

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
13. Finance lease obligation				
Minimum lease payments due				
- within one year	2 443 258	267 567	2 443 258	267 567
- in second to third year inclusive	4 054 507	-	4 054 507	-
	<u>6 497 765</u>	<u>267 567</u>	<u>6 497 765</u>	<u>267 567</u>
less: future finance charges	(1 180 633)	(13 742)	(1 180 633)	(13 742)
Present value of minimum lease payments	<u>5 317 132</u>	<u>253 825</u>	<u>5 317 132</u>	<u>253 825</u>
Present value of minimum lease payments due				
- within one year	1 758 832	253 825	1 758 832	253 825
- in second to third year inclusive	3 558 300	-	3 558 300	-
	<u>5 317 132</u>	<u>253 825</u>	<u>5 317 132</u>	<u>253 825</u>
Non-current liabilities	3 558 300	-	3 558 300	-
Current liabilities	1 758 832	253 825	1 758 832	253 825
	<u>5 317 132</u>	<u>253 825</u>	<u>5 317 132</u>	<u>253 825</u>

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

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.

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

The economic entity entered into new finance leases for:

- Photo Copiers
- Telephone system.

14. Payables from exchange transactions

Trade payables	97 234 178	98 997 266	97 234 178	98 997 262
Payments received in advanced	7 890 298	7 440 868	7 890 298	7 440 868
Staff leave	34 555 827	30 817 512	34 555 827	30 817 512
Retention	27 737 228	18 948 259	27 737 228	18 948 259
Accrued leave pay	183 470	132 330	-	-
Unknown direct deposits	3 769 045	5 518 063	3 769 045	5 518 063
Other payables	4 894	1 963 954	-	1 866 743
13th Cheque	7 072 634	6 587 152	6 954 843	6 469 361
	<u>178 447 574</u>	<u>170 405 404</u>	<u>178 141 419</u>	<u>170 058 068</u>

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.

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.

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15. VAT payable				
Net VAT payable	<u>34 713 134</u>	<u>31 557 124</u>	<u>33 376 034</u>	<u>29 844 327</u>

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. The municipality has financial policies in place to ensure that payments are effected

16. Consumer deposits

Electricity	<u>23 129 385</u>	<u>23 146 904</u>	<u>23 129 385</u>	<u>23 146 904</u>
Guarantees held in lieu of electricity deposits	<u>3 523 530</u>	<u>3 554 930</u>	<u>3 523 530</u>	<u>3 554 930</u>

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.

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
Grants - other	<u>19 163 806</u>	<u>19 434 127</u>	<u>19 163 806</u>	<u>19 434 127</u>
Movement during the year				
Balance at the beginning of the year	19 434 127	60 435 514	19 434 127	60 435 514
Additions during the year	190 556 000	130 638 000	190 556 000	130 638 000
Income recognition during the year	(173 673 279)	(147 402 061)	(173 673 279)	(147 402 061)
Administration fee recognised during the year	(5 187 699)	(22 237 327)	(5 187 699)	(22 237 327)
Overspending adjustment	8 769 017	(1 999 999)	8 769 017	(1 999 999)
Roll over adjustment	(1 242 960)	-	(1 242 960)	-
VAT	(19 491 400)	-	(19 491 400)	-
	<u>19 163 806</u>	<u>19 434 127</u>	<u>19 163 806</u>	<u>19 434 127</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 23.

18. Provisions

Reconciliation of provisions - Economic entity - 2017

	Opening Balance	Additions	Utilised during the year	Total
Provision for rehabilitation of landfill site	3 823 570	382 357	-	4 205 927
Provisions for performance bonuses	688 535	-	(81 645)	606 890
	<u>4 512 105</u>	<u>382 357</u>	<u>(81 645)</u>	<u>4 812 817</u>

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

18. Provisions (continued)

Reconciliation of provisions - Economic entity - 2016

	Opening Balance	Additions	Utilised during the year	Total
Provision for rehabilitation of landfill site	3 475 973	347 597	-	3 823 570
Provisions for performance bonuses	2 488 580	-	(1 800 045)	688 535
	5 964 553	347 597	(1 800 045)	4 512 105

Reconciliation of provisions - Controlling entity - 2017

	Opening Balance	Additions	Reduction due to re-measurement or settlement without cost to council	Total
Provision for rehabilitation of landfill site	3 823 570	382 357	-	4 205 927
Provision for performance bonuses	688 535	-	(81 645)	606 890
	4 512 105	382 357	(81 645)	4 812 817

Reconciliation of provisions - Controlling entity - 2016

	Opening Balance	Additions	Reduction due to re-measurement or settlement without cost to council	Total
Provision for rehabilitation of landfill site	3 475 973	347 597	-	3 823 570
Provision for performance bonuses	2 488 580	-	(1 800 045)	688 535
	5 964 553	347 597	(1 800 045)	4 512 105

Non-current liabilities	4 205 927	3 823 570	4 205 927	3 823 570
Current liabilities	606 890	688 535	606 890	688 535
	4 812 817	4 512 105	4 812 817	4 512 105

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. 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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	2017	2016	2017	2016

19. 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	11 669 376	11 622 662	11 669 376	11 622 662
Defined benefit obligation - post retirement medical aid plan	72 553 728	74 141 098	72 553 728	74 141 098
	<u>84 223 104</u>	<u>85 763 760</u>	<u>84 223 104</u>	<u>85 763 760</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 2017.

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	386	367	386	367
In - service non-members	275	307	275	307
Continuation members	52	49	52	49
	<u>713</u>	<u>723</u>	<u>713</u>	<u>723</u>

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

Carrying value				
Present value of the defined benefits obligation - wholly unfunded	72 553 728	74 141 098	72 553 728	74 141 098
Changes in the present value of the defined benefit obligation are as follows:				
Opening balance	74 141 098	65 494 316	74 141 098	65 494 316
Benefit paid	(1 952 316)	(1 662 276)	(1 952 316)	(1 662 276)
Net expense recognised in the statement of financial performance	364 946	10 309 058	364 946	10 309 058
	<u>72 553 728</u>	<u>74 141 098</u>	<u>72 553 728</u>	<u>74 141 098</u>

Net expense recognised in the statement of financial performance

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
19. Employee benefit obligations (continued)				
Current cost	4 166 836	3 799 467	4 166 836	3 799 467
Interest cost	6 662 887	5 812 252	6 662 887	5 812 252
Actuarial (gains)/losses	(10 464 777)	697 339	(10 464 777)	697 339
	<u>364 946</u>	<u>10 309 058</u>	<u>364 946</u>	<u>10 309 058</u>
Calculation of actuarial gains and losses				
Actuarial (gains)/losses	<u>(10 464 777)</u>	<u>697 339</u>	<u>(10 464 777)</u>	<u>697 339</u>
Key assumptions used				
Assumptions used at reporting date				
Discount rate used	9.82 %	9.10 %	9.82 %	9.10 %
Health care cost inflation rate	8.09 %	8.22 %	8.09 %	8.22 %
Net discount rate	1.60 %	0.82 %	1.60 %	0.82 %
Average retirement rate	61	61	61	61
Best estimate of contributions expected to be paid				
Expected benefit to be paid	2 172 117	1 952 316	2 172 117	1 952 316

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	14 162 400	12 579 400	14 162 400	12 579 400
Effect on the defined benefit obligation	92 705 000	94 671 000	92 705 000	94 671 000
Decrease				
Effect of aggregate service cost and interest cost	(9 952 500)	(8 832 100)	(9 952 500)	(8 832 100)
Effect on the defined benefit obligation	(68 776 000)	(69 449 000)	(68 776 000)	(69 449 000)

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

	2017	2016	2015	2014	2013
	R	R	R	R	R
Defined benefit obligation	72 553 728	74 141 098	65 494 316	55 596 329	47 819 496
Surplus (deficit)	(72 553 728)	(74 141 098)	(65 494 316)	(55 596 329)	(47 819 496)

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 661 (2016: 674) employees that are entitled to long service leave awards on 30 June 2017. 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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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
19. Employee benefit obligations (continued)				
The amounts recognised in the statement of financial position are as follows:				
Carrying value	11 669 376	11 622 662	11 669 376	11 622 662
Present value of the defined benefit obligation-wholly unfunded				
Changes in the present value of the defined benefit obligation are as follows:				
Opening balance	11 622 662	10 830 506	11 622 662	10 830 506
Benefits paid	(1 258 362)	(1 351 074)	(1 258 362)	(1 351 074)
Net expense recognised in the statement of financial performance	1 305 076	2 143 230	1 305 076	2 143 230
	<u>11 669 376</u>	<u>11 622 662</u>	<u>11 669 376</u>	<u>11 622 662</u>
Net expense recognised in the statement of financial performance				
Current service cost	1 185 355	1 124 623	1 185 355	1 124 623
Interest cost	937 112	809 468	937 112	809 468
Actuarial (gains) losses	(817 391)	209 139	(817 391)	209 139
	<u>1 305 076</u>	<u>2 143 230</u>	<u>1 305 076</u>	<u>2 143 230</u>
Calculation of actuarial gains and losses				
Actuarial (gains) losses – Obligation	<u>(817 391)</u>	<u>209 139</u>	<u>(817 391)</u>	<u>209 139</u>
Key assumptions used				
Assumptions used at the reporting date:				
Discount rates used	8.41 %	8.51 %	8.41 %	8.51 %
Expected increase in salaries	6.23 %	7.17 %	6.23 %	7.17 %
Net discount rate	2.05 %	1.25 %	2.05 %	1.25 %
Average retirement age	61	61	61	61

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

19. Employee benefit obligations (continued)

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:

	2017	2016	2017	2016
Increase				
Effect of aggregate service cost and interest cost	2 496 900	2 268 900	2 496 900	2 268 900
Effect on the defined benefit obligation	13 615 000	13 508 000	13 615 000	13 508 000
Decrease				
Effect of aggregate service cost and interest cost	(2 159 600)	(1 955 900)	(2 159 600)	(1 955 900)
Effect on the defined benefit obligation	(12 119 000)	(11 936 000)	(12 119 000)	(11 936 000)

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

	2017	2016	2015	2014	2013
	R	R	R	R	R
Defined benefit obligation	11 669 376	11 622 662	10 830 506	8 187 516	7 721 047
Surplus (deficit)	(11 669 376)	(11 622 662)	(10 830 506)	(8 187 516)	(7 721 047)

Defined contribution plan

The economic entity is under no obligation to cover any unfunded benefits.

The amount recognised as an expense for defined contribution plans is	47 097 500	45 051 099	47 097 500	45 051 099
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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 47 million represents contributions payable to these plans by the municipality at rates specified in the rules of the plans.

Included in defined contribution plan information 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 economic entity to account for the plans as defined benefit plans, the economic entity accounted for these plans as defined contribution plans. The amounts disclosed above includes an amount of R 2 949 716 which represents the contributions for councillors.

Joint Municipal Pension Fund

The Joint Municipal Pension Fund's contribution rate payable is 9% by the members and 22% by council.

	15 071	181 498	15 071	181 498
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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. The last valuation performed for the year ended revealed that the funding level is 100%

	2 004 113	1 788 000	2 004 113	1 788 000
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19. Employee benefit obligations (continued)

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 2015 the pension fund was funded and revealed that the fund was certified to be in a sound financial positions.

<u>7 429 901</u>	<u>7 317 930</u>	<u>7 429 901</u>	<u>7 317 930</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>34 698 699</u>	<u>31 819 327</u>	<u>34 698 699</u>	<u>31 819 327</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 (13.75%) and council (15%) is sufficient to fund the benefits accruing from the fund in the future.

20. Service charges

Sale of electricity	411 996 561	417 994 360	411 996 561	417 994 360
Sale of prepaid electricity	5 832 309	3 452 371	5 832 309	3 452 371
Indigent charges	1 108 507	740 856	1 108 507	740 856
Refuse removal	27 526 219	26 475 760	27 526 219	26 475 760
Other service charges	1 257 039	1 441 121	1 257 039	1 441 121
	<u>447 720 635</u>	<u>450 104 468</u>	<u>447 720 635</u>	<u>450 104 468</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.

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	2017	2016	2017	2016
21. Other income				
Credit control actions	90 812	542 581	90 812	542 581
Environmental health services	46 061	56 623	46 061	56 623
Grant admin fee	10 251 235	1 759 343	10 251 235	1 759 343
Insurance claims	4 752 152	1 940 029	4 752 152	1 940 029
Inventory surplus	-	7 468	-	7 468
Library services	10 200	8 345	10 200	8 345
Motor vehicle and drivers licence	8 843 677	8 341 067	8 843 677	8 307 135
PMU agent commission	-	1 806 561	-	1 806 561
Recoveries	428 765	112 258	428 765	112 258
Sundry income	557 022	525 148	557 022	525 148
Valuation certificates	81 610	87 900	81 610	87 900
Motor vehicle and drivers licences	131 145	10 526	-	-
VAT on grants	19 491 398	18 680 768	19 491 398	18 680 768
Other income	163 784	-	163 784	-
	44 847 861	33 878 617	44 716 716	33 834 159

The amounts disclosed above as other income are in respect of services rendered, other than disclosed in note 20, which are billed to or paid for by the users of services as required according to councils approved tariffs.

22. Property rates

Rates levied

Residential	36 863 151	33 605 768	36 863 151	33 605 768
Commercial	25 695 215	23 338 157	25 695 215	23 338 157
State	5 683 113	5 291 893	5 683 113	5 291 893
Other	12 546 370	11 910 522	12 546 370	11 910 522
	80 787 849	74 146 340	80 787 849	74 146 340
Property rates - penalties imposed	8 157 882	5 186 759	8 157 882	5 186 759
	88 945 731	79 333 099	88 945 731	79 333 099

Valuations

	R '000	R '000	R '000	R '000
Residential	5 090 502	5 328 130	5 090 502	5 328 130
Commercial	2 161 805	1 961 342	2 161 805	1 961 342
State	478 135	522 864	478 135	522 864
Municipal	367 279	191 350	367 279	191 350
Agriculture	4 119 207	4 401 425	4 119 207	4 401 425
Other	142 446	91 909	142 446	91 909
	12 359 374	12 497 020	12 359 374	12 497 020

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on a 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.

