monitored.

The table below analyses the Municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position 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 at 30 June 2018.

Economic entity

	Less than 1 year	Between 1 and 2 years
At 30 June 2019		
Other financial liabilities	22 810 651	110 645 166
Finance lease obligation	2 978 540	3 551 484
Payables from exchange transactions	228 316 091	-
At 30 June 2018		
Other financial liabilities	10 725 007	92 456 572
Finance lease obligation	824 306	602 667
Payables from exchange transactions	208 079 431	-
Controlling entity		
At 30 June 2019		
Other financial liabilities	22 810 651	110 645 166
Finance lease obligation	2 978 540	3 551 484
Payables from exchange transactions	227 625 597	-
At 30 June 2018		
Other financial liabilities	10 725 007	92 456 572
Finance lease obligation	824 306	602 667
Trade and other payables	207 865 083	-

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Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Potential concentrations of credit risk consist mainly of investments, loans, trade receivables and other receivables, short-term investment deposits and cash and cash equivalents.

The Municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/ exposure limits, which are included in the Municipality's Investments Policy.

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers. Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

Credit risk pertaining to trade and other debtors is considered to be moderate due to 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.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of interest 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.

Non-current Receivables and Other Receivables are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of customers is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

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 is considered to be low, the maximum exposure is disclosed below.

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

Financial assets exposed to credit risk at year end were as follows:

Financial Instrument	Economic entity - 2019	Economic entity - 2018	Controlling entity - 2019	Controlling entity - 2018
Receivables from exchange transactions	261 219 338	233 724 774	261 212 868	233 719 455
Receivables from non-exchange transactions	37 553 080	43 961 106	36 833 080	43 961 106
Cash and cash equivalents	42 450 240	8 056 255	42 033 011	7 490 665
Consumer debtors	101 943 854	137 321 124	101 943 854	137 321 124
Other financial assets	31 525 083	26 887 399	31 525 083	26 887 399

The method for determining the credit quality of the different financial instruments are disclosed in their individual notes.

Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign exchange rates affecting the Municipality's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on the risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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The Municipality is exposed to interest rate risk on its investments and long term borrowings.

A sensitivity analysis is done by the Municipality on a continuous bases to determine its potential exposure to interest rate charges. Different scenarios are simulated which include renewal of current position and alternative financing. Based on those scenarios the municipality calculates the impact that a change in interest rate will have on the surplus / deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

This risk is managed by investing in investments with different maturity dates. This enables the Municipality to re-allocate some of the investments in the event of major fluctuations in interest rates. Borrowings issued at variable rates expose the Municipality to cash flow interest rate risk. Borrowings at fixed rates expose the Municipality to fair value interest rate risk.

Price risk

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the Municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the Municipality's business, changes in the market prices will have a material impact on the trading results of the Municipality.

Controlling entity

Risk is managed on an ongoing basis.

There has been no change, since the previous financial year to the municipality exposure to market risks on the manner which it manages and measures the risk.

44. Going concern

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

The ability of the Municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continue to procure funding for the ongoing operations for the Municipality.

45. Unauthorised expenditure

Opening balance	111 909 226	61 379 545	111 909 226	61 379 545
Unauthorised expenditure for the year (overspending of budget)	83 025 989	111 909 226	83 025 989	111 909 226
Unauthorised expenditure condoned by council	(111 909 226)	(61 379 545)	(111 909 226)	(61 379 545)
Unauthorised expenditure awaiting condonement	83 025 989	111 909 226	83 025 989	111 909 226

Unauthorised expenditure for the year is as a result of overspending of the approved budget.

The operational budget was exceeded on vote level which is summarised as follows:

Financial Services	R 78 294 401	R 103 583 886
Electrical engineering services	R 4 731 588	R -
Corporate services	R -	R 2 747 352
Planning and economic development (PED)	R -	R 222 070
Engineering services	R -	R 5 355 918
Unauthorised expenditure	R 83 025 989	R 111 909 226

A detailed list of unauthorised expenditure is available at the Municipality for inspection.

Overspending of R 646 371 on the Municipal Managers budget was approved by Council.

The overspending of R 83 025 989 is mainly as a result of provision for impairment.

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	2019	2018	2019	2018

The unauthorised expenditure has been tabled to council and will investigated by a committee of council.

46. Fruitless and wasteful expenditure

Opening balance	13 866 868	7 395 508	13 524 312	7 327 483
Fruitless and wasteful expenditure	10 327 802	2 826 020	9 975 974	2 551 489
Fruitless and wasteful expenditure - prior year	-	3 645 340	-	3 645 340
Fruitless and wasteful expenditure written off (2015/2016)	(943 172)	-	(943 172)	-
Fruitless and wasteful expenditure written off (2016/2017)	(6 060 039)	-	(6 060 039)	-
Fruitless and wasteful expenditure written off (2017/2018)	(4 868 884)	-	(4 868 884)	-
Fruitless and wasteful expenditure - Condoned (28 March 2019)	(342 556)	-	-	-
Fruitless and wasteful expenditure awaiting condonement	11 980 019	13 866 868	11 628 191	13 524 312

The fruitless and wasteful expenditure has been tabled to council and was investigated by a committee of Council.

A detailed list of fruitless and wasteful expenditure is available at the Municipality for inspection.

No criminal or disciplinary steps have been taken as a consequence of above expenditure.

The investigation results, resulted in the fruitless and wasteful expenditure tabled to council be condoned and written off.

47. Irregular expenditure

Opening balance	104 904 598	92 588 505	104 827 940	92 575 025
Add: Irregular expenditure - current year	7 438 134	12 316 093	7 438 134	12 252 915
Irregular expenditure condoned 2015/2016	(39 460 428)	-	(39 460 428)	-
Irregular expenditure condoned 2016/2017	(27 178 275)	-	(27 178 275)	-
Irregular expenditure condoned 2017/2018	(12 252 915)	-	(12 252 915)	-
Irregular expenditure - Condoned on 28 March 2019	(76 658)	-	-	-
Irregular expenditure written off 2016/2017	(547 657)	-	(547 657)	-
Irregular expenditure awaiting condonement	32 826 799	104 904 598	32 826 799	104 827 940

Analysis of expenditure awaiting write off per age classification

Current year	7 438 134	12 316 093	7 438 134	12 252 915
Prior years	25 388 665	92 588 505	25 388 665	92 575 025
	32 826 799	104 904 598	32 826 799	104 827 940

No criminal or disciplinary steps have been taken as a consequence of the above expenditure.

A detailed list of irregular expenditure is available at the Municipality for inspection

The Irregular expenditure has been tabled to Council and was investigated by a committee of Council.

Alleged irregular expenditure under investigation

The investigation process has been concluded and the Irregular expenditure disclosed have been condoned and written off by Council.

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	2019	2018	2019	2018
4B. Additional disclosure in terms of Municipal Finance Management Act				
Contributions to SALGA				
Current year subscription / fee	3 430 171	3 166 801	3 430 171	3 166 801
Amount paid - current year	(3 430 171)	(3 166 801)	(3 430 171)	(3 166 801)
	-	-	-	-
Skills Development Levy				
Current year subscription / fee	3 220 392	2 515 609	3 220 392	2 515 609
Amount paid - current year	(3 220 392)	(2 515 609)	(3 220 392)	(2 515 609)
	-	-	-	-
Audit fees				
Current year subscription / fee	5 780 394	3 668 634	5 780 394	3 668 634
Amount paid - current year	(5 780 394)	(3 668 634)	(5 780 394)	(3 668 634)
	-	-	-	-
PAYE and UIF				
Current year subscription / fee	66 750 919	59 604 866	66 750 919	59 604 866
Amount paid - current year	(66 750 919)	(59 604 866)	(66 750 919)	(59 604 866)
	-	-	-	-
Pension and Medical Aid Deductions				
Current year subscription / fee	73 657 675	69 239 043	73 657 675	69 239 043
Amount paid - current year	(73 657 675)	(69 239 043)	(73 657 675)	(69 239 043)
	-	-	-	-
Bargaining Council Levy				
Current year levy	146 038	137 389	146 038	137 389
Amount paid - current year	(146 038)	(137 389)	(146 038)	(137 389)
	-	-	-	-
VAT				
VAT payable	46 796 765	42 373 166	39 960 827	36 353 082

VAT output payables and VAT input receivables are shown in note 17.

All VAT returns have been submitted by the due date throughout the year.

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	2019	2018	2019	2018

Councillors

Arrear consumer accounts

30 June 2019

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2019:

	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor: MJ Maake	503	-	503

30 June 2018

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2018

	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor: JT Makhubele	1 294	74 191	75 485
Councillor: C Machimana	1 868	598	2 466
Councillor: FT Mohlaba	987	675	1 662
	<u>4 149</u>	<u>75 464</u>	<u>79 613</u>

49. Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Accounting Officer and noted by Council. The expenses incurred have been approved.

50. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 Issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the Accounting Officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Council and includes a note to the consolidated financial statements.

An amount of R73 250 were procured for accounting services during the financial year under review and the process followed in procuring those services deviate from the provision paragraph 12(1)(d)(i) as stated above. The reason for these deviation were documented and reported to the Accounting Officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

The rewards listed below have been approved by the Accounting Officer and noted by Council.

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	2019	2018	2019	2018
The classification of deviations:				
Emergencies on service delivery	7 075 122	4 498 555	7 075 122	4 498 555
Deviations on appointment alternative service providers due current service providers having pending litigations with the Municipality	10 133 000	12 128 194	10 133 000	13 128 194
Deviation on general internal municipal operations and human resources	508 202	2 676 644	508 202	2 676 644
Emergency on provision for security	7 547 436	-	7 547 436	-
	<u>25 263 760</u>	<u>19 303 393</u>	<u>25 263 760</u>	<u>20 303 393</u>

All deviations considered by the Accounting Officer are processed in terms of the Supply Chain Management Regulations and the Supply Chain Management Policy. This process entails being assessed by the supply chain management bid adjudication committee in terms of the stipulated criteria of emergency procurements or circumstances where it is impractical or impossible to follow the official procedures.

A detailed deviation register is available at the Municipality for inspection.

51. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	<u>133 455 817</u>	<u>103 181 579</u>	<u>133 455 817</u>	<u>103 181 579</u>
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External loans have been utilized in accordance with the Municipal Finance Management Act. Refer to note 14 for more detail regarding long-term borrowings.

52. Distribution losses

Units purchased (kWh)	375 039 517	377 371 088	375 039 517	377 371 088
Units lost during distribution (kWh)	77 317 186	83 060 406	77 317 186	83 060 406
Percentage lost during distribution	20.62 %	22.01 %	20.62 %	22.01 %
Rand value	123 565 576	108 946 468	123 565 476	108 946 468

Electricity losses:

The electricity distribution losses for the current year are 20.62% (2018: 22.01%). These losses are predominantly due to metering inaccuracies, system operations, theft and vandalism.

The Municipality has engaged in a two year investigation project to address the distribution losses. The project includes the upgrading of infrastructure.

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	2019	2018	2019	2018

53. Budget differences

Material differences between budget and actual amounts

51.1 Explanation of variances between approved and final budget greater than 10%

The variance between the approved and final budget is due to adjustments approved on the adjustment budget and virements approved by directors. The increase in the Capital Budget is due to Capital projects rolled over from the previous financial year.

Rental of facilities and equipment (20.36%)

The higher than anticipated revenue on rental of facilities is due to the increment of lease agreements entered during the year and once off rental agreement of department of labour. Variance is R 360 753 (2018: R 409 796).

Income from agency services (-81.91%)

The budgeted amount includes the revenue received on behalf of the agency which cannot be regarded as own revenue, only 20% is recognised as own revenue. Variance is R (41 910 218) (2018: R (42 276 176)).

Licences and permits (32.38%)

The variance is due to higher than expected revenue from the issuing of licences and permits especially building plans approved, clearance certificates issued and town planning application fees. Variance is R 249 674 (2018: R 304 867).

Other Income (135.21%)

This higher than anticipated income is due to grant administration fees and VAT on grant transferred from grants and subsidies. Variance is R 15 866 761 (2018: R 23 866 760).

Interest received - external investment (153.59%)

The increase is as a result of the annual additional investment made during the year, annual capitalisation of interest on investment and interest earned on bank account. Variance is R 5 838 044 (2018: R 926 275).

Property rates (25.47%)

The increase is due to supplementary valuation and new development. Variance is R 22 160 412 (2018: R 15 289 523).

Property rates - penalties imposed (47.39%)

The increase in penalties is due to late payments of debtors accounts and increment on debtors book. Variance is R 3 222 809 (2018: R 1 703 616).

Public contributions and donations (100.00%)

The Municipality received a donation of IT equipment from The Office of the Premier. Variance is R 110 987 (2018: R 49 272).

Fines (615.14%)

The disclosure of fines has been done in accordance with GRAP and resulting in total fines issues disclosed whilst the budgeted amount represents only cash received. Variance is R 27 688 303 (2018: R 32 483 510).

Expenditure

Employee cost (-13.81%)

The underspending is due to vacant posts not filled immediately during the year. Variance is R 47 901 655 (2018: R 34 663 847).

Finance cost (-54.73%)

The reduction in finance cost is due to the loan of R 60 million approved by Council during the budget process but later was cancelled which led to the underspending. Variance is R 14 474 797 (2018: R 1 757 421).

Collection cost (-31.15%)

The contract for the debt collectors expired during the year which led to underspending. The new appointments were done during August 2019. Variance is R 19 073 403 (2018: R (1 370 028)).

Greater Tzaneen Municipality

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Debt impairment (320.81%)

The increase is due to the allowance for impairment done during the year and the impairment of traffic fines and no write offs were done for 2018/2019. Variance is R (94 318 683) (2018: R 89 588 752).

Grants and subsidies paid (59.97%)

The high spending is due to the roads that were constructed on behalf of RAL and are transferred to RAL as grants and subsidies. Variance is R (18 856 284) (2018: R (74 084 620))

Repairs and maintenance (-31.15%)

The lower than anticipated spending is due to the under expenditure on the council owned vehicle usage and repairs and maintenance on electricity distribution network. Variance is R 19 073 403 (2018: R 8 934 161).

Impairment of assets (100%)

The actual amount represent transformers impaired during the year due to change in condition assessment. Variance is R (4 399 272) (2018: R 2 839 900).

Loss on disposal of assets (-188.06%)

Loss on disposal due to scrapped transformers and other assets written off. Variance is R (4 701 607) (2018: R (28 124 361)).

Statement of Financial Position

Assets

Inventory (11.66%)

The variance is due to increase in inventory purchases. Variance is R 1 896 930 (2018: R (1 071 198)).

Other financial assets (-100.00%)

The reduction is due to management effort made during the year to recover outstanding funds regarding stand sales. Variance is R (3 267 978) (2018: R 36 943).

Consumer debtors (-6.63%)

During the budget preparation the municipality was anticipating that consumer debtors book would reduce due to credit control measures. Variance is R (7 242 681) (2018: R 20 578 989).

Receivables from non-exchange transactions (-50.64%)

The budget amount represents only cash received whilst the actual amount represents total traffic fines issued. The actual is disclosed according to GRAP1. Variance is R (37 793 551) (2018: R 41 356 780).

Receivables from exchange transactions (73.45%)

The increase is due to the outstanding balance on Mopani debtors account. Variance is R 110 613 068 (2018: R 29 830 860).

Cash and cash equivalents (530.13%)

The municipality closed with a positive bank balance due to the loan amount of R 40 million taken up from DBSA. Variance is R 35 362 442 (2018: R (1 456 825)).

Investment property (-11.05%)

The reduction is due to duplicate assets taken out of the asset register. Variance is R (22 523 700) (2018: R (17 041 947)).

Property, plant and equipment (-15.30%)

The reduction in PPE is due to the depreciation of completed projects and write offs of infrastructure assets. Variance is R (262 832 135) (2018: R (314 715 292)).

Intangible assets (40.12%)

The reduction is due to the amortisation of intangible assets. Variance is R 325 019 (2018: R 1 089 986).

Heritage assets (100%)

The variance is due to the inclusion of the Mayors chain in the asset register. Variance is R 195 000 (2018: R 0).

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Other financial assets (-30.48%)

The decrease is due to the long term investment not taken up during 2018/2019 financial year. Variance is R (13 823 858) (2018: R 3 187 399).

Liabilities

Other financial liabilities (current) (111.86%)

The increase is due to the loan of R 15 million that will be redeemed during the year. Variance is R 12 044 040 (2018: R (13 921 344))

Payables from exchange transactions (28.16%)

The municipality had creditors and retention amount not paid out at year end. Variance is R 50 021 262 (2018: R 56 718 738).

VAT Payable (15.92%)

The outstanding balance represents an amount owed to SARS not paid at year end. Variance is R 5 487 458 (2018: R 5 303 044).

Unspent conditional grants and receipts (259.23%)

The unspent conditional grants is higher than anticipated due to the outstanding balance of R 4.9 million under INEP grant. Variance is R 3 668 221 (2018: R 1 509 796).

Provisions (39.12%)

The increase is due to the provision for performance bonus of all directors and municipal manager for the full financial year. Variance is R 266 768 (2018: R (327 914)).

Other financial liabilities (non-current) (-9.75%)

The reduction is due to the loan of R 15 million that will be redeemed during the year. Variance is R (11 948 850) (2018: R 37 245 403).

Finance lease obligation (-55.38%)

The budget amount includes the vehicles that were supposed to be purchased through a finance lease. Variance is R (8 103 976) (2018: R 1 426 973).

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

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Statement of Cash Flows

Interest Income (-53.77%)

The decrease is due to the inclusion of interest on outstanding debtors amount received under sales of goods and services. Variance is R (11 185 186) (2018: R (7 123 425)).

Finance costs (-55.17%)

The reduction in finance cost is due to the loan of R 60 million approved by Council during the budget process, but later was cancelled, which led to the underspending. Variance is R 13 487 207 (2018: R 2 553 949).

Transfer of property, plant and equipment (100%)

The actual amount represent capitalisation of completed projects transferred from WIP to Infrastructure assets. Variance is R 64 509 821 (2018: R 75 728 464).

Additions to property, plant and equipment (15.57%)

The overspending is due to the amount of completed projects transferred from work in progress to Infrastructure. Variance is R (22 492 473) (2018: R 44 409 766).

Proceeds on disposal/ write off of property, plant and equipment (-100%)

During the budget process, it was anticipated that the Municipality will dispose of its assets. Variance is R (1 823 110) (2018: R 491 367).

Additions to intangible assets (100%)

The difference is due to the acquisition software for two way radio system. Variance R (154 938) (2018: R 0).

Increase in financial asset (-13.9%)

The decrease is due to the long term investment not take up during the 2018/2019 financial year. Variance is R 435 316 (2018: R (571 921)).

54. Fair value adjustments

Investment property (Fair value model)	-	11 004 300	-	11 004 300
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The Greater Tzaneen Municipality fair valued its investment properties using the valuation roll that came into effect on the 01 July 2017 which is reviewed every four years.

55. Investment revenue

Interest revenue				
Bank	23 230	50 645	-	-
Interest received - investment	9 615 814	4 427 275	9 615 814	4 427 275
Interest received - trading	17 826 053	18 395 501	17 826 053	18 395 501
	<u>27 466 097</u>	<u>22 873 421</u>	<u>27 441 867</u>	<u>22 822 776</u>

An amount of R 5 311 745 (2018: R 2 760 228) included in Investment revenue arises from fixed deposit transactions amounting to R 45 860 000 (2018: R 243 500 000), while the balance of R 4 304 069 (2018: R 1 677 047) arises from interest received on the Municipalities current bank account.

56. Fines revenue

Revenue for traffic fines issued	31 635 630	37 451 500	31 635 630	37 451 500
Other fines	553 809	535 146	553 809	535 146
	<u>32 189 439</u>	<u>37 986 646</u>	<u>32 189 439</u>	<u>37 986 646</u>

57. Loss / (gain) on disposal/ write off of assets

Property, plant and equipment	(2 201 607)	(25 924 361)	(2 201 607)	(25 924 361)
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Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
	2019	2018 Restated*	2019	2018 Restated*
58. Public contributions and donations				
Public contributions and donations	110 987	49 272	110 987	49 272
See note 26.				
59. Depreciation and amortisation				
Property, plant and equipment	127 789 622	127 692 240	127 100 818	126 971 667
Intangible assets	3 486	4 577	623 269	682 371
	<u>127 793 108</u>	<u>127 696 817</u>	<u>127 724 087</u>	<u>127 654 038</u>
60. Debt Impairment movements				
Receivables from exchange transactions	8 164 876	10 286 853	8 164 876	10 286 853
Consumer debtors	87 344 204	42 309 662	87 344 204	42 309 662
Fines	28 209 603	61 728 037	28 209 603	61 728 037
	<u>123 718 683</u>	<u>114 324 552</u>	<u>123 718 683</u>	<u>114 324 552</u>
61. Change in estimate				
Changes in accounting estimates				
<p>The Municipality has reassessed the useful lives of property, plant and equipment which resulted in certain assets remaining useful lives to change. Infrastructure assets useful life changed from nine (9) to ten (10) years on average. Other assets changed from one (1) to two (2) years on average. Intangible assets changed from one (1) to two (2) years on average. The effect of the change in accounting estimates has resulted in an increase in depreciation amounting to R 498 560,44 for the current period. The effect on future periods could not reasonably be determined.</p>				
<p>The change in estimate affected the following classes of assets:</p> <ul style="list-style-type: none"> • Infrastructure assets • Community assets • Other assets • Leased assets • Intangible assets 				
62. Prior period errors				
<p>Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by the prior-period adjustments and reclassification.</p>				
Economic entity				
Statement of Financial Position 2017				
<u>R -16 433 462</u>	<u>PPE</u>			
2017/06/30	Accumulated depreciation for infrastructure road useful life previously not reviewed R 6 090 668			
2017/06/30	Accumulated depreciation due to other assets useful life previously not reviewed R 721 434			
2017/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed R 115 336			
2017/06/30	Reduction in community assets due to land duplications taken out - R 22 360 900			
<u>R 195 000</u>	<u>Heritage Assets</u>			
2017/06/30	Mayoral Chain previously not recognised R 195 000			

* See Note 62

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R -2 240 000 2017/06/30	Investment property Reduction of investment property due to duplicated properties in the asset register -R 2 240 000
R -38 536 965 2017/06/30	Accumulated Surplus Accumulated depreciation for infrastructure road useful life previously not reviewed - R 6 090 668.17
2017/06/30	Accumulated depreciation due to other assets useful life previously not reviewed - R 721 434
2017/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed -R 115 336
2017/06/30	Reduction of investment property due to duplicated properties in the asset register R 2 240 000
2017/06/30	Reduction in community assets due to land duplications taken out R 22 360 900
2017/06/30	Reduction of unspent conditional grants due to unspent grants written back - R 2 590 505
2017/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayments R 11 359 523
2017/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment R 8 769 017
2017/06/30	Mayoral Chain previously not recognised - R 195 000
2017/06/30	Grant amount allocated in incorrect financial year R 842 923
2017/06/30	The VAT liability for 2017 was understated with the SARS assessment raised and was not previously accounted for in the books -R 2 677 545.
R -20 128 540 2017/06/30	Receivables from exchange transactions INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 11 359 523
2017/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 8 769 017.
R 2 590 505 2017/06/30	Unspent conditional grant Reduction of unspent conditional grants due to unspent grants written back R 2 590 505.
R -842 923 2017/06/30	Payables from exchange transactions Grant amount allocated in incorrect financial year - R 842 923.
R -2 677 545 2017/06/30	VAT Payable The VAT liability for 2017 was understated with the SARS assessment raised and was not previously accounted for in the books -R 2 677 545.

Statement of Financial Position 2018

R -15 609 578 2018/06/30	PPE Accumulated depreciation for infrastructure road useful life previously not reviewed R 6 090 668
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed R 721 434
2018/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed R 115 336
2018/06/30	Accumulated depreciation due to roads infrastructure useful life previously not reviewed - R 772 848
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed capitalised -R 209 504
2018/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed capitalised - R 37 000
2018/06/30	Increase in roads community assets due to Marumofase Bridge capitalised with incorrect amount R 828 834
2018/06/30	Increase in accumulated depreciation for Marumofase bridge capitalised with incorrect amount -R 21 181
2018/06/30	Reduction of community assets due to land duplications taken out -R 22 360 900
2018/06/30	Increase in other assets due to furniture previously not capitalised R 14 720
2018/06/30	Increase in other assets due to cameras previously not capitalised R R 20 867.
R 176 2018/06/30	Consumer debtors Interest was not accrued for R168 on the ABSA Depositor Plus Account and R9 on the 32 day Notice Account R 176.
R -1 680 000 2018/06/30	Investment property Reduction in investment property due to duplicated properties in the asset register - R 2 240 000
2018/06/30	Change in fair value adjustment for duplicated investment properties taken out R 560 000.

* See Note 62

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

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<u>R -868 844</u>	<u>Payables from exchange transactions</u>
2018/06/30	Decrease in retention account due to Marumofase Bridge payment incorrectly classified - R 828 834
2018/06/30	Decrease in payable from exchange transaction due to accrual of interest not raised - R 960 662
2018/06/30	Interest paid instead of accrued - R 178 550.
<u>R -19 173 372</u>	<u>Receivables from exchange transactions</u>
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 11 359 523
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 8 769 017
2018/06/30	Grant amount allocated in incorrect financial year R 141 157
2018/06/30	Interest paid instead of accrued R 178 550.
<u>R 195 000</u>	<u>Heritage assets</u>
2018/06/30	Mayoral Chain previously not recognised R 195 000.
<u>R -3 752 613</u>	<u>VAT Payable</u>
2018/06/30	The VAT liability for 2018 was understated with the SARS assessments raised and not previously accounted for in the books, the amount of R 2 677 545 relates to 2017 financial year and the amount of R 1 075 068 relates to the 2018 financial year.
<u>R -141 157</u>	<u>Other financial liabilities</u>
2018/06/30	Interest amount allocated in the incorrect financial year - R 141 157.
<u>R - 2 447 887</u>	<u>Other financial assets</u>
2018/06/30	Reduction in other financial assets due to money not received for stand sales - R 2 447 887
<u>R 1 979 740</u>	<u>Receivables from non-exchange transactions</u>
2018/06/30	Increase in consumer debtors due to debt impairment VAT portion R 1 979 740
<u>R 1 030 612</u>	<u>Unspent conditional grants</u>
2018/06/30	Overspending of INEP grant transferred to general expenses - R 1 030 612
<u>R -1 139 209</u>	<u>Other financial liability</u>
2018/06/30	Increase in other financial liability due to interest accrued on loans - R 1 139 209

* See Note 62

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R -43 668 357	Accumulated surplus
2018/06/30	Accumulated depreciation for infrastructure road useful life previously not reviewed - R 6 090 668
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed R 721 434
2018/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed - R 115 335
2018/06/30	Accumulated depreciation due to roads infrastructure useful life previously not reviewed - R 772 848
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed capitalised R 209 504
2018/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed capitalised R 37 000
2018/06/30	Increase in roads community assets due to Marumofase Bridge capitalised with incorrect amount - R 828 834
2018/06/30	Increase in accumulated depreciation for Marumofase bridge capitalised with incorrect amount R 21 181
2018/06/30	Reduction of community assets due to land duplications taken out R 22 360 900
2018/06/30	Increase in other assets due to furniture previously not capitalised - R 14 720
2018/06/30	Increase in other assets due to cameras previously not capitalised - R 20 867
2018/06/30	Reduction in investment property due to duplicated properties in the asset register R 2 240 000
2018/06/30	Change in fair value adjustment for duplicated investment properties taken out - R 560 000
2018/06/30	Decrease in retention account due to Marumofase Bridge payment incorrectly classified R 828 834
2018/06/30	Decrease in payable from exchange transaction due to accrual of interest not raised R 960 662.
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment R 11 359 523
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment R 8 769 017
2018/06/30	Mayoral Chain previously not recognised - R 195 000
2018/06/30	Interest amount allocated in the incorrect financial year - R 141 157
2018/06/30	Interest amount allocated in the incorrect financial year R 141 157
2018/06/30	Interest was not accrued for R168 on the ABSA Depositor Plus Account and R9 on the 32 day Notice Account R 176
2018/06/30	The VAT liability for 2018 was understated with the SARS assessments raised and not previously accounted for in the books, the amount of R 2 677 546 relates to 2017 financial year and the amount of R 1 075 068 relates to the 2018 financial year.