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	2017	2016	2017	2016
23. Government grants and subsidies				
Operating grants				
Equitable share	291 112 962	288 642 999	291 112 962	288 642 999
National MSIG	-	789 233	-	789 233
Neighbourhood Grant	5 361 114	5 710 105	5 361 114	5 710 105
Finance Management Grant	1 809 999	1 559 268	1 809 999	1 559 268
SETA	968	-	968	-
Municipal Infrastructure Grant	118 749 834	116 763 519	118 749 834	116 763 519
National - Electrification Grant	39 965 361	16 670 539	39 965 361	16 670 539
Government grant (Donation of investment property) - Note 24	-	6 700 000	-	6 700 000
DOE Grant	5 837 001	4 041 618	5 837 001	4 041 618
EPWP	1 949 000	1 867 779	1 949 000	1 867 779
Government grant (Donation of PPE) - Note 24	-	13 706 510	-	13 706 510
	464 786 239	456 451 570	464 786 239	456 451 570

Unconditional Grants

Equitable shares				
Current year receipts	291 112 962	288 642 999	291 112 962	288 642 999
Conditions met - operating	(291 112 962)	(288 642 999)	(291 112 962)	(288 642 999)
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

Drought Relief Programme				
Balance unspent at beginning of year	30 700	30 700	30 700	30 700
Conditions still to be met - transferred to liabilities	30 700	30 700	30 700	30 700

Conditions still to be met - remain liabilities (see note 17).

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

SETA

Balance unspent at beginning of year	442 899	442 899	442 899	442 899
Conditions met - transferred to revenue	(968)	-	(968)	-
Conditions still to be met - transferred to liabilities	441 931	442 899	441 931	442 899

Conditions still to be met - remain liabilities (see note 17).

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.

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	2017	2016	2017	2016

23. Government grants and subsidies (continued)

Municipal Infrastructure Grant

Balance unspent at beginning of year	-	43 725 971	-	43 725 971
Current-year receipts	154 797 000	91 191 000	154 797 000	91 191 000
Conditions met - transferred to revenue	(118 749 834)	(116 763 519)	(118 749 834)	(116 763 519)
VAT on Grant (own Revenue)	(16 624 977)	(16 346 892)	(16 624 977)	(16 346 892)
Administration fee	(3 591 881)	(1 806 560)	(3 591 881)	(1 806 560)
Conditions still to be met - transferred to liabilities	15 830 308	-	15 830 308	-

Conditions still to be met - remain liabilities (see note 17).

MIG 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.

Department of Minerals and Energy

Balance unspent at beginning of year	33 186	33 186	33 186	33 186
Conditions still to be met - transferred to liabilities	33 186	33 186	33 186	33 186

Conditions still to be met - remain liabilities (see note 17).

The main aim of this grant is to supply the farmers (workers) with electricity and the funds were used for the electrification of the farmer houses (workers houses) within the Greater Tzaneen Municipality. This was according to the DME (Department of Minerals and Energy) standards.

National Electrification Grant

Balance unspent at beginning of year	9 495 586	-	9 495 586	-
Current-year receipts	25 000 000	30 000 000	25 000 000	30 000 000
Conditions met - transferred to revenue	(39 965 361)	(16 670 539)	(39 965 361)	(16 670 539)
VAT on grants (own revenue)	(2 049 242)	(2 333 875)	(2 049 242)	(2 333 875)
Administration fees	(1 250 000)	(1 500 000)	(1 250 000)	(1 500 000)
Overspending on grant funding	8 769 017	-	8 769 017	-
Conditions still to be met - transferred to liabilities	-	9 495 586	-	9 495 586

Conditions still to be met - remain liabilities (see note 17).

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

Community Based Projects

Balance unspent at beginning of year	356 878	356 878	356 878	356 878
Conditions still to be met - transferred to liabilities	356 878	356 878	356 878	356 878

Conditions still to be met - remain liabilities (see note 17).

The funds were used for the training of lead facilitators, ward-based facilitators and community based projects roll out to the wards.

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

23. Government grants and subsidies (continued)

Neighbourhood Grant

Balance unspent at beginning of year	7 280 527	13 937 985	7 280 527	13 937 985
Roll over adjustment	-	(947 353)	-	(947 353)
Conditions met - transferred to revenue	(5 361 114)	(5 710 105)	(5 361 114)	(5 710 105)
Conditions still to be met - transferred to liabilities	1 919 413	7 280 527	1 919 413	7 280 527

Conditions still to be met - remain liabilities (see note 17).

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

Cleanest Town

Balance unspent at beginning of year	450 766	450 766	450 766	450 766
Conditions still to be met - transferred to liabilities	450 766	450 766	450 766	450 766

Conditions still to be met - remain liabilities (see note 17).

Funds received through the greenest town competition were used to provide schools in villages with refuse removal skips.

MSIG Establishment Grant

Balance unspent at beginning of year	140 767	1 052 646	140 767	1 052 646
Roll over adjustment	(140 767)	(1 052 646)	(140 767)	(1 052 646)
Current-year receipts	-	930 000	-	930 000
Conditions met - transferred to revenue	-	(789 233)	-	(789 233)
Conditions still to be met - transferred to liabilities	-	140 767	-	140 767

Conditions still to be met - remain liabilities (see note 17).

The grant is used to upgrade the financial systems of the Municipality and to provide training to officials.

Upgrade of sport facilities

Balance unspent at beginning of year	100 623	100 623	100 623	100 623
Conditions still to be met - transferred to liabilities	100 623	100 623	100 623	100 623

Conditions still to be met - remain liabilities (see note 17).

This grant was used to upgrade sport facilities in towns and villages.

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

23. Government grants and subsidies (continued)

Finance Management Grant

Balance unspent at beginning of year	115 732	-	115 732	-
Current-year receipts	1 809 999	1 675 000	1 809 999	1 675 000
Conditions met - transferred to revenue	(1 809 999)	(1 559 268)	(1 809 999)	(1 559 268)
Roll over adjustment	(115 732)	-	(115 732)	-
Conditions still to be met - transferred to liabilities	-	115 732	-	115 732

Conditions still to be met - remain liabilities (see note 17).

The grant is used to support financial management.

DOE Grant

Balance unspent at beginning of year	986 463	278 081	986 463	278 081
Current-year receipts	7 000 000	5 000 000	7 000 000	5 000 000
Conditions met - transferred to revenue	(5 837 001)	(4 041 618)	(5 837 001)	(4 041 618)
Administration fees	(345 819)	(250 000)	(345 819)	(250 000)
VAT on grants	(817 180)	-	(817 180)	-
Roll over adjustment	(986 463)	-	(986 463)	-
Conditions still to be met - transferred to liabilities	-	986 463	-	986 463

Conditions still to be met - remain liabilities (see note 17).

Energy efficiency and demand side management. Retrofitting of old street lights.

EPWP Grant

Roll over adjustment	-	25 779	-	25 779
Current-year receipts	1 949 000	1 842 000	1 949 000	1 842 000
Conditions met - transferred to revenue	(1 949 000)	(1 867 779)	(1 949 000)	(1 867 779)
Conditions still to be met - transferred to liabilities	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

The grant is 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.

All grant funding destined for the Municipality in terms of the annual Division of Revenue Act, with the exception of R1 102 195 due to poor performance on the local government financial management Grant and the energy efficiency and demand side management Grant (EEDSM) has been received.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

24. Donations received

2016/2017

No donation of assets have been received during the 2016/2017 financial year.

2015/2016

Greater Tzaneen Municipality received a donation of Assets during the 2015/2016 financial year, which amount to R 20 406 510. Due to absence of the cost information on the donated assets, these assets were accounted for at deemed cost / fair value which is in line with the Municipality's Asset Management policy and GRAP. The following are the details and value of the donated assets:

Investment property	<u>R 6 700 000</u>
Roads Infrastructure	R 13 517 400
Plant and Equipment	<u>R 189 110</u>
	<u>R 13 706 510</u>

25. Revenue

Service charges	447 720 635	450 104 468	447 720 635	450 104 468
Rental of facilities and equipment	1 644 365	1 333 677	1 644 365	1 333 677
Interest received (trading)	15 364 908	12 328 408	15 321 021	12 312 153
Agency services	6 304 686	8 004 170	6 304 686	8 004 170
Licences and permits	824 244	721 783	824 244	721 783
Other income	44 847 861	33 878 617	44 716 716	33 834 159
Interest received - investment	8 253 077	6 850 014	8 253 077	6 850 014
Property rates	80 787 849	74 146 340	80 787 849	74 146 340
Property rates - penalties imposed	8 157 882	5 186 759	8 157 882	5 186 759
Government grants & subsidies	464 786 239	456 451 570	464 786 239	456 451 570
Fines	Note 54 43 914 170	36 035 247	43 914 170	36 035 247
	<u>1 122 605 916</u>	<u>1 085 041 053</u>	<u>1 122 430 884</u>	<u>1 084 980 340</u>

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	447 720 634	450 104 468	447 720 635	450 104 468
Rental of facilities and equipment	1 644 365	1 333 677	1 644 365	1 333 677
Interest received (trading)	15 364 908	12 328 408	15 321 021	12 312 153
Agency services	6 304 686	8 004 170	6 304 686	8 004 170
Licences and permits	824 244	721 783	824 244	721 783
Other income	44 847 862	33 878 617	44 716 716	33 834 159
Interest received - investment	8 253 077	6 850 014	8 253 077	6 850 014
	<u>524 959 776</u>	<u>513 221 137</u>	<u>524 784 744</u>	<u>513 160 424</u>

The amount included in revenue arising from non-exchange transactions is as follows:

Property rates	80 787 849	74 146 340	80 787 849	74 146 340
Property rates - penalties imposed	8 157 882	5 186 759	8 157 882	5 186 759
Transfer revenue				
Government grants & subsidies	464 786 239	456 451 570	464 786 239	456 451 570
Fines	43 914 170	36 035 247	43 914 170	36 035 247
	<u>597 646 140</u>	<u>571 819 916</u>	<u>597 646 140</u>	<u>571 819 916</u>

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
26. Employee related costs				
Salaries and wages	187 354 045	176 332 040	185 415 433	174 695 009
Social contributions	42 153 289	49 660 908	41 516 283	49 014 211
Leave pay provision charge	57 418	218 167	-	-
Travel allowance	11 139 563	9 028 582	11 098 644	9 001 765
Overtime payments	26 110 171	23 231 307	26 108 037	23 177 526
13th Cheques	88 520	93 598	-	-
Housing allowances	3 200 597	2 645 718	3 200 597	2 645 718
Secretariat support	-	11 580	-	-
	270 103 603	261 221 900	267 338 994	258 534 229

The increase in employee related costs from the previous year is as a result of an increase of 6% approved for officials.

No advances were made to employees during the year.

Included in the salaries and wages is an amount of R1 670 022 (2016: R12 452 288) in respect of actuarial (gains)/ losses and other costs on employee benefit obligations. Refer to note 19.

Remuneration of Municipal Manager

Annual Remuneration	888 214	831 237	888 214	831 237
Car Allowance	312 373	312 373	312 373	312 373
Contributions to UIF, Medical and Pension Funds	120 626	117 948	120 626	117 948
Telephone allowance	12 500	12 500	12 500	12 500
Leave pay	209 518	-	209 518	-
	1 543 231	1 274 058	1 543 231	1 274 058

The Municipal Manager resigned with effect from 16 April 2017.

Remuneration of Chief Finance Officer

Annual Remuneration	752 743	819 793	752 743	819 793
Car Allowance	241 783	284 958	241 783	284 958
Contributions to UIF, Medical and Pension Funds	164 013	171 073	164 013	171 073
Leave pay	200 176	40 596	200 176	40 596
Telephone allowance	12 000	12 000	12 000	12 000
	1 370 715	1 328 420	1 370 715	1 328 420

The Chief Finance Officer resigned with effect from 6 May 2017.

Director Community Services

Annual Remuneration	1 043 669	979 666	1 043 669	979 666
Car Allowance	80 104	80 104	80 104	80 104
Contributions to UIF, Medical and Pension Funds	71 437	74 064	71 437	74 064
Leave pay	38 692	36 605	38 692	36 605
Telephone allowance	12 000	12 000	12 000	12 000
	1 245 902	1 182 439	1 245 902	1 182 439

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
26. Employee related costs (continued)				
Director Civil Engineering				
Annual Remuneration	1 055 317	881 877	1 055 317	881 877
Car Allowance	182 000	168 000	182 000	168 000
Contributions to UIF, Medical and Pension Funds	82 105	101 346	82 105	101 346
Leave pay	166 857	-	166 857	-
Telephone allowance	13 000	12 000	13 000	12 000
	<u>1 499 279</u>	<u>1 163 223</u>	<u>1 499 279</u>	<u>1 163 223</u>

The Director Civil Engineering resigned with effect from 31 March 2017 with an agreement that she be paid until 31 July 2017.

Director Planning and Economic Development

Annual Remuneration	907 241	789 559	907 241	789 559
Car Allowance	91 849	84 195	91 849	84 195
Contributions to UIF, Medical and Pension Funds	86 856	71 890	86 856	71 890
Telephone allowance	12 000	11 000	12 000	11 000
Acting allowance	57 320	-	57 320	-
	<u>1 155 266</u>	<u>956 644</u>	<u>1 155 266</u>	<u>956 644</u>

The Director Planning and Economic Development was appointed on 01 August 2015.

Director Corporate Services

Annual Remuneration	73 559	-	73 559	-
Car Allowance	6 000	-	6 000	-
Contributions to UIF, Medical and Pension Funds	11 486	-	11 486	-
Telephone allowance	1 000	-	1 000	-
	<u>92 045</u>	<u>-</u>	<u>92 045</u>	<u>-</u>

The Director Corporate Services resigned with effect from 31 May 2015 and the position was vacant until 1 June 2017 when the position was filled.

Director Electrical Engineering

Annual Remuneration	326 373	1 016 331	326 373	1 016 331
Car Allowance	37 945	-	37 945	-
Contributions to UIF, Medical and Pension Funds	46 759	139 821	46 759	139 821
Telephone allowance	4 000	12 000	4 000	12 000
Acting allowance	-	62 522	-	62 522
Leave pay	65 889	-	65 889	-
	<u>480 966</u>	<u>1 230 674</u>	<u>480 966</u>	<u>1 230 674</u>

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

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
27. Remuneration of councillors and board members				
Councillors				
Mayor	837 911	812 318	837 911	812 318
Executive Committee allowance	1 647 993	1 745 151	1 647 993	1 745 151
Speaker and full-time councillors' allowances	4 177 509	4 342 143	4 177 509	4 342 143
Other councillors' allowances	16 601 829	15 148 442	15 793 971	14 190 326
	23 265 242	22 048 054	22 457 384	21 089 938
Mayor				
Annual Remuneration	606 297	590 296	606 297	590 296
Car allowance	198 146	196 765	198 146	196 765
Cellphone allowance	29 250	20 868	29 250	20 868
Contribution to medical aid and pension fund	4 218	4 389	4 218	4 389
	837 911	812 318	837 911	812 318
Speaker				
Annual Remuneration	450 655	476 338	450 655	476 338
Car allowance	150 263	153 309	150 263	153 309
Cellphone allowance	27 690	20 868	27 690	20 868
Contribution to medical aid and pension fund	2 660	4 643	2 660	4 643
	631 268	655 158	631 268	655 158
Chief Whip				
Annual Remuneration	437 874	442 772	437 874	442 722
Car allowance	145 958	147 574	145 958	147 574
Cellphone allowance	22 577	20 868	22 577	20 868
Contribution to medical aid and pension fund	3 994	3 320	3 994	3 320
	610 403	614 534	610 403	614 484

In-kind benefits

The Mayor, Speaker 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 personal assistant 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 envisage in section 219 of the Constitution.