Controlling entity Statement of Financial Position 2017

R -15 433 462	PPE
2017/06/30	Accumulated depreciation for infrastructure road useful life previously not reviewed R 6 090 668
2017/06/30	Accumulated depreciation due to other assets useful life previously not reviewed R 721 434
2017/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed R 115 336
2017/06/30	Reduction in community assets due to land duplications taken out - R 22 360 900

R 195 000	Heritage Assets
2017/06/30	Mayoral Chain previously not recognised R 195 000

R -2 240 000	Investment property
2017/06/30	Reduction of investment property due to duplicated properties in the asset register -R 2 240 000

R -35 859 420	Accumulated Surplus
2017/06/30	Accumulated depreciation for infrastructure road useful life previously not reviewed - R 6 090 668.17
2017/06/30	Accumulated depreciation due to other assets useful life previously not reviewed - R 721 434
2017/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed -R 115 336
2017/06/30	Reduction of investment property due to duplicated properties in the asset register R 2 240 000
2017/06/30	Reduction in community assets due to land duplications taken out R 22 360 900
2017/06/30	Reduction of unspent conditional grants due to unspent grants written back - R 2 590 505
2017/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayments R 11 359 523
2017/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment R 8 769 017
2017/06/30	Mayoral Chain previously not recognised - R 195 000
2017/06/30	Grant amount allocated in incorrect financial year R 842 923.

R -20 128 540	Receivables from exchange transactions
2017/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 11 359 523
2017/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 8 769 017.

* See Note 62

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R 2 590 505 **Unspent conditional grant**
2017/06/30 Reduction of unspent conditional grants due to unspent grants written back R 2 590 505.

R -842 923 **Payables from exchange transactions**
2017/06/30 Grant amount allocated in incorrect financial year - R 842 923.

Statement of Financial Position 2018

R -15 609 577	PPE
2018/06/30	Accumulated depreciation for infrastructure road useful life previously not reviewed R 6 090 668
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed R 721 434
2018/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed R 115 335
2018/06/30	Accumulated depreciation due to roads infrastructure useful life previously not reviewed - R 772 848
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed capitalised -R 209 604
2018/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed capitalised - R 37 000
2018/06/30	Increase in roads community assets due to Marumofase Bridge capitalised with incorrect amount R 828 834
2018/06/30	Increase in accumulated depreciation for Marumofase bridge capitalised with incorrect amount -R 21 181
2018/06/30	Reduction of community assets due to land duplications taken out -R 22 360 900
2018/06/30	Increase in other assets due to furniture previously not capitalised R 14 720
2018/06/30	Increase in other assets due to cameras previously not capitalised R R 20 867.
R 1 979 740	Receivables from non-exchange transactions
2018/06/30	Increase in consumer debtors due to debt impairment VAT portion R 1 979 740
R -1 680 000	Investment property
2018/06/30	Reduction in investment property due to duplicated properties in the asset register - R 2 240 000
2018/06/30	Change in fair value adjustment for duplicated investment properties taken out R 560 000.
R -828 836	Payables from exchange transactions
2018/06/30	Decrease in retention account due to Marumofase Bridge payment incorrectly classified - R 828 834
2018/06/30	Decrease in payable from exchange transaction due to accrual of interest not raised - R 960 662
2018/06/30	Interest paid instead of accrued - R 178 550
R -1 139 209	Other financial liability
2018/06/30	Increase in other financial liability due to interest accrued on loans - R 1 139 209
R -19 173 372	Receivables from exchange transactions
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 11 359 523
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment - R 8 769 017
2018/06/30	Grant amount allocated in incorrect financial year R 141 157
2018/06/30	Interest paid instead of accrued R 178 550
2018/06/30	Reduction in debt impairment with the VAT portion R 635 461
R 195 000	Heritage assets
2018/06/30	Mayoral Chain previously not recognised R 195 000.
R 1 030 612	Unspent conditional grants
2018/06/30	Overspending of INEP grant transferred to general expenses - R 1 030 612
R -141 157	Other financial liabilities
2018/06/30	Interest amount allocated in the incorrect financial year - R 141 157.
R - 2 447 887	Other financial assets
2018/06/30	Reduction in other financial assets due to money not received for stand sales - R 2 447 887

* See Note 62

Greater Tzaneen Municipality

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<u>R -39 876 910</u>	<u>Accumulated surplus</u>
2018/06/30	Accumulated depreciation for infrastructure road useful life previously not reviewed - R 6 090 668
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed R 721 434
2018/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed - R 115 335
2018/06/30	Accumulated depreciation due to roads infrastructure useful life previously not reviewed - R 772 848
2018/06/30	Accumulated depreciation due to other assets useful life previously not reviewed capitalised R 209 504
2018/06/30	Accumulated depreciation due to leased assets useful life previously not reviewed capitalised R 37 000
2018/06/30	Increase in roads community assets due to Marumofase Bridge capitalised with incorrect amount - R 828 834
2018/06/30	Increase in accumulated depreciation for Marumofase bridge capitalised with incorrect amount R 21 181
2018/06/30	Reduction in community assets due to land duplications taken out R 22 360 900
2018/06/30	Increase in other assets due to furniture previously not capitalised - R 14 720
2018/06/30	Increase in other assets due to cameras previously not capitalised - R 20 867
2018/06/30	Reduction in investment property due to duplicated properties in the asset register R 2 240 000
2018/06/30	Change in fair value adjustment for duplicated investment properties taken out - R 560 000
2018/06/30	Decrease in retention account due to Marumofase Bridge payment incorrectly classified R 828 834
2018/06/30	Decrease in payable from exchange transaction due to accrual of interest not raised R 960 662.
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment R 11 359 523
2018/06/30	INEP amount incorrectly classified as revenue recognised instead of loan repayment R 8 769 017
2018/06/30	Mayoral Chain previously not recognised - R 195 000
2018/06/30	Interest amount allocated in the incorrect financial year - R 141 157
2018/06/30	Interest amount allocated in the incorrect financial year R 141 157
2018/06/30	Increase in other financial liability due to interest accrued on loans - R 1 139 209

* See Note 62

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Notes to the Consolidated Financial Statements

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Economic entity Statement of Financial Position	2017 previously reported	Correction of errors	2017 Restated
Assets			
Current Assets			
Inventory	14 753 202	-	14 753 202
Other financial assets	2 669 089	-	2 669 089
Operating lease asset	149 816	-	149 816
Receivable from exchange transactions	220 822 902	(20 128 540)	200 694 362
Receivables from non-exchange transactions	75 870 945	-	75 870 945
Consumer debtors	107 035 128	-	107 035 128
Cash and cash equivalents	32 650 519	-	32 650 519
Non-Current Assets			
Investment property	173 182 753	(2 240 000)	170 942 753
Property, plant and equipment	1 610 594 138	(15 433 462)	1 595 160 676
Intangible assets	1 143 105	-	1 143 105
Heritage asset	-	195 000	195 000
Other financial assets	25 174 277	-	25 174 277
Liabilities			
Current Liabilities			
Other financial liabilities	(17 075 913)	-	(17 075 913)
Finance lease obligation	(1 758 832)	-	(1 758 832)
Payables from exchange transaction	(178 687 626)	(842 923)	(179 530 549)
VAT Payable	(34 713 133)	(2 677 545)	(37 390 678)
Consumer deposits	(23 129 384)	-	(23 129 384)
Unspent conditional grants and receipts	(20 340 228)	2 590 505	(17 749 723)
Provisions	(806 889)	-	(806 889)
Non-Current liabilities			
Other financial liabilities	(102 661 330)	-	(102 661 330)
Finance lease obligation	(3 558 300)	-	(3 558 300)
Employee benefit obligation	(84 223 104)	-	(84 223 104)
Provisions	(4 205 927)	-	(4 205 927)
	<u>1 793 005 208</u>	<u>(38 536 965)</u>	<u>1 754 468 243</u>

* See Note 62

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand

	2017 previously reported	Correction of errors	2017 Restated
Controlling entity			
Statement of Financial Position			
Assets			
Current Assets			
Inventory	14 753 202	-	14 753 202
Other financial assets	2 669 089	-	2 669 089
Operating lease asset	149 816	-	149 816
Receivables from exchange transaction	220 788 581	(20 128 540)	200 660 041
Receivables from non-exchange transactions	75 870 945	-	75 870 945
Consumer debtors	107 035 129	-	107 035 129
Cash and cash equivalents	31 839 163	-	31 839 163
Non - Current Assets			
Investment properties	173 182 753	(2 240 000)	170 942 753
Property, plant and equipment	1 610 522 177	(15 433 462)	1 595 088 715
Intangible assets	1 135 042	-	1 135 042
Heritage asset	-	195 000	195 000
Other Financial assets	25 174 276	-	25 174 276
Liabilities			
Current Liabilities			
Other financial liabilities	(17 075 913)	-	(17 075 913)
Finance lease obligation	(1 758 832)	-	(1 758 832)
Payables from exchange transactions	(178 361 461)	(842 923)	(179 204 384)
VAT Payable	(33 376 034)	-	(33 376 034)
Consumer debtors	(23 129 385)	-	(23 129 385)
Unspent conditional grants and receipts	(20 340 228)	2 590 505	(17 749 723)
Provisions	(606 890)	-	(606 890)
Non-Current Liabilities			
Other financial liabilities	(102 661 329)	-	(102 661 329)
Finance lease obligation	(3 558 300)	-	(3 558 300)
Employee benefit obligation	(84 223 104)	-	(84 223 104)
Provisions	(4 205 927)	-	(4 205 927)
Accumulated surplus	1 793 822 770	(35 859 420)	1 757 963 350

	2018 previously reported	Correction of errors	2018 Restated
Economic entity			
Statement of financial position			
Current Assets			
Inventories	19 164 420	-	19 164 420
Other financial assets	2 447 887	(2 447 887)	-
Operating lease asset	173 356	-	173 356
Receivables from exchange transactions	252 898 146	(19 173 372)	233 724 774
Receivables from non-exchange transactions	43 961 106	-	43 961 106
Consumer debtors	135 341 384	1 979 739	137 321 123
Cash and cash equivalents	8 056 079	176	8 056 255
Non-Current Assets			
Investment property	183 057 053	(1 680 000)	181 377 053
Property, plant and equipment	1 502 069 721	(15 609 578)	1 486 460 143
Intangible assets	1 606 954	-	1 606 954
Heritage assets	-	195 000	195 000
Other financial assets	26 887 398	-	26 887 398
Current liabilities			
Other financial liabilities	(9 585 798)	(1 139 209)	(10 725 007)
Finance lease obligation	(824 306)	-	(824 306)
Payables from exchange transactions	(207 210 585)	(868 844)	(208 079 429)
VAT Payable	(38 620 553)	(3 752 613)	(42 373 166)
Consumer deposits	(26 858 463)	-	(26 858 463)
Unspent conditional grants and receipts	(2 924 848)	(1 030 612)	(3 955 460)
Provisions	(445 724)	-	(445 724)

* See Note 62

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Consolidated Financial Statements

Figures in Rand

Non-Current Liabilities			
Other financial liabilities	(92 315 415)	(141 157)	(92 456 572)
Finance lease obligation	(602 667)	-	(602 667)
Employee benefit obligation	(83 821 523)	-	(83 821 523)
Provisions	(4 626 519)	-	(4 626 519)
	<u>1 707 827 103</u>	<u>(43 668 357)</u>	<u>1 664 158 746</u>

* See Note 62

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Consolidated Financial Statements

Figures in Rand

Controlling entity Statement of Financial Position	2018 previously reported	Correction of errors	2018 Restated
Assets			
Current Assets			
Inventories	19 164 420	-	19 164 420
Other financial assets	2 447 887	(2 447 887)	-
Operating lease asset	173 357	-	173 357
Receivables from exchange transactions	252 892 827	(19 173 372)	233 719 455
Receivables from non-exchange transactions	43 981 106	-	43 981 106
Consumer debtors	135 341 384	1 979 740	137 321 124
Cash and cash equivalents	7 490 665	-	7 490 665
Non-Current Assets			
Investment property	183 057 053	(1 680 000)	181 377 053
Property, plant and equipment	1 501 923 099	(15 609 577)	1 486 313 522
Intangible assets	1 603 468	-	1 603 468
Heritage assets	-	195 000	195 000
Other financial assets	26 887 399	-	26 887 399
Liabilities			
Current Liabilities			
Other financial liabilities	(9 585 798)	(1 139 209)	(10 725 007)
Finance lease obligation	(824 306)	-	(824 306)
Payables from exchange transactions	(207 036 227)	(828 836)	(207 865 063)
VAT Payable	(36 353 082)	-	(36 353 082)
Consumer deposits	(26 858 463)	-	(26 858 463)
Unspent conditional grants and receipts	(2 924 848)	(1 030 612)	(3 955 460)
Provisions	(445 724)	-	(445 724)
Non-Current Liabilities			
Other financial liabilities	(92 315 415)	(141 157)	(92 456 572)
Finance lease obligation	(602 667)	-	(602 667)
Employee benefit obligation	(83 821 523)	-	(83 821 523)
Provisions	(4 626 520)	-	(4 626 520)
Accumulated surplus	1 709 548 092	(39 875 910)	1 669 672 182

Economic entity Statement of Financial Performance 2018

<u>R 176</u> 2018/06/30	<u>Interest received - trading</u> Interest was not accrued for R167 on the ABSA Depositor Plus Account and R9 on the 32 day Notice Account.
<u>R -3 333 496</u> 2018/06/30	<u>Other income</u> Reduction of other income due to unspent unconditional grants written back - R 3 333 496.
<u>R -1 040 532</u> 2018/06/30	<u>Depreciation and amortisation</u> Change in depreciation due to roads infrastructure useful life previously not reviewed - R 772 848
2018/06/30	Depreciation for other assets due to useful life previously not reviewed -R 209 504
2018/06/30	Depreciation for leased assets due to useful life previously not reviewed capitalised - R 37 000
2018/06/30	Depreciation for Marumofase Bridge capitalised with incorrect amount - R 21 181
<u>R 4 400</u> 2018/06/30	<u>Remuneration of councillors</u> Reallocation between travelling cost to remuneration of councillors R 4 400.
<u>R -960 662</u> 2018/06/30	<u>Finance cost</u> Increase in payable from exchange transactions due to accrual of interest not raised - R 960 660

* See Note 62

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Consolidated Financial Statements

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R -658 675	General expenses
2018/06/30	Reduction in general expenses due to furniture previously not capitalised R 14 720
2018/06/30	Reduction in general expenses due to cameras previously not capitalised R 20 865
2018/06/30	Grant allocated in the incorrect financial year R 742 990
2018/06/30	General expense was overstated with R4400 that was taken to boards remuneration and the amount of R1 075 068 relates to VAT adjustments..
R 560 000	Fair value adjustment
2018/06/30	Change in fair value adjustment for duplicated investment properties taken out R 560 000
R -2 447 887	Service charges
2018/06/30	Reduction in service charges due to money for stand sale not received - R 2 447 887
R 2 616 200	Debt impairment
2018/06/30	Reduction in debt impairment due to VAT portion taken out R 2 616 200
R 842 923	Grants and subsidies paid
2018/06/30	Grant amount allocated in incorrect financial year R 842 923

Controlling entity Statement of Financial Performance 2018

R -3 333 496	Other income
2018/06/30	Reduction of other income due to unspent unconditional grants written back - R 3 333 496.
R -1 040 533	Depreciation
2018/06/30	Change in depreciation due to roads infrastructure useful life previously not reviewed - R 772 848
2018/06/30	Depreciation for other assets due to useful life previously not reviewed -R 209 504
2018/06/30	Depreciation for leased assets due to useful life previously not reviewed capitalised - R 37 000
2018/06/30	Depreciation for Marumofase Bridge capitalised with incorrect amount - R 21 181
R -960 660	Finance cost
2018/06/30	Increase in payable from exchange transactions due to accrual of interest not raised - R 960 660
R -252 036	General expenses
2018/06/30	Reduction in general expenses due to furniture previously not capitalised R 14 720
2018/06/30	Reduction in general expenses due to cameras previously not capitalised R 20 865
2018/06/30	Grant allocated in the incorrect financial year R 742 990.
R 560 000	Fair value adjustment
2018/06/30	Change in fair value adjustment for duplicated investment properties taken out R 560 000
R 842 923	Grants and subsidies paid
2018/06/30	Grant amount allocated in incorrect financial year R 842 923
R - 2 447 887	Service charges
2018/06/30	Reduction in service charges due to money for stand sale not received - R 2 447 887
R 2 616 200	Debt Impairment
2018/06/30	Reduction in debt impairment due to VAT portion taken out R 2 616 200

Economic entity Statement of Financial Performance	2018 previously restated	Adjustment of errors	2018 Restated
Revenue from exchange transactions			
Service charges	485 060 405	(2 447 887)	482 612 518
Rental of facilities and equipment	1 781 896	-	1 781 896
Interest received - trading	18 395 501	-	18 395 501
Agency services	7 988 116	-	7 988 116

* See Note 62

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Consolidated Financial Statements

Figures in Rand

Licenses and permits	1 005 867	-	1 005 867
Other income	34 101 806	(3 333 496)	30 768 310
Interest received - investment	4 477 744	176	4 477 920
Taxation revenue			
Property rates	99 289 522	-	99 289 522
Property rates - penalties imposed	8 203 616	-	8 203 616
Transfer revenue			
Government grants & subsidies	428 692 119	-	428 692 119
Public contributions and donations	49 272	-	49 272
Fines, penalties and forfeits	37 986 646	-	37 986 646
Expenditure			
Employee related costs	(285 057 089)	-	(285 057 089)
Remuneration of councillors	(25 387 968)	4 400	(25 383 568)
Depreciation and amortisation	(126 656 285)	(1 040 532)	(127 696 817)
Impairment loss/reversal of impairments	(2 839 900)	-	(2 839 900)
Finance cost	(11 013 609)	(960 662)	(11 974 271)
Lease rentals on operating lease	-	(512 649)	(512 649)
Debt impairment	(116 939 752)	2 615 199	(114 324 553)
Collection costs	(1 770 028)	(367 492)	(2 137 520)
Repairs and maintenance	(45 099 414)	167 303	(44 932 111)
Bulk purchases	(325 455 993)	-	(325 455 993)
Contracted services	(48 050 548)	-	(48 050 548)
Transfer and subsidies	(113 263 619)	842 923	(112 420 696)
General expenses	(95 196 354)	(658 675)	(95 855 029)
Loss on disposal/write off of property, plant and equipment	(25 924 361)	-	(25 924 361)
Fair value adjustments	10 444 300	560 000	11 004 300
	(85 178 110)	(5 134 392)	(90 309 502)

Controlling entity Statement of Financial Performance

	2018 previously restated	Adjustment of errors	2018 Restated
Revenue			
Revenue from exchange transactions	485 060 405	(2 447 887)	482 612 518
Service charges	1 781 896	-	1 781 896
Rental of facilities and equipment	18 395 501	-	18 395 501
Interest received (trading)	7 988 116	-	7 988 116
Agency services	1 005 867	-	1 005 867
Licenses and permits	34 101 806	(3 333 496)	30 768 310
Other income	4 427 275	-	4 427 275
Interest received - investment	-	-	-
Taxation revenue			
Property rates	99 289 523	-	99 289 523
Property rates - penalties imposed	8 203 616	-	8 203 616
Transfer revenue			
Government grants & subsidies	428 692 119	-	428 692 119
Public contributions and donations	49 272	-	49 272
Fines	37 986 646	-	37 986 646
Expenditure			
Employee related cost	(282 016 266)	-	(282 016 266)
Remuneration of councillors	(24 432 412)	-	(24 432 412)
Depreciation and amortisation	(126 613 505)	(1 040 533)	(127 654 038)
Impairment of assets	(2 839 900)	-	(2 839 900)
Finance costs	(11 013 609)	(960 660)	(11 974 269)
Debt impairment	(116 939 752)	2 615 200	(114 324 552)
Collection costs	(1 770 028)	-	(1 770 028)
Repairs and maintenance	(44 932 114)	-	(44 932 114)
Bulk purchases	(325 455 993)	-	(325 455 993)
Contracted services	(48 050 548)	-	(48 050 548)

* See Note 62

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Consolidated Financial Statements

Figures in Rand

Grants and subsidies paid	(113 263 619)	842 923	(112 420 696)
General expenses	(98 448 914)	(252 036)	(98 700 950)
Loss on disposal of assets and liabilities	(25 924 361)	-	(25 924 361)
Fair value adjustments	10 444 300	560 000	11 004 300
Surplus/(loss) for the year	(84 274 679)	(4 016 489)	(88 291 168)

Economic entity Cash Flow Statement	2018 previously stated	Adjustment of errors	2018 restated
Cash flows from operating activities			
Receipts			
Taxation	79 408 159	-	79 408 159
Sale of goods and services	534 633 862	(27 313 081)	507 320 781
Grants	472 679 141	18 419 122	491 098 263
Interest income	4 427 275	50 645	4 477 920
Payments			
Employee cost	(310 851 048)	8 808	(310 842 240)
Suppliers	(723 769 172)	6 930 536	(716 838 636)
Finance cost	(10 217 081)	(890 572)	(11 107 653)
Transfer of property plant and equipment	75 728 464	-	75 728 464
Cash flows from investing activities			
Purchase of property, plant and equipment	(124 629 010)	(864 409)	(125 493 419)
Proceeds from sale of property, plant and equipment	2 690 581	785	2 691 366
Sale of investment property	570 000	-	570 000
Purchase of intangible asset	(1 150 797)	-	(1 150 797)
Proceeds from sale of financial assets	(1 491 920)	2 447 886	955 966
Cash flows from financing activities			
Repayment of other financial liabilities	(17 836 031)	1 280 367	(16 555 664)
Finance lease payments	(4 686 687)	(70 087)	(4 756 774)
	(24 494 264)	-	(24 494 264)

* See Note 62

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

Notes to the Consolidated Financial Statements

Figures in Rand

Controlling entity Cash Flow Statement	2018 previously stated	Adjustment of errors	2018 restated
Cash flows from operating activities			
Receipts			
Taxation revenue	79 408 159	-	79 408 159
Grants	466 424 491	19 162 112	485 586 603
Interest income	4 427 275	-	4 427 275
Sale of goods and services	534 554 235	(27 262 460)	507 291 775
Payments			
Employee costs	(306 850 259)	-	(306 850 259)
Suppliers	(721 403 556)	6 197 158	(715 206 398)
Finance cost	(10 217 081)	(890 572)	(11 107 653)
Transfer of property, plant and equipment	75 728 464	-	75 728 464
Cash flows from investing activities			
Purchase to property, plant and equipment	(124 516 144)	(864 417)	(125 380 561)
Proceeds from sale of property, plant and equipment	2 691 366	-	2 691 366
Sale of investment property	570 000	-	570 000
Purchase of other intangible assets	(1 150 797)	-	(1 150 797)
Proceeds from sale of financial assets	(1 491 921)	2 447 887	955 966
Cash flow from financing activities			
Repayment of other financial liabilities	(17 836 029)	1 280 366	(16 555 663)
Finance lease payments	(4 686 687)	(70 088)	(4 756 775)
	<u>(24 348 484)</u>	<u>-</u>	<u>(24 348 498)</u>

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

The following amounts included in general expenses were reclassified to ensure a more accurate presentation of the general expenditure items.

Reclassification of general expenses	2018 previously stated	Reclassification and prior period corrections	2018 restated
Auditors remuneration	3 448 595	-	3 448 595
Computer rental	706 301	-	706 301
Consulting fees	24 782 839	639 722	25 422 561
Consumables	1 396 029	(7 919)	1 388 110
Insurance	63 161	(35 542)	27 619
Fuel and oil	9 165 920	-	9 165 920
Postage and courier	616 394	-	616 394
Printing and stationery	1 721 828	-	1 721 828
Protective clothing	883 416	8 893	892 309
Telephone and fax	1 460 368	18 750	1 479 118
Training	1 300 060	598 555	1 898 615
Travel - local	9 149 276	-	9 149 276
Insurance claims - own expenditure	8 105 114	(14 720)	8 090 394
Membership fees - Salga	234 365	2 634 550	2 868 915
Telephone exchange rental	366 677	-	366 677
Public relations, tourism and marketing	8 142 084	100 139	8 242 223
Small tools and equipment	422 480	(45 176)	377 304
Lease rentals on operating lease	1 047 349	-	1 047 349
Bank administration fees	1 693 588	-	1 693 588
Licenses and permits	1 029 040	10 777	1 039 817
Cultural day	976 432	-	976 432
Other expenses	21 737 598	(3 655 993)	18 081 605
	<u>98 448 914</u>	<u>252 036</u>	<u>98 700 950</u>

* See Note 62

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2019

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Reclassification of employee cost	2018 previously stated	Reclassification and prior period corrections	2018 restated
Salaries and wages	195 554 188	1 709 019	197 263 207
Social contributions	45 522 664	-	45 522 664
Travel allowance	11 852 719	(5 269)	11 847 450
Overtime payments	25 477 677	-	25 477 677
Housing allowance	3 609 018	(1 703 750)	1 905 268
	<u>282 016 266</u>	<u>-</u>	<u>282 016 266</u>

* See Note 62

Greater Tzaneen Municipality
Appendix A
 June 2019

Schedule of external loans as at 30 June 2019

	Balance at 30 June 2018	Received during the period	Redeemed written off during the period	Balance at 30 June 2019
	Rand	Rand	Rand	Rand
Annulity loans				
	-	40 000 000	-	40 000 000
DBSA	32 183 025	-	1 716 136	30 466 889
DBSA	1 953 417	-	1 953 417	-
INCA	18 340 756	-	1 492 231	16 848 525
ABSA	4 565 172	-	4 565 172	-
STANDARD BANK	1 139 209	1 000	-	1 140 209
ACCRUED INTEREST				
	58 181 579	40 001 000	9 726 956	88 455 623
Loan stock				
	30 000 000	-	-	30 000 000
STANDARD BANK	15 000 000	-	-	15 000 000
DEVELOPMENT BANK OF SA				
	45 000 000	-	-	45 000 000
Total external loans				
	58 181 579	40 001 000	9 726 956	88 455 623
Annulity loans	45 000 000	-	-	45 000 000
Loan stock				
	103 181 579	40 001 000	9 726 956	133 455 623