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand

28. Employees remuneration

Board fees

2017

	Emoluments	Travelling allowance	Total
M.Z Mawasha	139 705	22 674	162 379
Adv E.S Maahe	162 976	52 383	215 359
M.F Mushwana	58 267	9 973	68 240
M.V Gardner	17 720	1 297	19 017
M.J Makapan	49 314	58 809	108 123
M.I Moakamela	62 098	19 318	81 416
B.J Pretorius	79 318	3 379	82 697
B.L Mathebula	40 678	29 949	70 627
	610 076	197 782	807 858

2016

	Emoluments	Travelling allowance	Total
V.J.G Baloyi (Resigned)	57 971	27 401	85 372
M.V Gardner	78 052	8 659	86 711
M.F Mushwana	93 661	18 552	112 213
M.Z Mawasa (Chair)	106 116	21 978	128 094
E.S Maahe	126 288	50 565	176 853
J Makapan	52 259	23 689	75 948
M.I Moakamela	84 012	23 899	107 911
B.L Mathebula	43 232	24 928	68 160
B.J Pretorius	88 836	9 942	98 778
S.R Monakedi (Resigned)	17 408	668	18 076
	747 835	210 281	958 116

Councillors

2017

	Emoluments	Other benefits*	Pension paid or receivable	Compensation for loss of office	Total
Mboweni MN	48 796	16 265	2 300	427	67 788
Mmetle DJ	479 843	159 948	28 644	2 877	671 312
MM MMola SS	19 610	6 537	2 300	-	28 447
MJ Mokgoloboto SS	185 044	61 681	22 800	-	269 525
Mushwana TS	19 610	6 537	2 300	-	28 447
R Selomo SR	48 795	16 265	2 300	429	67 789
Mothiba MJ	19 610	6 537	2 300	179	28 626
Baloyi C	19 610	6 537	2 300	179	28 626
Jansen van Vuuren AE	19 610	6 537	2 300	179	28 626
Mahori S	185 044	61 681	22 800	1 250	270 775
Masetla SP	19 610	6 537	2 300	179	28 626
Mhlongo TL	19 610	6 537	2 300	179	28 626
Ndove DL	185 044	61 681	22 800	1 250	270 775
Raganya MS	19 610	6 537	2 300	179	28 626
Ramolefo ME	19 610	6 537	2 300	179	28 626
Sibiya M	19 610	6 537	2 300	179	28 626
Mohale NL	19 610	6 537	2 300	179	28 626

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28. Receivables from non-exchange transactions (continued)

Matita TL	185 044	61 681	22 800	1 250	270 775
Mokgobi ML	19 610	6 537	2 300	179	28 626
Sekgotodi PJ	26 964	8 988	2 300	241	38 493
Mabuza GQ	19 610	6 537	2 300	179	28 626
Valentine LM	19 610	6 537	2 300	179	28 626
Mbhalati MF	229 110	76 370	22 790	1 561	329 831
Makhudu MR	19 610	6 537	2 300	179	28 626
Mohale MM	185 044	61 681	22 800	1 250	270 775
Mashava BM	19 610	6 537	2 300	179	28 626
Rikhotso NR	185 044	61 681	22 800	1 251	270 776
Mhlarhi DQ	19 610	6 537	2 300	179	28 626
Nghonyama RP	19 610	6 537	2 300	179	28 626
Zandamela NH	185 044	61 681	22 800	1 250	270 775
Banyini OK	185 044	61 681	22 800	1 252	270 777
Mboweni MS	19 610	6 537	2 300	179	28 626
Makwala SC	229 110	76 370	22 790	1 560	329 830
Ndhlovu ND	19 610	6 537	2 300	179	28 626
Nghondzweni GG	19 610	6 537	2 300	179	28 626
Masila NA	229 110	76 370	22 790	1 560	329 830
Pudikabekwa ML	229 110	76 370	22 790	1 561	329 831
Ramodipa PJ	229 110	76 370	22 790	1 560	329 830
Letsoalo MM	236 960	78 986	22 790	1 687	340 423
Makwela MA	185 044	61 681	22 800	1 250	270 775
Mamogale MC	19 610	6 537	2 300	179	28 626
Pohl RE	191 575	63 858	22 790	1 708	279 931
Sabela M	19 610	6 537	2 300	179	28 626
MC Neil MR	19 610	6 537	2 300	221	28 668
Magoro MH	19 610	6 537	2 300	179	28 626
Maake DT	19 610	6 537	2 300	179	28 626
Manyama TS	19 610	6 537	2 300	221	28 668
Malebati MA	19 610	6 537	2 300	169	28 616
Nkhwashu N	179 782	59 927	22 183	1 760	263 652
Mashele MB	19 610	6 537	2 300	221	28 668
Hlangwane ML	243 529	81 176	22 790	1 601	349 096
Machethe ML	19 610	6 537	2 300	179	28 626
Machimana C	441 126	147 041	22 790	3 926	614 883
Mahasha NM	258 294	86 098	22 790	1 229	368 411
Makwala MM	236 463	78 821	22 790	1 477	339 551
Mangena MG	566 405	188 802	28 645	3 918	787 770
Maunatlala SM	19 610	6 537	2 300	179	28 626
S Mbhalati JH	19 610	6 537	2 300	158	28 605
Mokgomole RM	19 410	6 537	2 300	179	28 426
Ncha ML	48 795	16 265	2 300	428	67 788
Nkwashu MC	227 010	76 370	22 790	1 562	327 732
Nkuma SJ	19 210	6 537	2 300	179	28 226
Ntimbane GE	416 043	138 681	22 790	2 678	580 192
Nukeri TK	48 795	16 265	2 300	428	67 788
Shingange MR	19 610	6 537	2 300	179	28 626
Mushwana TH	185 044	61 681	22 800	1 252	270 777
Baloyi MS	164 611	54 870	20 277	1 499	241 257
Banyini J	164 611	54 870	20 277	1 542	241 300
Cronje PW	164 611	54 870	20 277	1 944	241 702
Kgafane DF	164 611	54 870	20 277	1 642	241 400
Kgatla MG	164 611	54 870	20 277	1 544	241 302
Kgatla MR	164 611	54 870	20 277	1 500	241 258
Lepulana LK	164 611	54 870	20 277	1 542	241 300
Maake MJ	164 611	54 870	20 277	1 944	241 702
Mafokwane MH	164 611	54 870	20 277	1 543	241 301
Makhubele JT	164 611	54 870	20 277	1 624	241 382
Makhubele GP	164 611	54 870	20 277	1 542	241 300
Malatji GM	208 734	69 578	20 282	2 380	300 974
Malatji TE	164 611	54 870	20 277	1 584	241 342

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Figures in Rand

28. Receivables from non-exchange transactions (continued)					
Malemela D	164 611	54 870	20 277	1 945	241 703
Mapitja SM	164 611	54 870	20 277	1 549	241 307
Mathebula NP	164 611	54 870	20 277	1 607	241 365
Mathekga MM	164 611	54 870	20 277	1 499	241 257
Mathonsi TR	6 218	2 073	729	125	9 145
Maunatlala TT	389 079	129 693	20 277	4 412	543 461
Maunatlala NG	164 611	54 870	20 277	1 544	241 302
Mbhalati NJ	389 079	129 693	20 277	4 412	543 461
MC Clintock TJ	164 611	54 870	20 277	1 944	241 702
Mkhabela DG	389 079	129 693	20 277	3 567	542 616
Mochabela MF	164 611	54 870	20 277	1 944	241 702
Mohlaba FT	164 611	54 870	20 277	1 542	241 300
Mohonone SN	164 611	54 870	20 277	1 945	241 703
Morwatshehla MC	164 611	54 870	20 277	1 542	241 300
Mpenyana TR	164 611	54 870	20 277	1 549	241 307
Mukansi NG	164 611	54 870	20 277	1 944	241 702
Ngobeni JL	164 611	54 870	20 277	1 944	241 702
Ngobeni ET	164 611	54 870	20 277	1 549	241 307
Ngobeni SE	164 611	54 870	20 277	1 543	241 301
Nhemo CS	389 079	129 693	20 277	3 567	542 616
Phakula ME	164 611	54 870	20 277	1 944	241 702
Prinsloo M	216 565	72 188	20 277	2 520	311 550
Ramoshaba SB	164 611	54 870	20 277	1 499	241 257
Raolane MO	164 611	54 870	20 277	2 009	241 767
Rapatsa KI	164 611	54 870	20 277	1 543	241 301
Rapitsi RS	164 611	54 870	20 277	1 542	241 300
Ratopola JM	164 611	54 870	20 277	1 983	241 741
Sekhwela MM	216 562	72 188	20 277	2 520	311 547
Shisinga CT	164 611	54 870	20 277	1 499	241 257
Sithole O	164 611	54 870	20 277	1 944	241 702
Tiba MS	216 493	73 373	20 277	2 035	312 178
	15 563 188	5 189 833	1 568 387	135 976	22 457 384

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Figures in Rand

28. Receivables from non-exchange transactions (continued)

2016

	Emoluments	Other benefits*	Pension paid or receivable	Compensation for loss of office	Total
Mbowei MN Mr	442 722	147 574	20 868	3 320	614 484
Mmetle DJ	590 296	196 765	20 868	4 389	812 318
Mmola MM Miss	177 927	59 309	20 868	-	258 104
Mokgoloboto MJ Miss	177 927	59 309	20 868	-	258 104
Mushwana TS Mr	177 927	59 309	20 868	-	258 104
Selomo RR Mrs	442 722	147 574	20 868	3 323	614 487
Mothiba MJ Mr	177 927	59 309	20 868	1 396	259 500
Baloyi C Mr	177 927	59 309	20 868	1 396	259 500
Jansen van Vuuren AE Ms	177 927	59 309	20 868	1 395	259 499
Mahori Mr	177 927	59 309	20 868	1 395	259 499
Matsetla SP Ms	177 927	59 309	20 868	1 395	259 499
Mhlongo TL Ms	177 927	59 309	20 868	1 395	259 499
Ndove DL Mr	177 927	59 309	20 868	1 395	259 499
Raganya MS Ms	177 927	59 309	20 868	1 395	259 499
Ramolefo ME Ms	177 927	59 309	20 868	1 395	259 499
Sibiya M Ms	177 927	59 309	20 868	1 395	259 499
Mabape MD	177 927	59 309	20 868	1 395	259 499
Mushwana DG	167 054	55 684	19 593	1 348	243 679
Mohale NL Mr	177 927	59 309	20 868	1 395	259 499
Matita TL Mr	177 927	59 309	20 868	1 395	259 499
Mokgobi ML Mr	177 927	59 309	20 868	1 401	259 505
Sekgotodi PJ Mr	244 651	81 550	20 868	1 879	348 948
Mabuza GQ Ms	177 927	59 309	20 868	1 397	259 501
Valentine LM Mr	177 927	59 309	20 868	1 395	259 499
Mbhalati MF Ms	177 927	59 309	20 868	1 395	259 499
Makhudu MR Ms	177 927	59 309	20 868	1 396	259 500
Mohale MM Ms	177 927	59 309	20 868	1 397	259 501
Mashava BM Ms	177 927	59 309	20 868	1 395	259 499
Rikhotso NR Mr	177 927	59 309	20 868	1 396	259 500
Mhlari DQ Ms	177 927	59 309	20 868	1 395	259 499
Nghonyama RP Mr	177 927	59 309	20 868	1 396	259 500
Zamdamele NH Ms	177 927	59 309	20 868	1 396	259 500
Banyani OK Mr	177 927	59 309	20 868	1 395	259 499
Mboweni MS Mr	177 927	59 309	20 868	1 395	259 499
Makwela SC Mr	177 927	59 309	20 868	1 395	259 499
Ndhlovu ND Mr	177 927	59 309	20 868	1 396	259 500
Nghondzweni GG Ms	177 927	59 309	20 868	1 395	259 499
Masila NA Mr	177 927	59 309	20 868	1 396	259 500
Pudikabekwa ML Ms	177 927	59 309	20 868	1 395	259 499
Ramodiba PJ Ms	177 927	59 309	20 868	1 396	259 500
Letsoalo MM Ms	177 927	59 309	20 868	1 396	259 500
Makwela MA Mr	177 927	59 309	20 868	1 395	259 499
Mamogale MC Ms	177 927	59 309	20 868	1 342	259 446
Pohl RE Ms	244 651	81 550	20 868	2 266	349 335
Sabela M Ms	177 927	59 309	20 868	1 395	259 499
MC Neil MR MS	177 927	59 309	20 868	1 676	259 780
Magoro MH Ms	177 927	59 309	20 868	1 395	259 499
Maake DT Mr	177 927	59 309	20 868	1 395	259 499
Manyama TS Mr	177 927	59 309	20 868	1 678	259 782
Malebati MA Mr	177 927	59 309	20 868	1 335	259 439
Nkhwashu N Mr	177 927	59 309	20 868	1 677	259 781
Mashele MB Mr	177 927	59 309	20 868	1 676	259 780
Hlangwini MD	4 512	1 504	561	77	6 654

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28. Receivables from non-exchange transactions (continued)

Hlangwane ML Ms	244 651	81 550	20 868	1 887	348 956
Machete PP Mr	177 927	59 309	20 868	1 375	259 479
Machimana C Mr	476 338	153 309	20 868	4 643	655 158
Mahasha NM Mr	442 722	147 574	20 868	3 340	614 504
Makwala MM Ms	244 651	81 550	20 868	1 886	348 955
Mangena MG Mr	442 722	147 574	20 868	3 337	614 501
Maunatla SM Mr	177 927	59 309	20 868	1 378	259 482
Mbhalati JHS Mr	177 927	59 309	20 868	1 283	259 387
Mokgomole RM Ms	175 527	59 309	20 868	1 392	257 096
Ncha ML Ms	442 722	147 574	20 868	3 340	614 504
Nkwashu MC Ms	176 727	59 309	20 868	1 391	258 295
Nkuna SJ Ms	173 127	59 309	20 868	1 391	254 695
Ntimbane GE Mr	244 651	81 550	20 868	1 887	348 956
Nukeri TK Mr	442 722	147 574	20 868	3 341	614 505
Shingane MR Mr	177 927	59 309	20 868	1 379	259 483
Muswhana TH Mr	135 970	45 321	15 651	1 332	198 274
	14 675 488	4 889 154	1 413 093	112 203	21 089 938

Economic entity		Controlling entity	
2017	2016	2017	2016

29. Impairment loss

Impairments				
Property, plant and equipment	822 923	35 533 243	822 923	35 533 243
Intangible assets	-	9 364	-	9 364
	822 923	35 542 607	822 923	35 542 607

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 2017. The assessment of impairment of assets has resulted in an impairment loss of R 822 923.43 as a result significant loss in carrying amount of electricity infrastructure due to physical damage.