Greater Tzaneen Municipality
 Greater Tzaneen Municipality
 Appendix B
 June 2019

Analysis of property, plant and equipment as at 30 June 2019
 Cost/Revaluation
 Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals/Write Offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Write Offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	124 398 446	-	-	-	-	-	124 398 446	-	-	-	-	-	-	124 398 446
Infrastructure														
Roads	1 243 565 083	3 045 480	-	-	-	-	1 246 610 563	(631 185 186)	-	-	(71 399 985)	(654 148)	(703 238 919)	543 372 644
Storm water	60 328 111	129 802	-	-	-	-	60 457 913	(31 010 594)	-	-	(2 548 909)	-	(33 560 503)	26 897 410
Buildings	1 577 142	-	-	-	-	-	1 577 142	(447 538)	-	-	-	-	(447 538)	1 129 604
Utilities	1 812 039	-	-	-	-	-	1 812 039	(733 831)	-	-	-	-	(1 233 224)	578 815
Refuse sites	26 033 415	-	(910 307)	-	-	-	25 123 108	(5 844 068)	583 953	-	(559 393)	(291 840)	(6 548 804)	18 573 304
Airports	44 565 595	-	-	-	-	-	44 565 595	(12 983 251)	-	-	(1 580 648)	-	(13 564 899)	30 021 696
Plant and Machinery	191 751	-	-	-	-	-	191 751	(85 928)	-	-	(19 175)	-	(115 103)	76 648
Water	203 685	-	-	-	-	-	203 685	(150 170)	-	-	(31 073)	-	(181 243)	22 442
Traffic	347 180	-	-	-	-	-	347 180	(254 405)	-	-	(23 118)	-	(277 523)	69 657
Electricity	188 000	-	-	-	-	-	188 000	(86 054)	-	-	-	-	(99 946)	88 054
Land and Buildings	854 871 141	35 824 052	(10 690 937)	-	-	-	880 201 256	(933 358 250)	8 484 044	-	(85 718 024)	(9 459 483)	(414 075 713)	465 125 543
	20 962 085	-	-	-	-	-	20 962 085	(9 051 509)	-	-	(285 486)	-	(9 336 995)	11 625 130
Community Assets														
Parks & gardens	2 254 745 247	35 099 334	(11 604 244)	-	-	-	2 262 241 337	(1 074 653 826)	9 077 937	-	(113 124 468)	(4 388 271)	(183 038 509)	1 069 147 328
Fencing	9 136 136	-	-	-	-	-	9 136 136	(2 079 086)	-	-	(48 850)	-	(2 127 936)	7 008 200
Roads	3 130 219	-	-	-	-	-	3 130 219	(110 472)	-	-	-	-	(298 334)	2 831 885
Municipal offices	18 482 269	3 203 247	-	-	-	-	21 685 516	(9 907 227)	-	-	(1 504 734)	-	(9 411 961)	12 273 555
Libraries	16 312 802	-	-	-	-	-	16 312 802	(8 915 611)	-	-	(349 657)	-	(2 265 286)	7 047 534
Traffic centre	7 542 888	-	-	-	-	-	7 542 888	(1 004 655)	-	-	(67 107)	-	(1 071 762)	6 471 126
Museums	62 000	-	-	-	-	-	62 000	(56 702)	-	-	(1 326)	-	(56 028)	5 972
Airports	1 307 643	-	-	-	-	-	1 307 643	(277 934)	-	-	(7 436)	-	(126 586)	1 022 274
Recreational facilities	128 596	-	-	-	-	-	128 596	(128 596)	-	-	-	-	-	-
Cemeteries	70 045 684	25 248 654	-	-	-	-	95 294 338	(13 998 838)	-	-	(3 866 139)	-	(17 864 975)	77 429 363
Road and Subgrade	3 324 000	-	-	-	-	-	3 324 000	(1 489 417)	-	-	(1 045 091)	-	(4 434 508)	3 324 000
Buildings	10 419 805	-	-	-	-	-	10 419 805	(4 352 139)	-	-	-	-	(6 067 666)	8 590 388
	30 498 632	-	-	-	-	-	30 498 632	-	-	-	-	-	(9 337 230)	21 161 402
	170 390 864	28 451 901	-	-	-	-	198 842 765	(56 314 647)	-	-	(7 018 800)	-	(43 332 947)	155 509 818

Greater Tzaneen Municipality
 Greater Tzaneen Municipality
 Appendix B
 June 2019

Analysis of property, plant and equipment as at 30 June 2019
 Accumulated depreciation
 Cost/Revaluation

	Opening Balance	Additions	Disposals/Write Offs	Transfers	Revaluations	Other changes, movements	Closing Balance	Disposals/Write Offs	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying Value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Work in Progress	30 985 479	86 473 783	-	(64 509 821)	-	-	52 948 441	-	-	-	-	-	52 948 441
Work in Progress	30 985 479	86 473 783	-	(64 509 821)	-	-	52 948 441	-	-	-	-	-	52 948 441
Leased asset	10 920 220	7 440 638	(45 327)	-	-	-	18 315 531	36 593	-	(2 887 560)	-	(10 792 849)	7 522 682
Leased assets	10 920 220	7 440 638	(45 327)	-	-	-	18 315 531	36 593	-	(2 887 560)	-	(10 792 849)	7 522 682
Other assets	8 426 932	182 008	(41 465)	-	-	-	8 546 935	32 220	-	(763 837)	-	(6 654 622)	1 892 313
Computer Equipment	2 443 275	217 257	(4)	-	-	-	2 660 525	4	-	(194 495)	-	(1 930 139)	730 390
Furniture & Fixings	2 333 398	307 695	(29 804)	-	-	-	2 611 290	18 412	-	(143 610)	-	(2 207 983)	403 307
Office Equipment	7 850 371	2 201 424	-	-	-	-	9 851 795	-	-	(841 759)	-	(6 155 827)	3 695 968
Plant and Machinery	383 290	-	-	-	-	-	233 290	-	-	(1 738)	-	(222 133)	1 157
Health equipment	30 718	-	-	-	-	-	30 718	-	-	(1 536)	-	(18 567)	12 171
Parks	5 388 636	-	-	-	-	-	5 388 636	-	-	(226 988)	-	(3 156 819)	2 231 723
Buildings	82 631	-	-	-	-	-	82 631	-	-	(2 175)	-	(54 759)	27 772
Security measures	126 048	-	-	-	-	-	126 048	-	-	(3 700)	-	(84 838)	10 210
Weapons	37 859 872	3 443 300	(357 727)	-	-	-	40 945 445	34 448	-	(1 913 618)	-	(33 932 495)	7 012 950
Motor vehicles	1 247 338	98 965	-	-	-	-	1 287 323	-	-	(39 928)	-	(1 283 978)	3 345
Minor assets	68 800 771	6 371 669	(429 000)	-	-	-	71 743 440	85 084	-	(4 126 084)	-	(55 922 134)	15 821 306

Greater Tzaneen Municipality
 Greater Tzaneen Municipality
 Appendix B
 June 2019

Analysis of property, plant and equipment as at 30 June 2019
 Cost/Revaluation
 Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals/Write Offs Rand	Transfers Rand	Revaluations Rand	Other changes/movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals/Write Offs Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	124 398 446	-	-	-	-	-	124 398 446	-	-	-	-	-	-	124 398 446
Infrastructure	2 254 746 247	39 099 334	(11 604 244)	-	-	-	2 282 241 337	074 653 826	9 077 997	-	-	(4 399 271)	183 089 509	1 089 141 828
Community Assets	170 390 864	28 451 901	-	-	-	-	198 842 765	(36 314 647)	-	-	(113 124 409)	-	(43 332 947)	155 509 818
Work in Progress	30 965 479	86 473 783	-	(64 509 821)	-	-	52 949 441	-	-	-	(7 018 300)	-	-	52 949 441
Leased asset	10 920 220	7 440 638	(45 327)	-	-	-	18 315 531	(7 932 282)	36 983	-	(2 997 560)	-	(10 792 849)	7 522 682
Other assets	65 800 771	6 371 689	(429 000)	-	-	-	71 743 460	(51 881 134)	85 084	-	(4 126 084)	-	(55 922 134)	15 821 306
	2 667 242 027	167 837 325	(12 078 571)	(64 509 821)	-	-	2 749 490 969	(1 170 781 889)	9 200 074	-	(127 188 353)	(4 399 271)	(293 147 439)	1 455 343 621
Heritage asset														
Mayoral chain	195 000	-	-	-	-	-	195 000	-	-	-	-	-	-	195 000
Intangible assets	195 000	-	-	-	-	-	195 000	-	-	-	-	-	-	195 000
Computers - software	3 653 789	154 938	-	-	-	-	3 808 727	(2 046 835)	-	-	(626 755)	-	(2 673 590)	1 135 137
Website	45 051	-	-	-	-	-	45 051	(45 051)	-	-	-	-	(45 051)	-
Investment properties	3 938 840	154 938	-	-	-	-	3 853 778	(2 091 886)	-	-	(626 755)	-	(2 718 641)	1 135 137
Investment property	181 377 053	-	-	-	-	-	181 377 053	-	-	-	-	-	-	181 377 053
	181 377 053	-	-	-	-	-	181 377 053	-	-	-	-	-	-	181 377 053
Total														
Land and buildings	124 398 446	-	-	-	-	-	124 398 446	-	-	-	-	-	-	124 398 446
Infrastructure	2 254 746 247	39 099 334	(11 604 244)	-	-	-	2 282 241 337	074 653 826	9 077 997	-	-	(4 399 271)	183 089 509	1 089 141 828
Community Assets	170 390 864	28 451 901	-	-	-	-	198 842 765	(36 314 647)	-	-	(113 124 409)	-	(43 332 947)	155 509 818
Work in Progress	30 965 479	86 473 783	-	(64 509 821)	-	-	52 949 441	-	-	-	(7 018 300)	-	-	52 949 441
Leased asset	10 920 220	7 440 638	(45 327)	-	-	-	18 315 531	(7 932 282)	36 983	-	(2 997 560)	-	(10 792 849)	7 522 682
Other assets	65 800 771	6 371 689	(429 000)	-	-	-	71 743 460	(51 881 134)	85 084	-	(4 126 084)	-	(55 922 134)	15 821 306
Heritage asset	195 000	154 938	-	-	-	-	3 853 778	(2 091 886)	-	-	(626 755)	-	(2 718 641)	1 135 137
Intangible assets	181 377 053	-	-	-	-	-	181 377 053	-	-	-	-	-	-	181 377 053
Investment properties	2 842 512 920	167 892 283	(12 078 571)	(64 509 821)	-	-	2 933 816 781	(1 172 873 776)	9 200 074	-	(127 793 108)	(4 399 271)	(296 866 060)	1 538 050 711

Greater Tzaneen Municipality
 Greater Tzaneen Municipality
 Appendix B
 June 2019

Analysis of property, plant and equipment as at 30 June 2018
 Accumulated depreciation
 Cost/Revaluation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, improvements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	124 338 946	49 500	(1 010 000)	-	-	-	124 338 446	-	-	-	-	-	-	124 338 446
	124 338 946	49 500	(1 010 000)	-	-	-	124 338 446	-	-	-	-	-	-	124 338 446
Infrastructure														
Roads	1 243 336 587	219 486	-	-	-	-	1 243 556 073	(569 450 623)	-	-	(71 794 563)	-	(631 185 185)	612 370 897
Storm water	45 200 114	15 127 897	-	-	-	-	60 328 011	(28 629 602)	-	-	(2 360 955)	-	(31 010 557)	29 317 519
Solid waste	1 577 142	-	-	-	-	-	1 577 142	(396 207)	-	-	(51 635)	-	(447 842)	1 129 299
Buildings	905 583	906 467	-	-	-	-	1 812 050	(184 925)	-	-	(648 902)	-	(733 831)	1 078 219
Regulation	25 875 819	157 586	-	-	-	-	26 033 405	(4 433 846)	-	-	(1 013 815)	(586 327)	(5 844 089)	20 188 326
Refuse sites	44 565 585	-	-	-	-	-	44 565 585	(10 792 216)	-	-	(1 591 035)	-	(12 383 251)	32 182 344
Airports	191 751	-	-	-	-	-	191 751	(76 753)	-	-	(19 175)	-	(85 928)	95 823
Plant and machinery	203 685	-	-	-	-	-	203 685	(138 897)	-	-	(11 275)	-	(150 172)	53 513
Water	347 170	-	-	-	-	-	347 170	(231 277)	-	-	(43 106)	-	(254 383)	92 787
Traffic	198 000	-	-	-	-	-	198 000	(79 254)	-	-	(18 900)	-	(89 054)	98 946
Electricity	934 581 095	11 360 718	(91 000 672)	-	-	-	854 941 141	(411 133 936)	57 358 480	-	(37 179 226)	(2 443 573)	(383 338 248)	471 572 882
Land and buildings	20 952 094	-	-	-	-	-	20 952 094	(8 786 053)	-	-	(263 456)	-	(9 051 509)	11 910 585
	2 317 944 655	27 802 254	(91 000 672)	-	-	-	2 254 746 237	(1 024 333 596)	57 358 480	-	(114 838 798)	(2 538 900)	(1 074 633 814)	1 180 092 423
Community Assets														
Parks & gardens	9 136 136	-	-	-	-	-	9 136 136	(2 024 536)	-	-	(48 531)	-	(2 073 066)	7 063 070
Fencing	628 368	2 601 650	-	-	-	-	3 130 018	(70 161)	-	-	(40 294)	-	(110 455)	3 019 744
Roads	11 973 800	6 902 369	-	-	-	-	18 876 169	(3 615 586)	-	-	(91 527)	-	(3 907 233)	14 875 046
Municipal offices	16 312 802	-	-	-	-	-	16 312 802	(8 585 954)	-	-	(349 656)	-	(8 915 610)	7 397 192
Libraries	7 542 868	-	-	-	-	-	7 542 868	(597 546)	-	-	(47 106)	-	(1 004 654)	6 538 234
Traffic centre	62 000	-	-	-	-	-	62 000	(65 376)	-	-	(1 325)	-	(56 701)	5 299
Museums	1 307 643	-	-	-	-	-	1 307 643	(270 500)	-	-	(7 432)	-	(277 932)	1 029 711
Airports	123 586	-	-	-	-	-	123 586	(128 586)	-	-	-	-	(13 998 837)	86 047 047
Recreational facilities	93 179 245	36 866 639	-	-	-	-	130 045 884	(12 418 905)	365 597	-	(1 579 631)	-	(1 489 415)	9 324 000
Cemeteries	3 777 737	-	-	-	-	-	3 777 737	(363 587)	-	-	(655 252)	-	(1 489 415)	8 960 389
Road and subgrade	10 419 805	-	-	-	-	-	10 419 805	(534 164)	-	-	(1 010 447)	-	(4 352 147)	25 146 486
Buildings	27 559 167	2 659 446	-	-	-	-	30 218 613	(3 341 700)	-	-	-	-	(13 998 837)	16 878 086
	124 514 298	49 330 304	(453 737)	-	-	-	170 390 865	(32 548 743)	365 597	-	(4 131 591)	-	(36 314 647)	134 076 218

Greater Tzaneen Municipality
 Greater Tzaneen Municipality
 Appendix B
 June 2019

Analysis of property, plant and equipment as at 30 June 2018
 Cost/Revaluation
 Accumulated depreciation

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying Value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Work in Progress														
Work in Progress	58 988 033	47 728 910	-	(75 728 454)	-	-	30 985 479	-	-	-	-	-	-	30 985 479
Leased Assets	58 988 033	47 728 910	-	(75 728 454)	-	-	30 985 479	-	-	-	-	-	-	30 985 479
Leased assets	14 349 107	-	(9 428 885)	-	-	-	10 920 221	(6 783 643)	838 171	-	(2 006 811)	-	(7 932 283)	2 987 938
Other assets	14 349 107	-	(9 428 885)	-	-	-	10 920 221	(6 783 643)	838 171	-	(2 006 811)	-	(7 932 283)	2 987 938
Computer equipment	8 576 151	178 880	(288 811)	-	-	(25 828)	8 426 392	(5 691 735)	295 183	29 828	(755 191)	-	(5 132 935)	2 295 487
Furniture and fittings	2 441 754	40 456	(144 209)	-	-	5 275	2 443 276	(1 576 455)	41 600	(9 274)	(185 519)	-	(1 735 648)	707 628
Office equipment	2 369 439	56 751	(112 202)	-	-	-	2 333 398	(2 060 200)	111 378	-	(133 241)	-	(2 082 785)	250 613
Electricity	56 289	-	(56 289)	-	-	-	-	(47 280)	51 972	-	(4 592)	-	-	-
Plant and machinery	11 397 453	285 821	(4 022 803)	-	-	(1)	7 650 371	(7 378 810)	3 091 152	-	(1 028 450)	-	(5 744 068)	2 336 303
Health equipment	244 938	-	(11 846)	-	-	-	233 290	(238 931)	11 646	-	(3 410)	-	-	(1)
Parks	30 718	-	-	-	-	-	30 718	(16 45)	-	-	(1 635)	-	(230 395)	2 895
Buildings	5 415 005	-	(27 453)	-	-	-	5 387 552	(2 717 151)	22 443	-	(1 635)	-	(2 717 151)	13 707
Security measures	632 195	-	-	-	-	-	632 195	(232 095)	22 480	-	(232 507)	-	(2 481 311)	13 707
Weapons	105 048	-	(549 854)	-	-	-	105 048	(85 110)	228 480	-	(28 976)	-	(62 968)	29 949
Motor vehicles	37 859 872	-	-	-	-	-	37 859 872	(28 434 672)	-	-	(6 027)	-	(31 137)	13 911
Land	4 788	-	(4 788)	-	-	-	-	-	-	-	(3 519 654)	-	(3 519 654)	5 806 546
Minor assets	1 223 732	23 550	-	-	-	-	1 247 342	(1 220 508)	-	-	(23 543)	-	(1 244 051)	3 291
	70 368 450	585 458	(5 128 582)	-	-	(24 553)	65 800 773	(49 718 942)	3 843 902	24 554	(6 032 748)	-	(51 831 134)	13 919 858

Greater Tzaneen Municipality
 Greater Tzaneen Municipality
 Appendix B
 June 2019

Analysis of property, plant and equipment as at 30 June 2018
 Accumulated depreciation
 Cost/Revaluation

	Opening Balance Rands	Additions Rands	Disposals Rands	Transfers Rands	Revaluations Rands	Other changes, movements Rands	Closing Balance Rands	Opening Balance Rands	Disposals Rands	Transfers Rands	Depreciation Rands	Impairment losses Rands	Closing Balance Rands	Carrying Value Rands
Total property plant and equipment														
Land and buildings	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446	-	67 358 480	-	(114 838 798)	(2 839 900)	1 074 653 814	124 398 446
Infrastructure	2 317 944 655	27 802 254	(91 000 872)	-	-	-	2 254 746 237	(1 024 333 596)	365 597	-	(4 131 501)	-	(96 314 647)	1 800 022 423
Community Assets	121 514 298	49 330 304	(453 737)	-	-	-	170 390 865	(32 548 743)	365 597	-	-	-	134 076 218	30 985 479
Work in Progress	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479	(6 783 643)	838 171	-	(2 006 811)	-	(7 322 283)	2 987 598
Leased Assets	14 349 107	-	(3 428 886)	-	-	-	10 920 221	(6 783 643)	838 171	24 554	(6 032 748)	-	(51 881 136)	13 919 839
Other assets	70 368 450	585 488	(5 128 582)	-	-	(24 553)	65 800 773	(49 716 842)	3 843 802	24 554	(127 008 858)	(2 839 900)	1 170 781 878	1 486 460 143
	2 708 523 488	125 483 426	(101 021 877)	(75 728 464)	-	(24 553)	2 607 242 021	(1 113 362 824)	72 408 150	24 554	(127 008 858)	(2 839 900)	1 170 781 878	1 486 460 143
Heritage assets														
Mayoral chain	195 000	-	-	-	-	-	195 000	-	-	-	-	-	-	195 000
	195 000	-	-	-	-	-	195 000	-	-	-	-	-	-	195 000
Intangible assets														
Computers - software	2 502 992	1 150 797	-	-	-	-	3 653 789	(1 359 887)	-	-	(686 948)	-	(2 046 835)	1 606 954
Other	45 051	-	-	-	-	-	45 051	(45 051)	-	-	-	-	(45 051)	-
	2 548 043	1 150 797	-	-	-	-	3 698 840	(1 404 938)	-	-	(686 948)	-	(2 091 886)	1 606 954
Investment properties														
Investment property	170 942 753	-	(570 000)	-	11 004 300	-	181 377 053	-	-	-	-	-	-	181 377 053
	170 942 753	-	(570 000)	-	11 004 300	-	181 377 053	-	-	-	-	-	-	181 377 053
Total														
Land and buildings	125 358 946	49 500	(1 010 000)	-	-	-	124 398 446	-	67 358 480	-	(114 838 798)	(2 839 900)	1 074 653 814	124 398 446
Infrastructure	2 317 944 655	27 802 254	(91 000 872)	-	-	-	2 254 746 237	(1 024 333 596)	365 597	-	(4 131 501)	-	(96 314 647)	1 800 022 423
Community Assets	121 514 298	49 330 304	(453 737)	-	-	-	170 390 865	(32 548 743)	365 597	-	-	-	134 076 218	30 985 479
Work in Progress	58 988 033	47 725 910	-	(75 728 464)	-	-	30 985 479	(6 783 643)	838 171	-	(2 006 811)	-	(7 322 283)	2 987 598
Leased Assets	14 349 107	-	(3 428 886)	-	-	-	10 920 221	(6 783 643)	838 171	24 554	(6 032 748)	-	(51 881 136)	13 919 839
Other assets	70 368 450	585 488	(5 128 582)	-	-	(24 553)	65 800 773	(49 716 842)	3 843 802	24 554	(127 008 858)	(2 839 900)	1 170 781 878	1 486 460 143
Heritage assets	195 000	-	-	-	-	-	195 000	-	-	-	-	-	-	195 000
Intangible assets	2 548 043	1 150 797	-	-	-	-	3 698 840	(1 404 938)	-	-	(686 948)	-	(2 091 886)	1 606 954
Investment properties	170 942 753	-	(570 000)	-	11 004 300	-	181 377 053	-	-	-	-	-	-	181 377 053
	170 942 753	-	(570 000)	-	11 004 300	-	181 377 053	-	-	-	-	-	-	181 377 053
Total	2 862 209 265	126 644 223	(101 581 877)	(75 728 464)	11 004 300	(24 553)	2 842 512 914	(1 116 787 762)	72 408 150	24 554	(127 008 858)	(2 839 900)	1 172 873 764	1 569 639 150

Greater Tzaneen Municipality
Appendix C
June 2019

Segmental analysis of property, plant and equipment as at 30 June 2019
Accumulated Depreciation
Cost/Revaluation

Municipality	Opening Balance Rand	Additions Rand	Write Offs Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Write Offs Rand	Disposals Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying Value Rand
Mayors Office	2 002 484	-	-	-	-	-	2 002 484	(844 627)	-	-	(310 304)	-	(1 155 141)	848 343
Municipal Manager	892 067	30 058	-	-	-	-	922 115	(489 103)	-	-	(124 130)	-	(3 153 224)	308 862
Planning and Development	5 140 290	49 918	(41 986)	-	-	-	5 139 223	(2 762 103)	-	-	(414 288)	-	(3 135 726)	2 003 498
Financial Service	4 103 990	38 891	-	-	-	-	4 202 971	(3 382 662)	-	41 986	(292 896)	-	(3 575 496)	627 473
Corporate Service	4 955 671	188 869	(22 393)	-	-	-	4 859 183	(2 853 662)	7 851	-	(445 679)	-	(3 291 260)	1 238 953
Engineering Service	1 364 800 144	3 659 578	-	-	-	-	1 368 381 720	(662 290 704)	-	-	(75 632 323)	(654 148)	(65 064 490)	589 604 545
Community Service	199 827 075	28 867 256	-	-	-	-	228 424 311	(568 610 576)	-	-	(9 459 812)	(3 745 124)	(437 802 800)	489 494 753
Electrical Engineering	897 949 219	41 087 244	(11 968 866)	-	-	-	917 067 589	(335 939 627)	9 113 514	-	(966 570)	-	(9 433 004)	13 071 665
Transport, Safety, Security and Liaison	22 444 699	-	-	-	-	-	22 444 699	(8 468 434)	-	-	(623 269)	-	(2 624 303)	124 398 446
Intangible Asset	3 605 102	154 998	-	-	-	-	3 760 100	(2 001 634)	-	-	-	-	(10 792 848)	135 137
Leased Asset	124 398 446	-	-	-	-	-	124 398 446	(7 892 282)	35 993	-	-	-	-	124 398 446
Investment Properties	10 820 220	7 440 698	(46 327)	-	-	-	18 315 591	-	-	-	-	-	-	181 377 053
Work in Progress	181 377 053	-	-	(64 509 822)	-	-	116 867 231	-	-	-	-	-	-	181 377 053
	30 965 481	86 473 783	-	(64 509 822)	-	-	52 549 442	-	-	-	(2 897 560)	-	-	82 949 442
	2 842 512 921	167 992 258	(12 078 571)	(64 509 822)	-	-	2 838 916 786	(1 172 873 776)	9 158 088	41 986	(327 793 109)	(4 398 272)	(1 295 855 083)	1 538 050 703
Total	2 842 512 921	167 992 258	(12 078 571)	(64 509 822)	-	-	2 838 916 786	(1 172 873 776)	9 158 088	41 986	(327 793 109)	(4 398 272)	(1 295 855 083)	1 538 050 703

Greater Tzaneen Municipality

Appendix D

June 2019

Segmental Statement of Financial Performance for the year ended
Current Year

Prior Year		Current Year			
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-	-	-	-	-	-
479 104 356	35 325 287	(35 325 287)	514 143 086	39 479 040	(39 479 040)
220 826	283 480 868	195 623 488	233 505	267 155 603	246 987 483
	25 177 998	(24 957 172)		23 954 016	(23 720 511)
	8 696 265	(8 672 409)	212 999	9 103 661	(8 890 662)
23 856	8 866 582	(8 820 258)	37 723	8 981 276	(8 943 553)
46 324	12 233 675	(9 924 851)	2 724 294	13 788 555	(11 064 261)
2 308 824	24 420 309	(23 529 338)	31 635 630	18 269 434	13 366 196
37 451 500	23 678 468	(13 031 191)	124 948	23 016 099	(22 891 151)
149 130	85 116 924	(48 641 159)	38 744 931	96 913 634	(58 168 703)
36 475 765	250 150 285	(136 475 676)	91 176 502	191 445 599	(100 269 097)
113 674 609	465 367 795	(2 618 030)	459 468 534	514 259 454	(54 790 920)
462 749 765					
1 132 204 955	1 222 514 456	(90 309 501)	1 138 502 152	1 206 366 371	(67 864 219)