30. Finance costs

Finance leases	443 484	330 528	443 484	330 528
Other interest paid	12 358 859	10 704 592	12 358 859	10 704 592
	12 802 343	11 035 120	12 802 343	11 035 120

Greater Tzaneen Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
31. Repairs and maintenance				
Machinery and equipment	70 478	90 787	70 478	90 787
Lawnmowers	204 088	60 567	204 088	60 567
Distribution networks	11 723 092	4 990 352	11 723 092	4 990 352
Stormwater, drainage and bridges	1 549 367	1 703 250	1 549 367	1 703 250
Tarred roads	8 586 250	6 897 215	8 586 250	6 897 215
Gravel roads	9 571 605	7 548 432	9 571 605	7 548 432
Streetlights	254 971	207 857	254 971	207 857
Council-owned land	161 644	216 139	161 644	216 139
Council-owned buildings	1 269 357	1 479 339	1 269 357	1 479 339
Council-owned vehicles	384 089	1 148 400	384 089	1 148 400
Other	1 467 703	885 469	1 243 987	768 220
	35 242 644	25 227 807	35 018 928	25 110 558

32. Bulk purchases

Electricity	321 519 584	301 974 600	321 519 584	301 974 600
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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.

33. Contracted services

Valuation roll	3 701 623	192 570	3 701 623	192 570
Traffic and security services	11 836 969	10 442 111	11 836 969	10 442 111
Refuse removal	10 973 043	9 870 257	10 973 043	9 870 257
Cleaning services	10 588 008	9 477 070	10 588 008	9 477 070
Council owned land	1 806 686	1 296 423	1 806 686	1 296 423
Information technology	915 719	945 796	915 719	945 796
Meter reading	1 506 020	1 287 376	1 506 020	1 287 376
Town planning	802 929	561 750	802 929	561 750
Aerodrum	-	40 279	-	40 279
EPWP	2 500 000	1 827 948	2 500 000	1 827 948
Credit control	2 273 305	2 582 768	2 273 305	2 582 768
	46 904 302	38 524 348	46 904 302	38 524 348

34. Grants and subsidies paid

Other subsidies				
HPH	-	29 306	-	29 306
Other grants	117 779 131	124 116 870	117 779 131	124 116 870
Eskom EBSST	2 994 052	2 856 439	2 994 052	2 856 439
Mayor bursary account	375 157	815 101	375 157	815 101
SPCA	102 500	102 500	102 500	102 500
Sport Council	106 644	106 644	106 644	106 644
SETA (Training)	968	-	968	-
MSIG	-	789 233	-	789 233
Mayor special account	267 929	28 654	267 929	28 654
Grants and subsidies paid	33 326	33 326	33 326	33 326
Solid waste: EPWP	1 949 000	1 867 779	1 949 000	1 867 779
	123 608 707	130 745 852	123 608 707	130 745 852

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
34. Grants and subsidies paid (continued)				
The mayor's bursary account is in respect of providing bursaries for further tertiary education.				
Other grants are summarized as follows				
Finance Management Grant	1 809 999	1 479 993	1 809 999	1 479 993
Integrated National Electrification programme (INEP) (DBSA project)	5 387 444	19 940 478	5 387 444	19 940 478
MIG project transfer to RAL	90 973 278	86 025 860	90 973 278	86 025 860
Integrated National Electrification programme (INEP)	14 637 439	16 670 539	14 637 439	16 670 539
Other grants	4 970 971	-	4 970 971	-
	117 779 131	124 116 870	117 779 131	124 116 870
35. General expenses				
Advertising	324 680	22 100	-	-
Auditor's remuneration	3 569 686	4 360 839	3 311 606	4 136 665
Bank charges	29 595	15 427	-	-
Cleaning	-	331	-	-
Computer rental	1 058 605	2 391 429	1 058 605	2 391 429
Consulting fees	30 255 734	21 339 715	30 255 734	21 339 715
Consumables	1 255 915	995 935	1 240 633	980 006
Entertainment	10 972	1 557	-	-
Fines and penalties	16 503	12 403	-	-
Gifts	41 786	600	41 786	600
Insurance	2 642 016	1 590 084	2 626 022	1 574 992
Conferences and seminars	4 825	8 138	4 825	8 138
IT expenses	43 750	35 790	-	-
Fuel and oil	7 396 791	6 045 273	7 396 791	6 045 273
Postage and courier	592 489	2 923 433	591 731	2 922 911
Printing and stationery	1 839 619	1 862 150	1 807 284	1 846 178
Protective clothing	658 708	358 906	658 708	358 906
Security (Guarding of municipal property)	5 156	6 345	-	-
Seminar and workshop costs	13 916	-	-	-
Subscriptions and membership fees	22 832	23 048	-	-
Telephone and fax	1 723 245	1 729 613	1 577 617	1 557 364
Training	1 087 941	1 100 393	1 058 960	1 088 543
Travel - local	7 001 511	7 160 676	6 814 285	7 084 616
Uniforms	-	99 878	-	-
Insurance claims - Own expenditure	4 186 866	599 921	4 186 866	599 921
Membership fees - Salga	323 703	194 042	323 703	194 042
Telephone exchange rental	1 342 472	1 403 896	1 342 472	1 403 896
Public education and training	52 500	52 500	52 500	52 500
Public relations, tourism and marketing	1 901 798	1 979 103	7 808 631	7 542 273
Small tools and equipment	307 647	275 095	307 647	275 095
Lease rentals on operating leases	1 049 583	-	851 172	-
Forensic auditor's fees	82 022	3 073 926	82 022	3 073 926
Bank administration fees	1 351 387	1 202 402	1 351 387	1 202 402
Licences and permits	1 964 071	1 580 660	1 964 071	1 580 660
Cultural day	1 548 476	1 355 170	1 548 476	1 355 170
Other expenses	20 547 669	10 692 841	20 547 669	10 692 831
	94 254 469	74 493 619	98 811 203	79 308 052

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
36. Cash generated from operations				
Surplus (deficit)	7 799 406	(8 919 484)	7 806 619	(9 161 757)
Adjustments for:				
Depreciation and amortisation	126 170 851	123 180 621	126 138 849	123 126 612
Loss on disposal of property, plant and equipment	923 404	1 510 073	923 404	1 510 073
Fair value adjustments	-	1 146 000	-	1 146 000
Finance costs - Finance leases	443 484	330 528	443 484	330 527
Impairment deficit	822 923	35 542 607	822 923	35 542 607
Debt impairment	58 399 127	63 863 737	58 399 127	63 863 737
Movements in operating lease assets and accruals	(52 926)	20 190	(52 927)	20 191
Movements in retirement benefit assets and liabilities	(1 540 656)	9 438 938	(1 540 656)	9 438 938
Movements in provisions	300 711	(1 452 448)	300 712	(1 452 448)
Transfer of property, plant and equipment (non-cash item)	54 400 869	94 136 380	54 400 869	94 136 380
Changes in working capital:				
Inventories	1 540 374	1 224 779	1 540 374	1 224 780
Receivables from exchange transactions	(37 533 542)	(22 428 132)	(37 536 538)	(22 394 200)
Consumer debtors	(48 342 044)	(65 326 249)	(48 342 047)	(65 326 246)
Other receivables from non-exchange transactions	(30 450 171)	(22 558 924)	(30 450 171)	(22 558 924)
Payables from exchange transactions	8 042 178	5 744 088	8 083 354	5 906 082
VAT	3 156 009	798 430	3 531 708	217 980
Unspent conditional grants and receipts	(270 321)	(41 001 387)	(270 321)	(41 001 387)
Consumer deposits	(17 520)	2 114 571	(17 519)	2 114 572
	143 792 156	177 364 318	144 181 244	176 683 517
37. Auditors remuneration				
Fees - Auditor General of South Africa	3 543 378	4 314 417	3 311 606	4 136 665
Consulting	26 308	46 422	-	-
	3 569 686	4 360 839	3 311 606	4 136 665

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
38. Commitments				
Authorised expenditure				
Already contracted for but not provided for				
• Property, plant and equipment	104 126 846	78 304 022	104 126 846	78 304 022
• Other financial assets	47 955 372	62 897 897	47 206 320	62 758 477
	<u>152 082 218</u>	<u>141 201 919</u>	<u>151 333 166</u>	<u>141 062 499</u>
Total capital commitments				
Already contracted for but not provided for	<u>152 082 218</u>	<u>141 201 919</u>	<u>151 333 166</u>	<u>141 062 499</u>

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.

The expenditure will be financed by:				
Internal advances	57 450 411	68 279 082	56 701 359	68 139 662
Government grants	4 391 415	12 515 947	4 391 415	12 515 947
MIG grants	88 920 880	60 406 890	88 920 880	60 406 890
Grant: Integrated national electrification programme	1 312 072	-	1 312 072	-
Loan: Development Bank of South Africa	7 440	-	7 440	-
	<u>152 082 218</u>	<u>141 201 919</u>	<u>151 333 166</u>	<u>141 062 499</u>

Cathu Consulting is an Internal Audit Company appointed for a period not exceeding three months for provision of internal audit services.

PMR is a company appointed for a period not exceeding three months for printing of the 2015/16 annual report.

Bohlabelo Computers is an IT support contract at R 3 420 per month for a period of 12 months from 1/02/2017 to 21/02/2018.

Vodacom contracts for the following officials, these are cell phones contracted for 24 months:
 Chief Executive Officer (21/09/2016 to 31/09/2018) R 2 220 p.m
 Project Manager (31/10/2016 to 31/10/2018) R 2 220 p.m

Tzaneen Steel Industry is a company (The lessor) for office rental at R 29 568 per month for a period of one year (1/08/2017 to 31/07/2018).

Panasonic is a company contracted for the rental of copier machine at R 4 794 per month for a period of three years (1/06/2017 to 30/06/2020).

39. Contingencies

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 44 million. The merits must still be determined and could result in a lesser or greater amount.

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

39. Contingencies (continued)

Expectra 388 CC vs Greater Tzaneen Municipality

GTM on the 29th May 2015, the Municipality was issued with a notice motion by Expectra 338 demanding payment of R 18 500 000 for breach of contract as a service provider. The plaintiff alleged that they were appointed to upgrade a road from gravel to tar, roads D3198/D3215 from Senakwe to Morapalala.

-	20 711 525	-	20 711 525
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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 regard to the development of an immoveable property know as Avis Park Extension 53, Tzaneen ("The Property"). The matter is still pending with leave to appeal in the Supreme Court of Appeal being granted to Phadima Group Holding.

-	1 000 000	-	1 000 000
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Malunga Tax Consultants vs Greater Tzaneen Municipality

The Municipality is involved in payment dispute with Malunga Tax Consultants for not honouring their contract to review and recover VAT,SDL,UJF and PAYE, the matter is still pending in the High Court.

7 896 584	4 255 609	7 896 584	4 255 609
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Siphiwe Engineering and Technologies vs Greater Tzaneen Municipality

The Municipality has been served with a letter of demand by Siphiwe, who claims that their contract were terminated unlawfully, the matter is still pending at the Arbitration stage.

36 629 634	83 384 439	36 629 634	83 384 439
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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
39. Contingencies (continued)				
Bedrock Mining Support (Pty) Ltd vs Greater Tzaneen Municipality				
The Municipality has been taken to Court over claimed negligence of being unable to provide fire breaks to stop fire from burning property of the applicant, the matter is still pending in The High Court.	-	3 317 355	-	3 317 355
Bravospan 252CC vs Greater Tzaneen Municipality				
The Municipality applied to court review and set aside a decision to extend a contract which was done illegally, the case was heard and postponed for judgement and is still pending in the High Court. The Municipality won the case and the court order has been granted in our favour for cost, dated 19/08/2016	-	9 874 000	-	9 874 000
DS Malatji vs Greater Tzaneen Municipality				
The Municipality has appointed Verveen Attorneys as Prosecutors and Ntuli & Noble Incorporated Attorneys as Presiding Officers to handle the Disciplinary Hearing of the Director of Civil Engineering Department, the matter is still pending at the Disciplinary Stage initiated by the Employer in terms of Local Government: Municipal Systems Act 32 of 2000: Local Government: Disciplinary Regulations For Senior Managers of 21 April 2011. Refer to Note 45	-	1 028 000	-	1 028 000
Total	<u>44 526 218</u>	<u>123 570 928</u>	<u>44 526 218</u>	<u>123 570 928</u>

Contingent assets

Outstanding insurance claims

The estimated contingent asset for insurance claims amounts to R 9 804 923 (2015/2016 R 8 238 605). 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.

Outstanding SARS claims

The outstanding VAT refund from SARS amounts to R 123 634. The estimate is based on VAT returns has not been finalized by SARS. A detailed list is available at the Municipality for inspection.

40. Related parties

Relationships
Municipal Manager
Chief Financial Officer
Director Community Services

Vacant: (Acting: MS Lelope)
Vacant: (Acting: J Biewenga)
OZ Mkhombo

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40. Related parties (continued)

Director Civil Engineering
Director Corporate Services
Director Electrical Engineering
Director Planning and Economic Development
Councillors

Vacant: (Acting: L Mahayi)
W Shibamba
MS Lelope
B Mathebula
Refer to note 29 for list councillors

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.

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.

Greater Tzaneen Economic Development Agency (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 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 municipality had no other related party transactions or balances during the financial year outside of the contractual remuneration of senior management.

There are no share based payments.

Related party transactions

Refer to note 26 for detail of remuneration paid to Section 57 Managers and to note 28 for remuneration paid to Councillors.

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 is in service	Successful tenderer	Amount
H. Maake	Manager Human Resources	Baobab Trading	722 376
C. Van Der Merwe	Clerk HR	Algernon Traders	62 093
A. Ramaphoko	Clerk	More to Life	195 500
			<u>979 969</u>

41. Risk management

Financial risk management

The economic entity's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

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41. Risk management (continued)

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 counterparty 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 adequate utilised borrowing facilities are monitored.

The table below analyses the economic entity'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 2017.