Greater Tzaneen Municipality
Appendix E(1)
June 2019

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June
2019

	Current year 2019 Act. Bal.	Current year 2019 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Property rates	109 160 412	87 000 000	22 160 412	25.5	Refer to note 52
Service charges	486 306 412	534 933 000	(48 626 588)	(9.1)	
Property rates - penalties Imposed	10 022 809	6 800 000	3 222 809	47.4	Refer to note 52
Rental of facilities and equipment	2 132 853	1 772 100	360 753	20.4	Refer to note 52
Interest received - outstanding receivables	17 826 053	17 000 000	826 053	4.9	
Agency services	9 254 073	51 164 291	(41 910 218)	(81.9)	Refer to note 52
Fines	32 189 439	4 501 136	27 688 303	615.1	Refer to note 52
Income received - SETA	2 898 502	-	2 898 502	-	
Licences and permits	1 020 674	771 000	249 674	32.4	Refer to note 52
Government grants and subsidies	432 583 934	454 946 404	(22 362 470)	(4.9)	
Public contributions and donations	110 987	-	110 987	100.0	Refer to note 52
Other income	27 601 807	11 735 046	15 866 761	135.2	Refer to note 52
Interest received - investment	217 388	-	217 388	-	
Interest received - other	9 639 044	3 801 000	5 838 044	153.6	Refer to note 52
	1 140 964 387	1 174 423 977	(33 459 590)	(2.8)	
Expenses					
Employee cost	(299 024 073)	(346 925 728)	47 901 655	(13.8)	Refer to note 52
Remuneration of councillors	(27 050 526)	(28 582 323)	1 531 797	(5.4)	
Depreciation and impairment	(127 793 108)	(133 550 583)	5 757 475	(4.3)	
Lease rentals on operating lease	(509 839)	(352 682)	(157 157)	44.6	
Impairments	(4 399 272)	-	(4 399 272)	100.0	Refer to note 52
Finance costs	(11 973 760)	(26 448 557)	14 474 797	(54.7)	Refer to note 52
Debt impairment	(123 718 683)	(29 400 000)	(94 318 683)	320.8	Refer to note 52
Collection costs	(600 321)	(1 533 243)	932 922	(60.8)	Refer to note 52
Repairs and maintenance	(42 157 906)	(61 231 309)	19 073 403	(31.1)	Refer to note 52
Bulk purchases	(348 443 869)	(340 000 000)	(8 443 869)	2.5	
Contracted Services	(51 435 443)	(57 066 372)	5 630 929	(9.9)	
Grants and subsidies paid	(50 297 361)	(31 441 077)	(18 856 284)	60.0	Refer to note 52
General Expenses	(119 222 839)	(135 995 251)	16 772 412	(12.3)	Refer to note 52
	(1 206 627 000)	(1 192 527 125)	(14 099 875)	1.2	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	(2 201 607)	2 500 000	(4 701 607)	(188.1)	Refer to note 52
	(2 201 607)	2 500 000	(4 701 607)	(188.1)	Refer to note 52
Net surplus/ (deficit) for the year	(67 864 220)	(15 603 148)	(52 261 072)	334.9	

Greater Tzaneen Municipality
Appendix E(2)
June 2019

Budget Analysis of Capital Expenditure as at 30 June
2019

	Additions Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
Municipality					
Executive & Council/Mayor and Council	6 059	6 059	-	-	
Finance & Admin/Finance	11 539 356	4 047 816	(7 491 540)	(185)	The overspending is due to the acquisition of photocopiers machines and tablets through finance lease
Planning and Development/Economic Development/Plan Health/Clinics	48 502	248 891	200 389	81	
Housing	1 066 514	2 500 000	1 433 486	57	The project was completed with the less amount than budgeted The allocation was approved during the adjustment budget in February and the contractor was appointed in June which led to the low spending on the projects
Sport and Recreation Waste Water Management/Sewerage Road Transport/Roads	349 001 15 131	348 000 7 366	(1 001) (7 765)	- (105)	Office equipment purchased through non capital tools vote
Electricity /Electricity Distribution	54 196 701	94 621 573	40 424 872	43	The low spending is due to the roads that were constructed on behalf of RAL and are transferred to RAL as grants and subsidies
	36 071 004	51 943 313	15 872 309	31	The low spending is due to the delay in manufacturing of transformers, switchgear and auto reclosers
	103 482 438	153 953 018	50 470 580	33	

**Appendix G1
Budgeted Financial Performance (revenue and expenditure by functional classification)
for the year ended 30 June 2019**

	2019/2018				2018/2017							
	Original Budget	Budget Adjustments (i.e. s23 and s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome Against Budget Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Functional												
Municipal governance and administration												
Executive and council	447 717 007	636 404	448 353 411	513 466 197		65 112 786	115 %	115 %				468 100 058
Budget and treasury	1 100	-	1 100	-	(1 100)		- %	- %				-
Corporate services	447 715 650	636 661	447 715 650	512 718 806	66 000 156		115 %	115 %				488 100 058
Community and public safety	267	-	267	747 391	110 730		117 %	290 814 %				-
Health	6 917 620	-	6 917 620	34 735 594	27 817 974		502 %	502 %				39 979 634
Public safety	65 629	-	65 629	37 723	(27 906)		57 %	57 %				46 324
Sport and recreation	580 786	-	580 786	124 948	(455 838)		22 %	22 %				149 130
Housing	4 001 000	-	4 001 000	31 635 630	27 634 630		791 %	791 %				37 451 500
Health	2 265 225	-	2 265 225	2 724 294	459 069		120 %	120 %				2 308 824
Economic and environmental services	25 000	-	25 000	212 869	187 869		852 %	852 %				23 856
Planning and development	144 863 946	(500 000)	144 063 946	94 549 128	(49 514 818)		66 %	66 %				113 945 079
Road transport	563 555	-	563 555	3 373 626	2 809 071		595 %	595 %				271 470
Environmental protection	144 000 391	(500 000)	143 500 391	91 176 502	(52 323 889)		64 %	64 %				113 674 609
Trading services	573 089 000	-	573 089 000	488 213 468	(76 875 532)		DIV/O %	DIV/O %				489 225 532
Electricity	517 847 000	-	517 847 000	459 488 634	(57 878 466)		87 %	87 %				462 749 767
Waste management	-	-	-	-	-		89 %	89 %				-
Waste water management	-	-	-	-	-		DIV/O %	DIV/O %				-
Other	57 742 000	-	57 742 000	38 744 934	(18 997 066)		DIV/O %	DIV/O %				-
Budget and treasury office	2 500 000	-	2 500 000	-	(2 500 000)		67 %	67 %				36 475 765
	2 500 000	-	2 500 000	-	(2 500 000)		- %	- %				-
Total Revenue - Functional	1 176 787 673	136 404	1 176 923 977	1 140 964 387	(35 969 590)		97 %	97 %				11 004 300
												1 132 265 503

**Appendix G1
Budgeted Financial Performance (revenue and expenditure by functional classification)
for the year ended 30 June 2019**

	2019/2018				2018/2017							
	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments	Actual Outcome % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	%	%	Rand	Rand	Rand	Rand
Expenditure - Functional												
Governance and administration	245 571 558	13 898 340	259 469 898	307 094 297	-	47 624 899	118 %	125 %	-	-	-	285 831 261
Executive and council	43 758 386	-	43 758 386	39 479 040	-	(4 279 346)	90 %	90 %	-	-	-	37 940 487
Budget and treasury office	101 488 570	4 500 000	105 988 570	171 065 700	-	65 077 130	161 %	169 %	-	-	-	167 802 691
Corporate services	100 324 602	9 398 340	109 722 942	96 534 557	-	(13 188 385)	88 %	96 %	-	-	-	90 067 883
Community and public safety	100 121 989	300 000	100 421 989	73 159 025	-	(27 262 964)	73 %	73 %	-	-	-	77 896 299
Community and social services	9 357 250	-	9 357 250	8 991 276	-	(376 014)	96 %	96 %	-	-	-	8 866 982
Health and recreation	29 826 255	-	29 826 255	23 016 099	-	(6 810 156)	77 %	77 %	-	-	-	23 578 468
Public safety	30 329 633	-	30 329 633	18 269 434	-	(12 060 199)	60 %	60 %	-	-	-	24 420 309
Health	18 487 726	300 000	18 787 726	13 788 555	-	(5 009 171)	73 %	75 %	-	-	-	12 233 575
Health	12 110 485	-	12 110 485	9 103 691	-	(3 006 824)	75 %	75 %	-	-	-	8 986 265
Economic and environmental	223 208 179	3 689 687	226 897 866	215 230 582	-	(11 707 284)	95 %	96 %	-	-	-	212 429 484
Planning and development	24 787 888	(150 000)	24 637 888	23 754 984	-	(882 904)	96 %	96 %	-	-	-	22 279 176
Road transport	168 420 291	3 849 687	172 269 978	161 445 598	-	(10 824 380)	95 %	96 %	-	-	-	250 150 288
Industrial production	593 569 964	4 408 872	597 978 836	611 173 086	-	13 194 250	102 %	103 %	-	-	-	550 484 719
Energy	506 151 608	4 408 872	510 560 480	514 259 455	-	3 700 975	101 %	102 %	-	-	-	468 357 795
Water management	6 434 937	-	6 434 937	4 516 273	-	(1 918 664)	70 %	70 %	-	-	-	5 972 911
Waste water management	80 983 449	-	80 983 449	82 397 368	-	11 413 919	114 %	114 %	-	-	-	79 144 073
Waste management	-	-	-	2 201 607	-	2 201 607	DIV/0 %	DIV/0 %	-	-	-	-
Other	-	-	-	2 201 607	-	2 201 607	DIV/0 %	DIV/0 %	-	-	-	-
Budget and treasury office	-	-	-	2 201 607	-	2 201 607	DIV/0 %	DIV/0 %	-	-	-	-
Corporate services	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure - Functional	1 162 471 120	22 384 899	1 184 856 019	1 208 828 607	-	24 052 588	102 %	104 %	-	-	-	1 222 666 104
Surplus/(Deficit) for the year	14 316 453	(22 168 495)	(7 852 042)	(57 864 220)	(60 012 178)	(60 012 178)	864 %	(474) %	(474) %	(474) %	(474) %	(90 309 501)

Appendix G2

Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2019

	2019/2018										2018/2017																
	Original Budget		Budget Adjustments (i.e. s28 and s31 of the MFMA)		Virement (i.e. Council approved policy)		Final Budget		Actual Outcome		Unauthorised expenditure		Variance of Actual Outcome against Adjustments		Actual Outcome as % of Final Budget		Reported unauthorised expenditure		Expenditure authorised in terms of section 32 of MFMA		Balance to be recovered		Revised Audited Outcome				
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	%	%	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand		
Revenue by Vote																											
Vote 1 - Municipal Manager		129						129						(129)													
Vote 2 - Planning and Economic Development	563 555						563 555	3 372 626					2 809 071			596 %										271 470	
Vote 3 - Financial Services	447 715 650						447 715 650	512 718 806					66 003 156			115 %										466 100 056	
Vote 4 - Corporate Services	1 228	638 404					637 582	747 393					109 759			117 %										88 846 290	
Vote 5 - Community Services	113 579 686						113 579 686	85 782 112					(27 797 574)			76 %											
Vote 6 - Vote6																DIVD %											
Vote 7 - Electrical Engineering Services	517 347 000						517 347 000	489 468 534					(57 878 466)			95 %										452 748 770	
Vote 8 - Engineering Services	95 080 325						94 580 325	78 874 918					(15 705 407)			83 %										101 283 717	
Vote 3 - Financial Services	2 500 000						2 500 000						(2 500 000)			DIVD %										(26 524 361)	
Vote 2 - Planning and Economic Development																DIVD %										11 004 300	
Total Revenue by Vote	1 176 787 573	136 404					1 176 923 977	1 140 954 387					(36 969 590)			97 %										1 106 331 242	
Expenditure by Vote to be appropriated																											
Vote 1 - Municipal Manager	30 146 709	4 500 000					36 646 709	37 017 080					646 371			103 %										11 538 107	
Vote 2 - Planning and Economic Development	31 729 993	(267 956)					31 462 037	34 325 093					2 803 056			109 %										31 172 517	
Vote 3 - Financial Services	101 488 570	4 500 000					105 988 570	173 282 307					69 037 737			166 %										167 802 891	
Vote 4 - Corporate Services	102 190 103	381 471					102 571 574	86 080 041					(16 511 533)			84 %										104 778 733	
Vote 5 - Community Services	216 416 168	3 000 000					219 416 168	191 125 328					(28 290 840)			87 %										175 916 827	
Vote 6 - Vote6																DIVD %											
Vote 7 - Electrical Engineering Services	606 151 606	4 408 872					610 560 478	514 259 459					(3 700 879)			101 %										496 110 795	
Vote 8 - Engineering Services	174 847 970	5 724 522					180 572 492	172 739 309					(7 333 183)			96 %										239 318 893	
Vote 2 - Planning and Economic Development																DIVD %											
Total Expenditure by Vote	1 152 471 121	22 304 859					1 174 775 980	1 208 828 617			83 025 599			24 062 897			102 %								1 196 640 743		
Surplus/(Deficit) for the year	14 316 452	(22 168 495)					(7 852 043)	(67 864 230)			(80 012 187)			(60 012 187)			864 %								(90 309 501)		

**Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2019**

	2019/2018				2018/2017							
	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	%	%	Rand	Rand	Rand	Rand
Revenue By Source												
Property rates	87 000 000	-	87 000 000	109 160 412		22 160 412	125 %	125 %				99 286 623
Property rates - penalties and collection charges	6 800 000	-	6 800 000	10 022 809		3 222 809	147 %	147 %				8 203 616
Service charges - electricity revenue	501 351 000	-	501 351 000	449 863 851		(51 487 149)	90 %	90 %				452 023 274
Service charges - refuse revenue	30 432 000	-	30 432 000	33 062 322		2 630 322	109 %	109 %				30 590 514
Service charges - other	3 150 000	-	3 150 000	3 119 995		(30 005)	99 %	89 %				2 046 815
Rental of facilities and equipment	1 772 100	-	1 772 100	2 132 853		360 753	120 %	120 %				1 791 898
Interest earned - external investments	3 801 000	-	3 801 000	9 639 044		5 838 044	254 %	254 %				4 477 920
Interest earned - outstanding debtors	17 000 000	-	17 000 000	17 826 053		826 053	105 %	105 %				18 395 501
Fines, penalties and forfeits	4 501 136	-	4 501 136	32 189 439		27 688 303	715 %	715 %				37 986 646
Licences and permits	771 000	-	771 000	1 020 674		249 674	132 %	132 %				1 005 867
Agency services	51 164 291	-	51 164 291	9 254 074		(41 910 217)	18 %	18 %				7 988 115
Transfers and subsidies	365 810 750	636 404	367 247 154	384 301 273		(41 910 217)	105 %	105 %				406 786 935
Other revenue	12 235 046	(500 000)	11 735 046	30 937 938		19 202 892	264 %	264 %				59 324 724
Total Revenue (excluding capital transfers and contributions)	1 085 588 323	136 404	1 085 724 727	1 092 370 735	5 846 008	5 846 008	101 %	101 %				1 084 356 805

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2019

Expenditure By Type	2019/2018						2018/2017					
	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	%	%	Rand	Rand	Rand	Rand
Employee related costs	343 017 085	-	343 017 085	299 024 073	-	(43 993 012)	87 %	87 %	-	-	-	282 016 266
Remuneration of councillors	27 425 125	-	27 425 125	27 050 528	-	(374 598)	99 %	98 %	-	-	-	25 983 588
Debt impairment	29 400 000	-	29 400 000	123 718 884	-	94 318 884	421 %	421 %	-	-	-	114 324 557
Depreciation & asset impairment	133 475 468	-	133 475 468	137 189 980	-	3 714 512	99 %	99 %	-	-	-	130 836 717
Finance charges	28 448 557	-	28 448 557	11 973 769	-	(16 474 788)	45 %	45 %	-	-	-	11 974 267
Bulk purchases	340 000 000	-	340 000 000	343 157 888	-	3 157 888	102 %	102 %	-	-	-	325 455 884
Other materials	51 180 125	9 801 407	60 981 532	49 157 904	-	(11 823 628)	69 %	92 %	-	-	-	44 832 114
Contracted services	54 086 372	3 000 000	57 086 372	51 435 442	-	(5 650 930)	90 %	95 %	-	-	-	48 650 549
Transfers and subsidies	30 804 373	638 404	31 442 777	120 237 362	-	88 794 585	160 %	163 %	-	-	-	112 420 897
Other expenditure	126 653 688	8 867 088	135 520 777	120 332 888	-	(15 187 889)	89 %	95 %	-	-	-	101 545 019
Total Expenditure	1 162 471 122	22 304 899	1 184 776 021	1 206 626 386	-	21 850 375	102 %	104 %	-	-	-	1 196 640 741
Surplus/(Deficit)	(75 862 799)	(22 168 495)	(98 031 294)	(114 036 261)	(16 004 967)	(16 004 967)	115 %	115 %	(16 004 967)	(16 004 967)	(112 253 936)	(112 253 936)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	87 869 250	-	87 869 250	49 393 848	(38 475 402)	(38 475 402)	55 %	55 %	(38 475 402)	(38 475 402)	(38 475 402)	21 974 434
Gain (less) on disposal of assets	2 500 000	-	2 500 000	(2 201 607)	(2 201 607)	(2 201 607)	(88) %	(88) %	(2 201 607)	(2 201 607)	(2 201 607)	-
Surplus/(Deficit) after capital transfers & contributions	14 316 451	(22 168 495)	(7 852 044)	(67 642 413)	(67 642 413)	(67 642 413)	864 %	864 %	(67 642 413)	(67 642 413)	(67 642 413)	(90 309 502)
Surplus/(Deficit) after taxation	14 316 451	(22 168 495)	(7 852 044)	(67 642 413)	(67 642 413)	(67 642 413)	864 %	(47) %	(67 642 413)	(67 642 413)	(67 642 413)	(90 309 502)
Surplus/(Deficit) attributable to municipality	14 316 451	(22 168 495)	(7 852 044)	(67 642 413)	(67 642 413)	(67 642 413)	864 %	(47) %	(67 642 413)	(67 642 413)	(67 642 413)	(90 309 502)
Surplus/(Deficit) for the year	14 316 451	(22 168 495)	(7 852 044)	(67 642 413)	(67 642 413)	(67 642 413)	864 %	(47) %	(67 642 413)	(67 642 413)	(67 642 413)	(90 309 502)

**Appendix G4
Budgeted Capital Expenditure by vote, function and funding
for the year ended 30 June 2019**

	2019/2018				2018/2017								
	Original Budget	Budget Adjustments (i.e. 528 unit split of the MFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments	Actual Outcome % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote Multi-year expenditure													
Single-year expenditure													
Vote 1 - Municipal Manager	100 000	(58 941)	-	6 059	6 059	-	-	100 %	6 %	-	-	-	-
Vote 2 - Planning and Economic Development	100 000	(86 159)	-	13 891	48 449	-	34 558	349 %	48 %	-	-	-	-
Vote 3 - Financial Services	100 000	1 952 830	1 956 687	4 009 517	3 619 175	-	(390 342)	90 %	3 619 %	-	-	-	14 720
Vote 4 - Corporate Services	100 000	(81 701)	-	38 299	7 920 253	-	7 881 954	20 680 %	7 920 %	-	-	-	20 867
Vote 5 - Community Services	400 000	155 366	-	585 366	554 302	-	(31 064)	95 %	139 %	-	-	-	-
Vote 7 - Electrical Engineering Services	58 600 000	(200 000)	(1 956 687)	54 443 313	36 071 006	-	(18 372 307)	66 %	64 %	-	-	-	13 836 741
Vote 8 - Engineering Services	137 798 250	(43 177 577)	-	94 621 573	55 253 214	-	(39 368 359)	58 %	40 %	-	-	-	35 779 777
Capital single-year expenditure sub-total	195 198 250	(41 481 232)	-	153 718 018	103 482 438	-	(50 235 580)	67 %	53 %	-	-	-	49 652 105
Total Capital Expenditure - Vote	195 198 250	(41 481 232)	-	153 718 018	103 482 438	-	(50 235 580)	67 %	53 %	-	-	-	49 652 105

**Appendix G4
Budgeted Capital Expenditure by vote, function and funding
for the year ended 30 June 2019**

2018/2017

2019/2018

	Original Budget		Budget Adjustments (i.e. s28 and s31 of the MFMA)		Virement (i.e. Council approved policy)		Final Budget		Actual Outcome		Unauthorised expenditure		Variance of Actual Outcome against Adjustments		Actual Outcome as % of Final Budget		Reported unauthorised expenditure		Expenditure authorised in terms of section 32 of MFMA		Balance to be recovered		Restated Audited Outcome		
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		
Capital Expenditure - Functional																									
Governance and administration	300 000		1 707 188		1 956 687		4 053 875		11 545 467		6 039		7 481 692		285 %	3 848 %									35 587
Executive and council	100 000		(65 341)		-		2 052 530		3 619 176		1 865 896		1 565 345		170 %	6 %									-
Budget and treasury office	100 000		1 852 529		1 956 687		3 978 000		7 920 233		3 753 280		4 146 517		397 %	7 920 %									14 720
Corporate Services	100 000		(61 701)		-		3 978 000		1 865 864		1 865 864		(1 472 316)		52 %	13 %									20 857
Community and public safety	12 806 785		(9 728 769)		-		3 078 000		3 078 000		3 078 000		(1 438 487)		100 %	116 %									-
Sport and recreation	12 500 000		(45 000)		-		2 500 000		1 865 864		1 865 864		(38 000)		43 %	5 %									-
Housing	12 500 000		(45 000)		-		2 500 000		1 865 864		1 865 864		(38 000)		43 %	5 %									-
Health	125 332 485		(33 257 021)		-		92 135 464		54 245 160		54 245 160		(37 890 314)		59 %	43 %									35 792 337
Economic and environmental services	100 000		(68 109)		-		13 891		48 149		48 149		34 558		348 %	48 %									-
Planning and development	125 232 485		(33 170 912)		-		92 121 573		54 197 011		54 197 011		(37 924 872)		59 %	43 %									35 792 337
Road transport	56 700 000		(252 834)		(1 956 687)		54 440 879		38 096 137		38 096 137		(16 344 742)		66 %	64 %									13 824 181
Trading services	56 600 000		(200 000)		(1 956 687)		54 440 879		38 096 137		38 096 137		(16 344 742)		66 %	64 %									13 824 181
Electricity	100 000		(92 834)		-		7 385		15 181		15 181		7 785		209 %	15 %									-
Waste management	100 000		(92 834)		-		7 385		15 181		15 181		7 785		209 %	15 %									-
Total Capital Expenditure - Functional	195 199 250		(41 481 232)		-		153 718 018		103 482 438		103 482 438		(50 235 590)		67 %	63 %									49 652 105
Funded by:																									
National Government	87 699 250		-		-		87 699 250		48 092 491		(38 598 759)		(38 598 759)		55 %	55 %									22 753 996
Provincial Government	-		230 000		-		230 000		130 170		(99 830)		(99 830)		56 %	55 %									-
Transfers received - capital	87 699 250		230 000		-		87 929 250		48 292 661		(38 546 589)		(38 546 589)		55 %	55 %									22 753 996
Public contributions & donations	90 000 000		(50 000 000)		-		40 000 000		20 907 460		(19 092 540)		(19 092 540)		52 %	23 %									49 272
Borrowing	17 500 000		8 288 738		-		25 788 738		34 181 330		34 181 330		3 392 592		139 %	189 %									1 741 496
Internally generated funds	195 199 250		(41 481 232)		-		153 718 018		103 482 438		(50 235 590)		(50 235 590)		67 %	63 %									25 107 342
Total Capital Funding																									49 652 105

Greater Tzaneen Municipality
Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2019

	2019/2018					2018		
	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities								
Receipts								
Taxation revenue	93 800 000	-	93 800 000	89 038 382	(4 761 618)	95 %	95 %	79 408 159
Sale of goods and services	606 476 573	(500 000)	605 976 573	682 169 438	(23 807 135)	98 %	98 %	607 320 781
Grants	454 310 000	836 404	454 946 404	482 259 886	27 313 481	106 %	106 %	491 098 283
Grants	-	-	-	-	-	DIV0 %	DIV0 %	-
Government - capital	-	-	-	-	-	DIV0 %	DIV0 %	-
Interest	20 801 000	-	20 801 000	9 839 044	(11 161 956)	48 %	48 %	4 477 920
Dividends	-	-	-	-	-	DIV0 %	DIV0 %	-
Payments								
Employee costs	(343 017 085)	-	(343 017 085)	(328 421 444)	14 595 641	96 %	96 %	(310 842 238)
Suppliers	(689 978 983)	-	(689 978 983)	(718 382 584)	(28 383 601)	104 %	104 %	(718 838 836)
Finance costs	(24 448 557)	-	(24 448 557)	(10 861 350)	13 487 207	45 %	45 %	(11 107 853)
Transfer of property plant and equipment	-	-	-	84 609 821	84 609 821	DIV0 %	DIV0 %	75 728 464
Net cash flow from/used operating activities	117 942 948	138 404	118 079 362	171 871 172	53 791 820	146 %	146 %	119 246 060
Cash flow from investing activities								
Receipts								
Additions property, plant and equipment	(185 199 250)	50 000 000	(145 199 250)	(167 728 334)	(22 527 084)	116 %	80 %	(126 493 419)
Proceeds on disposal of property, plant and equipment	2 500 000	-	2 500 000	878 891	(1 623 109)	27 %	27 %	2 691 386
Sale of investment property	-	-	-	-	-	DIV0 %	DIV0 %	670 000
Decrease (increase) in non-current investments	-	-	-	-	-	DIV0 %	DIV0 %	-
Payments								
Sale of intangible assets	-	-	-	(164 938)	(164 938)	DIV0 %	DIV0 %	(1 150 797)
Increase in financial assets	(5 073 000)	-	(5 073 000)	(4 837 686)	435 316	91 %	91 %	655 688
Net cash flow from/used investing activities	(187 772 250)	50 000 000	(147 772 250)	(171 842 066)	(24 069 816)	116 %	87 %	(122 426 882)
Cash flow from financing activities								
Receipts								
Short term loans	-	-	-	-	-	DIV0 %	DIV0 %	-
Borrowing long term/refinancing	80 000 000	(50 000 000)	40 000 000	40 800 000	-	100 %	44 %	(10 655 684)
Increase (decrease) in consumer deposits	-	-	-	-	-	DIV0 %	DIV0 %	-
Payments								
Repayment of other financial liabilities	(9 558 844)	-	(9 558 844)	(9 725 762)	(166 918)	102 %	102 %	-
Finance lease payments	(1 600 000)	-	(1 600 000)	4 080 841	6 680 841	(273)%	(273)%	(4 768 776)
Net cash flow from/used financing activities	78 943 160	(50 000 000)	28 943 160	34 384 879	6 421 723	119 %	44 %	(21 312 439)
Net increase/(decrease) in cash held	(686 146)	136 404	(749 742)	34 393 985	36 143 727	(4 587)%	(3 881)%	(24 494 281)
Cash/cash equivalents at the year begin:	12 342 983	(4 286 821)	8 056 062	8 056 265	193	100.00 %	85.27 %	32 650 619
Cash/cash equivalents at the year end:	11 456 837	(4 150 617)	7 308 320	42 460 240	36 143 920	581 %	371 %	8 056 268