Economic entity	Less than 1 year	More than 1 year
At 30 June 2017		
Other financial liabilities	17 075 913	102 417 471
Finance lease obligation	1 758 832	3 558 300
Payables from exchange transactions (excluding prepayments)	170 772 871	-
At 30 June 2016		
Other financial liabilities	27 864 801	127 626 647
Finance lease obligation	253 825	-
Payables from exchange transactions (excluding prepayments)	162 964 535	-
Controlling entity		
At 30 June 2017		
Other financial liabilities	17 075 913	102 417 471
Finance lease obligation	1 758 832	3 558 300
Payables from exchange transactions (excluding prepayments)	170 251 121	-
At 30 June 2016		
Other financial liabilities	27 864 801	127 626 647
Finance lease obligation	253 825	-
Payables from exchange transactions (excluding prepayments)	162 617 200	-

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

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41. Risk management (continued)

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 - 2017	Economic entity - 2016	Controlling entity - 2017	Controlling entity - 2016
Receivables from exchange transactions	220 822 899	183 289 361	220 788 581	183 252 043
Receivables from non-exchange transactions	76 141 854	45 691 683	76 141 854	45 691 683
Cash and cash equivalents	32 550 520	55 477 362	31 839 163	54 369 420
Consumer debtors	107 035 129	117 092 212	107 035 129	117 092 212
Other financial assets	28 082 765	23 085 452	28 082 765	23 085 452

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

Market 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.

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.

Greater Tzaneen Municipality

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41. Risk management (continued)

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.

42. 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.

43. Unauthorised expenditure

Opening balance	28 979 554	25 387 498	28 979 554	25 387 498
Unauthorised expenditure for the year (overspending of budget)	32 399 991	28 979 554	32 399 991	28 979 554
Unauthorised expenditure written off	-	(25 387 498)	-	(25 387 498)
Unauthorised expenditure awaiting write off	61 379 545	28 979 554	61 379 545	28 979 554

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

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

The roads, R90 973 278 (2016: R86 025 860) transferred to the Road Agency of Limpopo (RAL) through the operational expenses are not included under unauthorised expenditure as it was provided for as capital projects.

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

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

The report was referred to the risk officer for comments after which it will be finalized.

44. Fruitless and wasteful expenditure

Opening balance	1 318 966	1 359 601	1 267 444	1 320 482
Fruitless and wasteful expenditure	6 076 542	955 575	6 060 039	943 172
Fruitless and wasteful expenditure written off	-	(1 158 346)	-	(1 158 346)
Fruitless and wasteful expenditure to be recovered	-	162 136	-	162 136
Fruitless and wasteful expenditure awaiting write off	7 395 508	1 318 966	7 327 483	1 267 444

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

The report was referred to the risk officer for comments after which it will be finalized.

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	2017	2016	2017	2016

44. Fruitless and wasteful expenditure (continued)

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

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

45. Irregular expenditure

Opening balance	66 550 324	62 445 004	66 550 324	62 445 004
Add: Irregular Expenditure - current year	26 024 701	21 008 916	26 024 701	21 008 916
Add: Irregular Expenditure - prior year adjustments after investigation	-	25 156 534	-	25 156 534
Irregular expenditure written off	-	(42 060 130)	-	(42 060 130)
Irregular expenditure awaiting write off	92 575 025	66 550 324	92 575 025	66 550 324

Analysis of expenditure awaiting write off per age classification

Current year	26 024 701	21 008 916	26 024 701	21 008 916
Between one year and five years	66 550 324	45 541 408	66 550 324	45 541 408
	92 575 025	66 550 324	92 575 025	66 550 324

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.

The report was referred to the risk officer for comments after which it will be finalized.

Alleged irregular expenditure under investigation

The municipality had, in terms of Section 32 of the Municipal Finance Management Act (no. 56 of 2003), conducted an investigation/ forensic audit regarding alleged irregular expenditure committed by municipal officials.

The disciplinary process was not finalized as at 30 June 2016. It was therefore not possible to quantify the amount of the alleged irregular expenditure and to identify related parties linked to the allegations. The process has since been finalized

Once the process is concluded the matter will be resolved by Council.

46. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA

Current year subscription / fee	2 935 083	2 515 111	2 935 083	2 515 111
Amount paid - current year	(2 935 083)	(2 515 111)	(2 935 083)	(2 515 111)
	-	-	-	-

Skills Development Levy

Current year subscription / fee	2 608 789	2 382 440	2 608 789	2 382 440
Amount paid - current year	(2 608 789)	(2 382 440)	(2 608 789)	(2 382 440)
	-	-	-	-

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
46. Additional disclosure in terms of Municipal Finance Management Act (continued)				
Audit fees				
Current year subscription / fee	3 569 686	4 360 839	3 311 606	4 136 665
Amount paid - current year	(3 569 686)	(4 360 839)	(3 311 606)	(4 136 665)
	-	-	-	-
PAYE and UIF				
Current year subscription / fee	55 316 255	51 278 273	55 316 255	51 278 273
Amount paid - current year	(55 316 255)	(51 278 273)	(55 316 255)	(51 278 273)
	-	-	-	-
Pension and Medical Aid Deductions				
Current year subscription / fee	64 884 991	61 426 163	64 884 991	61 426 163
Amount paid - current year	(64 884 991)	(61 426 163)	(64 884 991)	(61 426 163)
	-	-	-	-
Bargaining Council Levy				
Current year levy	131 037	126 472	131 037	126 472
Amount paid - current year	(131 037)	(126 472)	(131 037)	(126 472)
	-	-	-	-
VAT				
VAT payable	34 713 134	31 557 124	33 376 034	29 844 327

VAT output payables and VAT input receivables are shown in note 15.

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

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

46. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors

Arrear consumer accounts

30 June 2017

The following Councillor had an arrear account for more than 90 days at 30 June 2017.

	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor: JT Makhubele	3 305	61 983	65 288

30 June 2016

The following Councillors had arrear accounts for more than 90 days at 30 June 2016

	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor: ML Mokgobi	2 286	18 356	20 642
Councillor: RP Nghonyama	2 135	15 062	17 197
	<u>4 421</u>	<u>33 418</u>	<u>37 839</u>

Both councillors had not been re-elected and the outstanding accounts will be deducted from the final payment made to them and/or claimed from their pension fund.

47. 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.

48. 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 accounting officer and includes a note to the consolidated financial statements.

Deviation from supply chain management regulations did occur.

Incident

Deviation from supply chain management processes	10 766 531	5 576 951	10 766 531	5 576 951
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A detailed deviation register is available at the Municipality for inspection.

49. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	119 493 384	155 491 448	119 493 384	155 491 448
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Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016

49. Utilisation of Long-term liabilities reconciliation (continued)

External loans have been utilized in accordance with the Municipal Finance Management Act. Refer to note 12 for more detail regarding long-term borrowings.

50. Distribution losses

Units purchased (kWh)	371 600 668	387 260 290	371 600 668	387 260 290
Units lost during distribution (kWh)	81 444 950	75 794 203	81 444 950	75 794 203
Percentage lost during distribution	21.92 %	19.57 %	21.92 %	19.57 %
Rand value	99 452 443	59 812 445	99 452 443	59 812 445

There is no possibility of recovering any of the material losses.

51. Budget differences

Material differences between budget and actual amounts

51.1 Explanation of variances between approved and final budget

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.

Statement of Financial Performance

Revenue

Rental of facilities and equipment

Increase in lease payments.

Interest received - outstanding receivables

The increase in outstanding debtors interest is due to low payment rate which contributes to the increment on outstanding debtors book which results in the interest charged thereon.

Service charges

The lower than expected revenue on service charges is due to lower than anticipated revenue billed for electricity.

Income from agency fees

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.

Licences and permits

The variance is due to higher than expected revenue from the issuing of licences and permits especially building plans approved and clearance certificates issued.

Other income

This higher than anticipated income is due to higher than expected revenue on insurance claims and grant administration fees.

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand

51. Budget differences (continued)

Interest received - external investment

The increase is as a result of the annual additional investment as acquired during the year and annual capitalisation of the interest earned on the investment and bank account.

Property rates

The increase is due to annual increases and the improvement of buildings.

Property rates - penalties imposed

The increase in penalties is due to low payment rate which contributes to the increment on outstanding debtors book which results in the penalties charged thereon.

Government grants and subsidies

The budgeted amount includes the revenue for VAT which is regarded as own revenue.

Fines

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.

Expenditure

Collection cost

The overspending was due to the amount paid to debt collectors for legal fees.

Debt impairment

The variance is due to no write offs done during 2016/2017. The impairment of traffic fines is however also a contributing factor.

Grants and subsidies paid

The huge increase is due to the roads constructed on behalf of RAL which was transferred to RAL.

Repairs and maintenance

The lower than anticipated spending is due to the under expenditure on the council owned vehicle usage.

Bulk purchases

The underspending is due to under purchasing of bulk purchases for electricity than anticipated.

Finance costs

The lower than anticipation is due to the new loan that was applied for not approved before 30 June 2017.

Impairment of assets

The actual amount represent transformers impaired.

Employee costs

The underspending is due to vacant posts that have not been filled immediately.

Loss on disposal of assets

Disposal of investment property and writes off of PPE during the year.

Gain on disposal of stands held for sale (inventories)

The actual amount represent stand sold at more than the fair value during the year.

Greater Tzaneen Municipality

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Figures in Rand

51. Budget differences (continued)

Statement of Financial Position

Assets

Inventories

The variance is due to stands sold during the year.

Other financial assets

The stand sale payments received is more than the anticipated amount.

Receivables from non-exchange transactions

The budget amount represents only cash received whilst the actual amount represents total traffic fines issued. The actual is disclosed according to GRAP1.

Consumer debtors

It was anticipated that consumer debtors book would reduce due to credit control measures.

Cash and cash equivalents

The municipality closed with a positive bank balance due to the unspent conditional grants.

Investment property

The budgeted amount includes properties sold during previous years but not transferred to the purchasers yet.

Property, plant and equipment

The budget amounts includes capital projects that are transferred to RAL during the 2016 2017 financial year.

Intangible assets

The increase is as per the licence fees that were capitalised.

Other financial assets

The increase is as a result of the annual additional investment as acquired during the year and annual capitalisation of the interest earned on the investment.

Liabilities

Finance lease obligation

The increase is due to the new finance leases- photocopiers and telephone systems.

Payables from exchange transactions

The Municipality had projects and retention amount not paid out at year end.

Unspent conditional grants

The unspent conditional grants is higher than anticipated due to the poor performance on MIG projects after the bonus of R65 million was received from National Treasury.

Provisions

The reduction in provision for performance bonus is due to the budget amount including performance bonus for managers whilst only directors signed performance agreements.

Other financial liabilities

The lower than anticipation is due to the new loan that was applied for not approved before 30 June 2017.

Employee benefit obligations

The decrease is as per the actuarial report.

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Financial Statements

Figures in Rand

51. Budget differences (continued)

Statement of Cash Flows

Taxation revenue

The increase is due to annual increases in property rates and licence and permits as well as the improvement of buildings.

Sale of goods and services

The higher than the anticipation is due to the implementation of credit control systems.

Interest income

Investment of liberty decreased due to the economic situation worldwide and locally and which resulted in the investment of Liberty performing very bad.

Employee costs

The underspending is due to vacant posts which were not filled immediately during the year.

Suppliers

The huge increase is due to the roads constructed on behalf of RAL and transferred from capital to operating grant and subsidies.

Finance costs

The lower than anticipation is due to a loan that was applied for but not approved before 30 June 2017.

Transfer of property, plant and equipment

The actual amount represent the non-cash item of property, plant and equipment.

Additions to property, plant and equipment

The budget amounts includes capital projects that have been transferred to RAL during the 2016/2017 financial year.

Proceeds on disposal of property, plant and equipment

It was anticipated that during the budget process the Municipality will yield better gain after the disposal of assets.

Additions to investment property

The overspending is due to the payment of land purchase in Letsitele and Muhlaba's location.

Increase in financial assets

The investment of liberty decreased due to the economic situation worldwide and locally and which resulted in the investment of Liberty performing very poorly.

Long term liabilities

The budget amount represent the loan amount that was supposed to be received during the 2016/2017 financial year .

Repayment of financial liabilities

The budget amount includes the loan amount that was supposed to be received during the 2016/2017 financial year.

Finance lease payments

The increase is due to the new finance leases- photocopiers and telephone systems.

Greater Tzaneen Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2017	2016	2017	2016
52. Fair value adjustments				
Investment property (Fair value model)	-	(1 146 000)	-	(1 146 000)
53. Investment revenue				
Interest revenue				
Interest received - investment	8 253 077	6 850 014	8 253 077	6 850 014
Interest received - trading	15 364 908	12 328 408	15 321 021	12 312 153
	<u>23 617 985</u>	<u>19 178 422</u>	<u>23 574 098</u>	<u>19 162 167</u>
<p>An amount of R 3 541 298 (2016: R 3 516 059) included in Investment revenue arises from fixed deposit transactions amounting to R 21 795 339 (2016: R 167 205 619), while the balance of R 4 711 779 (2016: R 3 333 955) arises from interest received on the municipalities current bank account.</p>				
54. Fines revenue				
Revenue for traffic fines issued	43 443 829	35 522 450	43 443 829	35 522 450
Other fines	470 341	512 797	470 341	512 797
	<u>43 914 170</u>	<u>36 035 247</u>	<u>43 914 170</u>	<u>36 035 247</u>
55. Loss / (gain) on disposal of assets				
Property, plant and equipment	(923 404)	(1 110 073)	(923 404)	(1 110 073)
Investment property	-	(1 400 000)	-	(1 400 000)
	<u>(923 404)</u>	<u>(1 510 073)</u>	<u>(923 404)</u>	<u>(1 510 073)</u>
Stands held for sale (inventories)	542 895	(478 950)	542 895	(478 950)
	<u>(380 509)</u>	<u>(1 989 023)</u>	<u>(380 509)</u>	<u>(1 989 023)</u>
56. Public contributions and donations				
Conditions still to be met - remain liabilities (see note 17)				
Provide explanations of conditions still to be met and other relevant information				
57. Depreciation and amortisation				
Property, plant and equipment	125 863 901	122 368 780	125 843 194	122 334 280
Intangible assets	309 258	811 842	295 655	792 332
	<u>126 173 159</u>	<u>123 180 622</u>	<u>126 138 849</u>	<u>123 126 612</u>
58. Debt impairment movements				
Receivables from exchange transactions	(1 198 772)	5 571 112	(1 198 772)	5 571 112
Receivables from non-exchange transactions	51 400 741	49 876 091	51 400 741	49 876 091
Fines	8 197 158	8 416 534	8 197 158	8 416 534
	<u>58 399 127</u>	<u>63 863 737</u>	<u>58 399 127</u>	<u>63 863 737</u>

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59. Change in estimate

Property, plant and equipment

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 ten (10) to eleven (11) years on average. Other assets changed from two (2) to three (3) years on average. The effect of the change in accounting estimates has resulted in a decrease of depreciation amounting to R 122 598 for the current period. The effect on future periods could not reasonably be determined.

The change in estimates affected the following classes of assets:

- Infrastructure assets
- Community assets
- Other assets

60. Prior period errors

The correction of the errors are as follows:

Statement of Financial Position 2015

-R 36 329 197 PPE

2015/06/30	Reduction of Work in Progress due to Eskom Electrification previously capitalised -R3 582 971
2015/06/30	Infrastructure assets not previously capitalised R 19 085 992
2015/06/30	Accumulated depreciation for not previously capitalised infrastructure assets -R7 513 278
2015/06/30	Capitalisation of Infrastructure assets due to liability owed to Contractors (Senakwe road) R17 766 852
2015/06/30	Accumulated depreciation for infrastructure assets not previously capitalised incorrect amount -R1 645
2015/06/30	Capitalisation of Buildings infrastructure not previously capitalised R14 636 505
2015/06/30	Accumulated depreciation for buildings infrastructure not previously capitalised -R4 062 258

R 150 000

Inventory

2015/06/30	Stands held for sale not previously recognised as inventory R150 000
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-R 50 759 000

Investment property

2015/06/30	Reduction of Investment property due to duplicated properties in the register -R970 000
2015/06/30	Reduction of Investment property due to private properties in the register -R1 450 000
2015/06/30	Disposal of Investment property posted incorrectly R1 400 000
2015/06/30	Reduction of investment property due to private property taken out R -49 739 000

R 32 046 655

Accumulated Surplus

2015/06/30	Reduction of Work in Progress due to Eskom Electrification previously capitalised R3 582 971
2015/06/30	Stands held for sale not previously recognised as inventory R150 000
2015/06/30	Reduction of Investment property due to duplicated properties in the register R970 000
2015/06/30	Reduction of Investment property due to private properties in the register +R1 450 000
2015/06/30	Disposal of Investment property posted incorrectly -R1 400 000
2015/06/30	Infrastructure assets not previously capitalised -R19 085 992
2015/06/30	Accumulated depreciation for not previously capitalised infrastructure assets R7 513 278
2015/06/30	Accumulated depreciation for infrastructure assets not previously capitalised incorrect amount R1 645
2015/06/30	Capitalisation of Buildings infrastructure not previously capitalised -R14 636 505
2015/06/30	Accumulated depreciation for buildings infrastructure not previously capitalised R4 062 258
2015/06/30	Reduction of investment property due to private property taken out R 49 739 000

R17 766 852

Accounts payable

2015/06/30	Capitalisation of Infrastructure assets due to liability owed to Contractors (Senakwe road) R17 766 852
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60. Prior period errors (continued)

Statement of Financial Position 2016

<u>R34 359 294</u>	<u>PPE</u>
2016/06/30	Infrastructure assets previously capitalised with incorrect amount R76 754
2016/06/30	Accumulated depreciation of infrastructure assets previously capitalised with incorrect amount -R672
2016/06/30	Reduction of Work in progress due to Eskom Electrification previously capitalised -R3 582 971
2016/06/30	Infrastructure assets not previously capitalised R 19 085 992
2016/06/30	Accumulated depreciation for not previously capitalised infrastructure assets -R7 513 278
2016/06/30	Accumulated depreciation for not previously capitalised infrastructure assets -R953 275
2016/06/30	Capitalisation of Infrastructure assets due to liability owed to Contractors (Senakwe road) R17 766 852
2016/06/30	Accumulated depreciation for infrastructure assets not previously capitalised incorrect amount -R1 645
2016/06/30	Accumulated depreciation for infrastructure assets not previously capitalised incorrect amount -R592 228
2016/06/30	Capitalisation of Buildings infrastructure not capitalised R14 636 505
2016/06/30	Accumulated depreciation for buildings infrastructure not previously capitalised -R4 062 258
2016/06/30	Accumulated depreciation for buildings infrastructure not previously capitalised -R500 483.5
<u>-R 52 159 000</u>	<u>Investment property</u>
2016/06/30	Reduction of Investment property due to duplicated properties in the register -R970 000
2016/06/30	Reduction of Investment property due to private properties in the register -R1 450 000
2016/06/30	Reduction of investment property due to private property in the register -R49 739 000
<u>R 76 754</u>	<u>Accounts payable</u>
2016/06/30	Incorrect allocation of bursary loan balance R76 754
2016/06/30	Capitalisation of Infrastructure assets due to liability owed to Contractors (Senakwe road) R17 766 852
2016/06/30	Correction of prior year accruals R 122 675
<u>R 538 300</u>	<u>Receivables from non-exchange transactions</u>
2016/06/30	Traffic fines not accounted for R 538 300
<u>R 150 000</u>	<u>Inventory</u>
2016/06/30	Stands held for sale not previously recognised as inventory R150 000

Greater Tzaneen Municipality

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Figures in Rand

60. Prior period errors (continued)

Controlling entity Statement of Financial Position	2015 previously reported	Correction of errors	2015 Restated
Assets			
Current Assets			
Inventory	17 368 355	150 000	17 518 355
Other financial assets	1 483 913	-	1 483 913
Operating lease asset	117 080	-	117 080
Receivables from exchange transaction	160 857 842	-	160 857 842
Receivables from non-exchange transactions	23 132 759	-	23 132 759
Consumer debtors	115 629 701	-	115 629 701
Cash and cash equivalents	27 977 498	-	27 977 498
Non - Current Assets			
Investment properties	188 545 000	(1 020 000)	187 525 000
Property, plant and equipment	1 659 946 239	36 329 197	1 696 275 436
Intangible assets	840 181	-	840 181
Other Financial assets	7 557 365	-	7 557 365
Liabilities			
Current Liabilities			
Other financial liabilities	(13 122 036)	-	(13 122 036)
Finance lease obligation	(576 879)	-	(576 879)
Payables from exchange transactions	(146 385 130)	(17 766 852)	(164 151 982)
VAT Payable	(29 626 345)	-	(29 626 345)
Consumer debtors	(21 032 333)	-	(21 032 333)
Unspent conditional grants and receipts	(60 435 514)	-	(60 435 514)
Provisions	(2 488 580)	-	(2 488 580)
Non-Current Liabilities			
Other financial liabilities	(94 509 259)	-	(94 509 259)
Finance lease obligation	(253 826)	-	(253 826)
Employee benefit obligation	(76 324 822)	-	(76 324 822)
Provisions	(3 475 973)	-	(3 475 973)
Accumulated surplus	1 755 225 236	17 692 345	1 772 917 581

Greater Tzaneen Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand

60. Prior period errors (continued)

Economic entity Statement of Financial Position	2016 Previously stated	Correction of error	2016 Restated
Assets			
Current Assets			
Inventories	16 143 576	150 000	16 293 576
Other financial assets	2 145 732	-	2 145 732
Operating lease assets	96 890	(1)	96 889
Receivables from exchange transactions	183 289 360	1	183 289 361
Receivables from non-exchange transactions	45 153 383	538 300	45 691 683
Consumer debtors	117 092 212	-	117 092 212
Cash and cash equivalents	55 477 361	1	55 477 362
Non-current Assets			
Investment property	194 099 000	(52 159 000)	141 940 000
Property, plant and equipment	1 585 825 155	34 359 294	1 620 184 449
Intangible assets	602 790	-	602 790
Other financial assets	20 939 720	-	20 939 720
Liabilities			
Current Liabilities			
Other financial liabilities	(27 864 801)	-	(27 864 801)
Finance lease obligation	(253 825)	-	(253 825)
Payables from exchange transactions	(152 684 467)	(17 720 937)	(170 405 404)
VAT payable	(31 557 124)	-	(31 557 124)
Consumer debtors	(23 146 904)	-	(23 146 904)
Unspent conditional grants and receipts	(19 434 127)	-	(19 434 127)
Provisions	(688 535)	-	(688 535)
Non-Current Liabilities			
Other financial liabilities	(127 626 647)	-	(127 626 647)
Employee benefit obligation	(85 763 760)	-	(85 763 760)
Provisions	(3 823 570)	-	(3 823 570)
Accumulated surplus	1 748 021 419	(34 832 342)	1 713 189 077

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Financial Statements

Figures in Rand

60. Prior period errors (continued)

Controlling entity Statement of Financial Position	2016 previously reported	Correction of errors	2016 Restated
Assets			
Current Assets			
Inventories	16 143 576	150 000	16 293 576
Other financial assets	2 145 731	-	2 145 731
Operating lease asset	96 889	-	96 889
Receivables from exchange transactions	183 252 043	-	183 252 043
Receivables from non-exchange transactions	45 153 383	538 300	45 691 683
Consumer debtors	117 092 209	3	117 092 212
Cash and cash equivalents	54 369 420	-	54 369 420
Non-Current Assets			
Investment property	194 099 000	(52 159 000)	141 940 000
Property, plant and equipment	1 585 759 695	34 359 294	1 620 118 989
Intangible assets	581 125	-	581 125
Other financial assets	20 939 720	-	20 939 720
Liabilities			
Current Liabilities			
Other financial liabilities	(27 864 801)	-	(27 864 801)
Finance lease obligation	(253 825)	-	(253 825)
Payables from exchange transactions	(152 214 459)	(17 843 609)	(170 058 068)
VAT Payable	(29 844 326)	-	(29 844 326)
Consumer deposits	(23 146 904)	-	(23 146 904)
Unspent conditional grants and receipts	(19 434 127)	-	(19 434 127)
Provisions	(688 535)	-	(688 535)
Non-Current Liabilities			
Other financial liabilities	(127 626 646)	(1)	(127 626 647)
Employee benefit obligation	(85 763 760)	-	(85 763 760)
Provisions	(3 823 570)	-	(3 823 570)
Accumulated surplus	1 748 971 838	(34 955 013)	1 714 016 825

Statement of Financial Performance 2016

R 672 Depreciation

2016/06/30 Depreciation of R 672 due to infrastructure assets previously capitalised with incorrect amount.

R12 571 Employee costs

2016/06/30 Correction of prior year accrual R12 571

R108 468 General expenses

2016/06/30 Correction of prior year accrual R 108 407

R 1 636 Project costs

2016/06/30 Correction of prior year accrual R 1 636

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Financial Statements

Figures in Rand

60. Prior period errors (continued)

Economic entity Statement of Financial Performance	2016 previously stated	Correction of error	2016 Restated
Revenue			
Revenue from exchange transactions			
Service charges	450 104 468	-	450 104 468
Rental of facilities and equipment	1 333 677	-	1 333 677
Interest received (trading)	12 328 408	-	12 328 408
Agency services	8 004 170	-	8 004 170
Licences and permits	721 783	-	721 783
Other income	33 878 617	-	33 878 617
Interest received - investment	6 850 014	-	6 850 014
Revenue from exchange transactions			
Taxation revenue			
Property rates	74 146 340	-	74 146 340
Property rates - penalties imposed	5 186 759	-	5 186 759
Transfer revenue			
Government grants and subsidies	455 672 617	778 953	456 451 570
Fines, penalties and forfeits	35 496 947	538 300	36 035 247
Expenditure			
Employee related cost	(261 187 728)	(34 172)	(261 221 900)
Remuneration of councillors	(21 089 938)	(958 116)	(22 048 054)
Administration	(625 238)	617 430	(7 808)
Depreciation and amortisation	(121 133 963)	(2 046 659)	(123 180 622)
Impairment of assets	(35 542 607)	-	(35 542 607)
Finance cost	(11 035 121)	1	(11 035 120)
Lease rentals on operating lease	(323 137)	-	(323 137)
Debt impairment	(63 863 738)	1	(63 863 737)
Collection cost	(2 151 410)	-	(2 151 410)
Repairs and maintenance	(25 227 807)	-	(25 227 807)
Bulk purchases	(301 974 600)	-	(301 974 600)
Contracted services	(38 524 348)	-	(38 524 348)
Grants and subsidies paid	(130 745 851)	(1)	(130 745 852)
General expenses	(74 210 563)	(283 056)	(74 493 619)
Project costs	(486 525)	1 635	(484 890)
Loss on disposal of assets	(589 023)	(921 050)	(1 510 073)
Fair value of adjustments	(1 146 000)	-	(1 146 000)
Gain/(loss) on disposal of stands held for sale (inventories)	-	(478 950)	(478 950)
	(6 133 797)	(2 785 684)	(8 919 481)

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Financial Statements

Figures in Rand

60. Prior period errors (continued)

Controlling entity

Statement of Financial Performance

	2016 previously restated	Adjustment of errors	2016 Restated
Revenue			
Revenue from exchange transactions			
Service charges	450 104 468	-	450 104 468
Rental of facilities and equipment	1 333 677	-	1 333 677
Interest received (trading)	12 312 153	-	12 312 153
Agency services	8 004 170	-	8 004 170
Licenses and permits	721 783	-	721 783
Other income	33 834 159	-	33 834 159
Interest received - investment	6 850 014	-	6 850 014
Taxation revenue			
Property rates	74 146 340	-	74 146 340
Property rates - penalties imposed	5 186 759	-	5 186 759
Transfer revenue			
Government grants & subsidies	456 451 570	-	456 451 570
Fines	35 496 947	538 300	36 035 247
Expenditure			
Employee related cost	(258 534 229)	-	(258 534 229)
Remuneration of councillors	(21 089 936)	-	(21 089 936)
Depreciation and amortisation	(121 079 953)	(2 046 659)	(123 126 612)
Impairment of assets	(35 542 607)	-	(35 542 607)
Finance costs	(11 035 120)	-	(11 035 120)
Debt impairment	(63 863 737)	-	(63 863 737)
Collection costs	(2 151 410)	-	(2 151 410)
Repairs and maintenance	(25 110 558)	-	(25 110 558)
Bulk purchases	(301 974 600)	-	(301 974 600)
Contracted services	(38 524 348)	-	(38 524 348)
Grants and subsidies paid	(130 745 852)	-	(130 745 852)
General expenses	(79 308 063)	-	(79 308 063)
Loss on disposal of assets and liabilities	(589 023)	(921 050)	(1 510 073)
Fair value adjustments	(1 146 000)	-	(1 146 000)
Disposal of stands held for sale	-	(478 950)	(478 950)
Surplus/(loss) for the year	(6 253 398)	(2 908 359)	(9 161 757)

Greater Tzaneen Municipality

Consolidated Financial Statements for the year ended 30 June 2017

Notes to the Consolidated Financial Statements

Figures in Rand

60. Prior period errors (continued)

Economic entity	2016 previously stated	Adjustment of errors	2016 Restated
Cash Flow Statement			
Cash flows from operating activities			
Receipts			
Taxation revenue	64 262 938	-	64 262 938
Sale of goods and services	497 073 165	477 476	497 550 641
Grants	428 926 506	-	428 926 506
Interest income	6 850 014	-	6 850 014
Payments			
Employee costs	(272 844 122)	(986 872)	(273 830 994)
Suppliers	(630 412 720)	586 146	(629 826 574)
Finance cost	(10 704 593)	-	(10 704 593)
Transfer of property, plant and equipment	-	94 136 380	94 136 380
Cash flows from investing activities			
Purchase of property, plant and equipment	(175 880 774)	(76 754)	(175 957 528)
Proceeds from sale of property, plant and equipment	94 136 381	(94 136 379)	2
Purchase of investment property	(6 700 000)	-	(6 700 000)
Purchase of other intangible assets	(542 641)	-	(542 641)
Proceeds from of the financial assets	(14 044 173)	-	(14 044 173)
Cash flow from financing activities			
Repayment of other financial liabilities	47 860 151	-	47 860 151
Finance lease payments	(907 408)	3	(907 405)
	27 072 724	-	27 072 724

Controlling entity	2016 previously stated	Adjustment of errors	2016 restated
Cash Flow Statement			
Cash flows from operating activities			
Receipts			
Taxation revenue	64 262 939	-	64 262 939
Grants	428 926 506	-	428 926 506
Interest income	6 850 014	-	6 850 014
Sale of goods and services	497 044 910	478 951	497 523 861
Payments			
Employee costs	(270 185 229)	-	(270 185 229)
Suppliers	(633 724 182)	(402 179)	(634 126 361)
Finance cost	(10 704 593)	-	(10 704 593)
Transfer of property, plant and equipment	-	94 136 380	94 136 380
Cash flows from investing activities			
Purchase to property, plant and equipment	(175 880 774)	(76 754)	(175 957 528)
Proceeds from sale of property, plant and equipment	94 136 381	(94 136 380)	1
Purchase of other intangible assets	(542 641)	-	(542 641)
Additions to investment property	(6 700 000)	-	(6 700 000)
Proceeds from of financial assets	(14 044 173)	-	(14 044 173)
Cash flow from financing activities			
Repayment of other financial liabilities	(12 014 681)	59 874 832	47 860 151
Finance lease payments	(1 954 571)	1 047 166	(907 405)
	(34 530 094)	-	26 391 922

**Greater Tzaneen Municipality
Appendix A**

Schedule of external loans as at 30 June 2017

	Balance at 30 June 2016	Received during the period	Redeemed written off during the period	Balance at 30 June 2017
	Rand	Rand	Rand	Rand
Annuity loans				
DBSA	31 300 000	-	23 561 595	7 738 405
ABSA	20 862 704	-	1 189 600	19 673 104
DBSA	35 050 211	-	1 639 042	33 411 169
INCA	8 685 323	-	3 162 143	5 523 180
STANDARD BANK	11 341 830	-	3 194 305	8 147 525
STANDARD BANK	3 251 380	-	3 251 380	-
	110 491 448	-	35 998 065	74 493 383
Loan stock				
STANDARD BANK	30 000 000	-	-	30 000 000
DEVELOPMENT BANK OF SA	15 000 000	-	-	15 000 000
	45 000 000	-	-	45 000 000
Total external loans				
Annuity loans	110 491 448	-	35 998 065	74 493 383
Loan stock	45 000 000	-	-	45 000 000
	155 491 448	-	35 998 065	119 493 383

**Greater Tzaneen Municipality
Greater Tzaneen Municipality
Appendix B**

**Analysis of property, plant and equipment as at 30 June 2017
Accumulated depreciation
Cost/Revaluation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements 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	108 830 310	-	-	-	-	-	108 830 310	-	-	-	-	-	-	108 830 310
	108 830 310	-	-	-	-	-	108 830 310	-	-	-	-	-	-	108 830 310
Infrastructure														
Roads	1 219 354 174	908 638	-	-	-	-	1 220 262 812	(488 219 889)	-	-	(72 693 371)	-	(560 913 260)	659 349 552
Storm water	41 532 409	3 667 705	-	-	-	45 200 114	(25 707 948)	-	-	-	(2 921 654)	-	(26 629 602)	16 570 512
Solid Waste	1 577 142	-	-	-	-	1 577 142	(644 854)	-	-	-	(51 353)	-	(396 207)	1 180 935
Buildings	772 937	132 646	-	-	-	905 583	(148 981)	-	-	-	(37 948)	-	(184 929)	720 654
Revaluation	25 894 099	-	(18 280)	-	-	25 875 819	(3 472 980)	1 875	-	-	(1 017 373)	-	(4 487 778)	21 388 041
Refuse sites	44 413 261	152 334	-	-	-	44 565 595	(9 205 485)	-	-	-	(1 588 731)	-	(10 792 216)	33 773 379
Airports	191 752	-	-	-	-	191 752	(57 586)	-	-	-	(19 175)	-	(76 755)	114 977
Plant and Machinery	203 695	-	-	-	-	203 695	(115 316)	-	-	-	(23 579)	-	(138 897)	64 798
Water	347 170	-	-	-	-	347 170	(208 159)	-	-	-	(23 118)	-	(79 254)	115 893
Traffic	198 000	-	-	-	-	198 000	(59 454)	-	-	-	(19 800)	-	(79 254)	118 746
Electricity	908 259 213	27 308 590	(416 008)	-	-	935 151 795	(378 739 807)	219 056	-	-	(56 585 869)	(822 923)	(413 909 563)	521 242 232
Land and Buildings	20 962 094	-	-	-	-	20 962 094	(7 860 939)	-	-	-	(925 113)	-	(8 786 052)	12 176 042
	2 263 705 946	32 169 913	(434 288)	-	-	2 295 441 571	(912 136 694)	220 911	-	-	(115 887 064)	(822 923)	(1 928 625 790)	1 266 815 781
Community Assets														
Parks & gardens	28 401 037	-	-	-	-	28 401 037	(1 902 375)	-	-	-	(122 160)	-	(2 024 535)	26 376 502
Fencing	480 369	-	-	-	-	480 369	(35 045)	-	-	-	(18 927)	-	(53 972)	426 397
Roads	11 454 400	-	-	-	-	11 454 400	(3 364 181)	-	-	-	(389 138)	-	(3 773 319)	7 681 081
Municipal offices	16 312 802	-	-	-	-	16 312 802	(7 690 733)	-	-	-	(875 221)	-	(8 565 954)	7 746 848
Libraries	7 542 888	-	-	-	-	7 542 888	(859 636)	-	-	-	(117 912)	-	(957 548)	6 585 340
Traffic centre	7 662 000	-	-	-	-	7 662 000	(52 057)	-	-	-	(3 319)	-	(55 376)	806 624
Museums	1 307 643	-	-	-	-	1 307 643	(251 890)	-	-	-	(18 610)	-	(270 500)	1 037 143
Airports	128 586	-	-	-	-	128 586	(128 586)	-	-	-	-	-	(128 586)	-
Recreational facilities	21 947 245	-	-	-	-	21 947 245	(6 801 871)	-	-	-	(999 965)	-	(7 801 738)	13 745 509
Cemeteries	3 777 737	-	-	-	-	3 777 737	(321 436)	-	-	-	(44 161)	-	(365 597)	3 412 140
Road and Subgrade	1 409 639	9 010 166	-	-	-	10 419 805	(399 009)	-	-	-	(135 195)	-	(534 164)	9 885 641
Buildings	9 143 035	11 896 149	-	-	-	21 039 184	(754 325)	-	-	-	(392 412)	-	(1 146 730)	19 892 447
Land and buildings	1 296 000	-	-	-	-	1 296 000	-	-	-	-	-	-	-	1 296 000
	103 663 391	20 906 315	-	-	-	124 569 696	(22 561 144)	-	-	-	(3 118 880)	-	(25 678 017)	98 891 672

**Greater Tzaneen Municipality
Greater Tzaneen Municipality
Appendix B**

**Analysis of property, plant and equipment as at 30 June 2017
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	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Work in progress																												
Work in progress	52 887 258	60 501 644	-	(54 400 869)	-	-	-	-	-	-	-	-	-	58 988 033	-	-	-	-	-	-	-	-	-	-	-	-	-	58 988 033
Leased assets	52 887 258	60 501 644	-	(54 400 869)	-	-	-	-	-	-	-	-	-	58 988 033	-	-	-	-	-	-	-	-	-	-	-	-	-	58 988 033
Leased assets	12 373 186	5 718 520	(3 742 599)	-	-	-	-	-	-	-	-	-	-	14 349 107	(9 034 275)	3 000 776	-	-	-	-	-	(1 008 196)	-	-	-	(7 041 695)	-	7 307 412
Other assets	12 373 186	5 718 520	(3 742 599)	-	-	-	-	-	-	-	-	-	-	14 349 107	(9 034 275)	3 000 776	-	-	-	-	-	(1 008 196)	-	-	-	(7 041 695)	7 307 412	
Computer equipment	7 741 958	988 180	(4 932)	-	-	-	-	-	-	-	-	-	-	8 725 186	(6 288 195)	3 927	-	-	-	-	-	(615 985)	-	-	-	(5 880 283)	2 844 931	
Furniture and Fittings	2 167 057	269 891	-	-	-	-	-	-	-	-	-	-	-	2 436 948	(1 545 519)	-	-	-	-	-	-	(134 239)	-	-	-	(1 679 758)	757 190	
Office Equipment	2 557 386	43 543	(208 722)	-	-	-	-	-	-	-	-	-	-	2 392 207	(2 032 145)	-	-	-	-	-	-	(147 982)	-	-	-	(2 183 435)	208 772	
Electricity	56 299	-	-	-	-	-	-	-	-	-	-	-	-	56 299	(42 587)	-	-	-	-	-	-	(4 693)	-	-	-	(47 280)	9 019	
Plant and Machinery	10 392 237	984 543	-	-	-	-	-	-	-	-	-	-	-	11 356 780	(6 516 598)	-	-	-	-	-	-	(827 221)	-	-	(7 376 809)	3 979 971		
Health Equipment	244 936	-	-	-	-	-	-	-	-	-	-	-	-	244 936	(235 230)	-	-	-	-	-	-	(3 411)	-	-	-	(238 631)	6 305	
Parks	30 718	-	-	-	-	-	-	-	-	-	-	-	-	30 718	(13 699)	-	-	-	-	-	-	(1 536)	-	-	-	(15 475)	15 243	
Buildings	5 418 005	-	-	-	-	-	-	-	-	-	-	-	-	5 418 005	(2 463 593)	-	-	-	-	-	-	(233 596)	-	-	(2 717 161)	2 698 844		
Security Measures	632 195	-	-	-	-	-	-	-	-	-	-	-	-	632 195	(223 107)	-	-	-	-	-	-	(28 978)	-	-	(252 085)	380 110		
Weapons	105 048	-	-	-	-	-	-	-	-	-	-	-	-	105 048	(79 063)	-	-	-	-	-	-	(6 027)	-	-	(85 110)	19 938		
Motor Vehicles	38 719 726	1 180 900	-	-	-	-	-	-	-	-	-	-	-	37 900 526	(25 062 330)	-	-	-	-	-	-	(3 633 916)	-	-	(28 916 246)	8 984 380		
Land	4 788	-	-	-	-	-	-	-	-	-	-	-	-	4 788	-	-	-	-	-	-	-	-	-	-	-	-	4 788	
Milner Assets	1 276 401	11 885	(64 494)	-	-	-	-	-	-	-	-	-	-	1 223 792	(1 272 966)	64 327	-	-	-	-	-	(11 889)	-	-	(1 220 508)	3 284		
Milner Assets	67 344 754	3 458 922	(278 148)	-	-	-	-	-	-	-	-	-	-	70 525 528	(44 888 272)	124 946	-	-	-	-	-	(5 949 425)	-	-	(50 612 751)	19 912 775		

**Greater Tzaneen Municipality
Greater Tzaneen Municipality
Appendix B**

**Analysis of property, plant and equipment as at 30 June 2017
Accumulated depreciation
Cost/Revaluation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	108 830 310	32 189 913	(434 288)	-	-	-	108 830 310	(912 136 694)	220 911	-	(115 887 084)	(822 923)	1 028 625 790	1 08 830 310
Infrastructure	2 263 705 946	20 906 315	-	-	-	-	2 284 612 261	(22 561 144)	-	-	(3 116 880)	-	(25 678 024)	2 266 815 781
Community Assets	103 663 381	60 501 644	-	(54 400 869)	-	-	109 764 156	(9 034 275)	3 000 776	-	(1 008 196)	-	(7 041 695)	58 988 033
Work in progress	52 887 258	5 718 520	(3 742 599)	-	-	-	54 863 179	(44 888 272)	124 946	-	(5 949 425)	-	(50 612 751)	7 307 412
Leased assets	12 373 186	3 458 922	(278 148)	-	-	-	15 553 960	(988 620 365)	3 346 633	-	(125 861 585)	(822 923)	1 111 953 260	18 912 775
Other assets	67 344 754	122 785 314	(4 455 035)	(54 400 869)	-	-	2 672 704 245	(988 620 365)	3 346 633	-	(125 861 585)	(822 923)	1 111 953 260	1 560 745 983
	2 608 804 835	122 785 314	(4 455 035)	(54 400 869)			2 672 704 245	(988 620 365)	3 346 633		(125 861 585)	(822 923)	1 111 953 260	1 560 745 983
Intangible Assets														
Computer software	1 871 824	631 368	-	-	-	-	2 503 192	(1 269 260)	-	-	(308 834)	-	(1 578 094)	924 888
Website	45 051	-	-	-	-	-	45 051	(44 626)	-	-	(425)	-	(45 051)	-
	1 916 875	631 368					2 548 243	(1 313 886)			(309 259)		(1 623 145)	924 888
Investment properties														
Investment property	141 940 000	7 141 753	-	-	-	-	149 081 753	-	-	-	-	-	-	149 081 753
	141 940 000	7 141 753					149 081 753							149 081 753
Total														
Land and buildings	108 830 310	32 189 913	(434 288)	-	-	-	108 830 310	(912 136 694)	220 911	-	(115 887 084)	(822 923)	1 028 625 790	1 08 830 310
Infrastructure	2 263 705 946	20 906 315	-	-	-	-	2 284 612 261	(22 561 144)	-	-	(3 116 880)	-	(25 678 017)	2 266 815 781
Community Assets	103 663 381	60 501 644	-	(54 400 869)	-	-	109 764 156	(9 034 275)	3 000 776	-	(1 008 196)	-	(7 041 695)	58 988 033
Work in progress	52 887 258	5 718 520	(3 742 599)	-	-	-	54 863 179	(44 888 272)	124 946	-	(5 949 425)	-	(50 612 751)	7 307 412
Leased assets	12 373 186	3 458 922	(278 148)	-	-	-	15 553 960	(988 620 365)	3 346 633	-	(125 861 585)	(822 923)	1 111 953 260	18 912 775
Other assets	67 344 754	122 785 314	(4 455 035)	(54 400 869)	-	-	2 672 704 245	(988 620 365)	3 346 633	-	(125 861 585)	(822 923)	1 111 953 260	1 560 745 983
	108 830 310	130 528 435	(4 455 035)	(54 400 869)			2 824 334 041	(989 934 271)	3 346 633		(126 170 944)	(822 923)	1 113 561 398	1 710 752 634

Greater Tzaneen Municipality
Greater Tzaneen Municipality
Appendix B
 June 2017

Analysis of property, plant and equipment as at 30 June 2016
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	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
Land and buildings																														
Land	108 830 310	-	-	-	-	-	-	-	-	-	-	-	-	108 830 310	-	-	-	-	-	-	-	-	-	-	-	-	-	108 830 310	-	
Infrastructure																														
Roads	1 149 031 527	70 322 547	-	-	-	-	-	-	-	-	-	-	-	1 219 354 174	(414 925 548)	-	-	-	-	-	-	(71 003 576)	(2 230 765)	(488 219 889)	(25 707 948)	751 134 285				
Storm water	41 532 409	-	-	-	-	-	-	-	-	-	-	-	-	41 532 409	(22 890 387)	-	-	-	-	-	-	(2 867 561)	-	(344 854)	(51 353)	15 824 461				
Solid Waste	1 577 142	-	-	-	-	-	-	-	-	-	-	-	-	1 577 142	(293 501)	-	-	-	-	-	-	(51 353)	-	(146 981)	(146 981)	1 232 288				
Buildings	374 291	398 646	-	-	-	-	-	-	-	-	-	-	-	772 937	(124 718)	-	-	-	-	-	-	(857 523)	(77 402)	(3 472 280)	(9 203 468)	22 421 819				
Refuse collection	18 369 256	7 524 843	-	-	-	-	-	-	-	-	-	-	-	25 894 099	(2 487 355)	-	-	-	-	-	-	(1 578 547)	-	(9 203 468)	(9 203 468)	35 209 776				
Refuse sites	44 413 261	-	-	-	-	-	-	-	-	-	-	-	-	44 413 261	(7 624 938)	-	-	-	-	-	-	(19 175)	-	(115 318)	(208 159)	134 173				
Airports	181 751	-	-	-	-	-	-	-	-	-	-	-	-	181 751	(36 403)	-	-	-	-	-	-	(23 578)	-	(59 454)	(59 454)	139 011				
Plant and Machinery	203 696	-	-	-	-	-	-	-	-	-	-	-	-	203 696	(91 739)	-	-	-	-	-	-	(36 136 039)	(33 165 076)	(376 739 807)	(7 860 940)	531 519 406				
Airports	347 170	-	-	-	-	-	-	-	-	-	-	-	-	347 170	(185 041)	-	-	-	-	-	-	(23 118)	-	(115 318)	(208 159)	88 377				
Water	198 000	-	-	-	-	-	-	-	-	-	-	-	-	198 000	(39 654)	-	-	-	-	-	-	(19 800)	-	(59 454)	(59 454)	139 011				
Electricity	904 216 724	4 042 489	-	-	-	-	-	-	-	-	-	-	-	908 259 213	(307 438 632)	-	-	-	-	-	-	(36 136 039)	(33 165 076)	(376 739 807)	(7 860 940)	531 519 406				
Land and Buildings	20 551 472	410 622	-	-	-	-	-	-	-	-	-	-	-	20 962 094	(7 072 888)	-	-	-	-	-	-	(788 052)	-	(7 860 940)	(7 860 940)	13 101 154				
Community Assets	2 181 006 698	82 659 247	-	-	-	-	-	-	-	-	-	-	-	2 263 705 945	(763 172 864)	-	-	-	-	-	-	(113 430 586)	(35 533 243)	(912 136 653)	(7 860 940)	1 351 569 252	-	-	-	
Parks & gardens	28 369 500	31 535	-	-	-	-	-	-	-	-	-	-	-	28 401 035	(1 788 918)	-	-	-	-	-	-	(113 457)	-	(1 902 375)	(1 902 375)	26 498 661				
Fencing	81 829	458 440	-	-	-	-	-	-	-	-	-	-	-	480 269	(20 380)	-	-	-	-	-	-	(14 665)	-	(3 364 181)	(3 364 181)	445 324				
Roads	11 931 700	152 640	-	-	-	-	-	-	-	-	-	-	-	11 454 400	(3 002 126)	-	-	-	-	-	-	(362 055)	-	(7 690 732)	(7 690 732)	8 070 219				
Municipal offices	15 375 000	937 802	-	-	-	-	-	-	-	-	-	-	-	16 312 802	(7 128 542)	-	-	-	-	-	-	(53 527)	-	(839 636)	(839 636)	6 703 252				
Libraries	7 350 000	192 888	-	-	-	-	-	-	-	-	-	-	-	7 542 888	(786 109)	-	-	-	-	-	-	(3 319)	-	(52 057)	(52 057)	809 843				
Traffic centre	862 000	-	-	-	-	-	-	-	-	-	-	-	-	862 000	(48 738)	-	-	-	-	-	-	(18 059)	-	(128 586)	(128 586)	1 065 753				
Museums	1 300 000	7 643	-	-	-	-	-	-	-	-	-	-	-	1 307 643	(235 832)	-	-	-	-	-	-	(641 797)	-	(8 801 872)	(8 801 872)	14 745 374				
Airports	128 588	-	-	-	-	-	-	-	-	-	-	-	-	128 588	(128 588)	-	-	-	-	-	-	(18 881)	-	(321 436)	(321 436)	3 456 301				
Recreational facilities	8 430 857	13 116 578	-	-	-	-	-	-	-	-	-	-	-	21 547 435	(5 860 074)	-	-	-	-	-	-	(100 186)	-	(754 325)	(754 325)	8 388 710				
Cemeteries	3 702 000	75 737	-	-	-	-	-	-	-	-	-	-	-	3 777 737	(302 855)	-	-	-	-	-	-	(922 332)	-	-	-	1 296 000	-	-	-	
Road and Subgrade	597 216	812 423	-	-	-	-	-	-	-	-	-	-	-	1 409 639	(288 813)	-	-	-	-	-	-	-	-	-	-	1 120 826	-	-	-	
Buildings	1 070 152	8 072 883	-	-	-	-	-	-	-	-	-	-	-	9 143 035	(431 993)	-	-	-	-	-	-	-	-	-	-	-	8 711 042	-	-	-
Land and Buildings	1 296 000	-	-	-	-	-	-	-	-	-	-	-	-	1 296 000	-	-	-	-	-	-	-	-	-	-	-	-	1 296 000	-	-	-
	79 824 810	23 838 570	-	-	-	-	-	-	-	-	-	-	-	103 663 380	(20 132 666)	-	-	-	-	-	-	(2 428 477)	-	(22 861 144)	(22 861 144)	81 102 237	-	-	-	-

**Greater Tzaneen Municipality
Greater Tzaneen Municipality
Appendix B**

**Analysis of property, plant and equipment as at 30 June 2016
Accumulated depreciation
Cost/Revaluation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Work in Progress														
Work in Progress	79 488 617	67 535 022	-	(94 136 381)	-	-	52 887 258	-	-	-	-	-	-	52 887 258
	79 488 617	67 535 022	-	(94 136 381)	-	-	52 887 258	-	-	-	-	-	-	52 887 258
Leased Assets														
Leased Assets	12 458 611	-	(85 424)	-	-	-	12 373 187	(8 409 246)	85 424	-	(710 454)	-	(9 034 276)	3 338 911
	12 458 611	-	(85 424)	-	-	-	12 373 187	(8 409 246)	85 424	-	(710 454)	-	(9 034 276)	3 338 911
Other assets														
Computer Equipment	7 484 871	313 385	(56 278)	-	-	-	7 741 978	(4 662 872)	55 610	-	(660 933)	-	(5 268 195)	2 473 763
Furniture and Fittings	2 150 602	34 651	(18 196)	-	-	-	2 167 057	(1 418 165)	18 062	-	(145 437)	-	(1 545 520)	621 537
Office Equipment	3 248 452	3 959	(695 023)	-	-	-	2 557 386	(2 480 492)	609 632	-	(211 285)	-	(2 092 145)	465 241
Electricity	89 289	-	-	-	-	-	56 299	(37 894)	-	-	(4 693)	-	(42 587)	13 712
Plant and Machinery	9 192 192	1 377 007	(176 962)	-	-	-	10 392 237	(6 594 441)	153 153	-	(708 300)	-	(6 549 598)	3 842 649
Health Equipment	244 936	-	-	-	-	-	244 936	(231 191)	-	-	(4 029)	-	(235 220)	9 716
Parks	30 718	-	-	-	-	-	30 718	(12 403)	-	-	(1 536)	-	(13 939)	16 779
Buildings	5 416 005	-	-	-	-	-	5 416 005	(2 249 547)	-	-	(234 046)	-	(2 483 593)	2 932 412
Security Measures	632 195	-	-	-	-	-	632 195	(194 129)	-	-	(28 978)	-	(79 063)	405 088
Weapons	105 048	-	-	-	-	-	105 048	(72 139)	-	-	(6 844)	-	(25 085)	25 965
Motor Vehicles	36 719 726	-	-	-	-	-	36 719 726	(21 444 815)	-	-	(3 637 514)	-	(25 082 329)	11 637 398
Land	4 788	-	-	-	-	-	4 788	-	-	-	-	-	-	4 788
	1 151 096	155 706	(30 401)	-	-	-	1 276 401	(1 147 713)	30 312	-	(155 595)	-	(1 272 967)	3 434
	66 436 928	1 884 688	(976 862)	-	-	-	67 344 754	(39 955 801)	866 789	-	(5 799 261)	-	(44 888 273)	22 455 480

**Greater Tzaneen Municipality
Greater Tzaneen Municipality
Appendix B**

**Analysis of property, plant and equipment as at 30 June 2016
Cost/Revaluation
Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	108 830 310	-	-	-	-	-	108 830 310	-	-	-	(113 430 566)	(35 533 243)	(912 136 693)	108 830 310
Infrastructure	2 181 006 698	82 699 247	-	-	-	-	2 263 705 945	(763 172 864)	-	-	(2 428 477)	-	(22 561 143)	1 351 569 252
Community Assets	79 924 810	23 838 570	-	-	-	-	103 663 380	(20 132 666)	-	-	-	-	-	81 102 237
Work in Progress	79 488 617	67 535 022	-	(94 136 381)	-	-	52 887 258	(8 409 246)	85 424	-	(710 454)	-	(9 034 276)	52 887 258
Leased Assets	12 488 611	-	(85 424)	-	-	-	12 373 187	(39 955 801)	866 789	-	(5 799 281)	-	(44 888 273)	3 338 911
Other assets	66 495 928	1 864 688	(976 862)	-	-	-	67 344 754	(39 955 801)	-	-	-	-	(44 888 273)	22 456 480
	2 528 045 974	175 957 527	(1 062 286)	(94 136 381)	-	-	2 608 804 834	(831 670 577)	952 213	-	(122 369 778)	(35 533 243)	(988 620 386)	1 620 184 446
Intangible assets														
Computer - Software	1 328 893	542 641	-	-	-	-	1 871 524	(454 396)	-	-	(605 508)	(9 365)	(1 269 258)	602 365
Website	45 051	-	-	-	-	-	45 051	(38 294)	-	-	(6 332)	-	(44 626)	425
	1 374 034	542 641	-	-	-	-	1 916 575	(492 680)	-	-	(611 840)	(9 365)	(1 313 885)	602 790
Investment properties														
Investment property	137 786 000	6 700 000	(1 400 000)	-	-	(1 146 000)	141 940 000	-	-	-	-	-	-	141 940 000
	137 786 000	6 700 000	(1 400 000)	-	-	(1 146 000)	141 940 000	-	-	-	-	-	-	141 940 000
Total														
Land and buildings	108 830 310	-	-	-	-	-	108 830 310	-	-	-	(113 430 566)	(35 533 243)	(912 136 693)	108 830 310
Infrastructure	2 181 006 698	82 699 247	-	-	-	-	2 263 705 945	(763 172 864)	-	-	(2 428 477)	-	(22 561 144)	1 351 569 252
Community Assets	79 924 810	23 838 570	-	-	-	-	103 663 380	(20 132 666)	-	-	-	-	-	81 102 237
Work in Progress	79 488 617	67 535 022	-	(94 136 381)	-	-	52 887 258	(8 409 246)	85 424	-	(710 454)	-	(9 034 276)	52 887 258
Leased Assets	12 488 611	-	(85 424)	-	-	-	12 373 187	(39 955 801)	866 789	-	(5 799 281)	-	(44 888 273)	3 338 911
Other assets	66 495 928	1 864 688	(976 862)	-	-	-	67 344 754	(39 955 801)	-	-	-	-	(44 888 273)	22 456 480
Intangible assets	1 374 034	542 641	-	-	-	-	1 916 575	(492 680)	-	-	(611 840)	(9 365)	(1 313 885)	602 790
Investment properties	137 786 000	6 700 000	(1 400 000)	-	-	(1 146 000)	141 940 000	-	-	-	-	-	-	141 940 000
	2 667 206 008	183 200 168	(2 462 286)	(94 136 381)	-	-	2 752 661 509	(832 163 257)	952 213	-	(123 180 618)	(35 542 608)	(989 934 271)	1 762 727 238

**Greater Tzaneen Municipality
Appendix C**

**Segmental analysis of property, plant and equipment as at 30 June 2017
Accumulated Depreciation
Cost/Revaluation**

	Opening Balance	Additions	Disposals	Transfers	Write offs	Closing Balance	Opening Balance	Write offs	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Municipality												
Mayor's Office	459 409	1 233 495	(218)	-	-	1 692 686	(275 510)	217	(256 816)	-	(532 109)	1 160 577
Municipal Manager	942 126	15 727	(665)	-	-	957 000	(392 320)	854	(108 967)	-	(570 433)	456 567
Planning and Development	4 728 746	7 499	(52 664)	-	-	4 683 591	(1 969 474)	36 687	(359 909)	-	(2 292 695)	2 390 896
Financial Service	4 748 468	29 118	(35 724)	-	-	4 740 882	(3 215 522)	34 505	(422 682)	-	(3 903 699)	1 137 183
Corporate Service	3 420 295	1 124 718	(55 674)	-	-	4 489 339	(2 201 993)	38 148	(288 388)	-	(2 432 233)	2 037 106
Engineering Service	1 303 147 966	25 808 869	(20 871)	-	-	1 328 935 964	(533 183 567)	20 827	(78 855 224)	-	(618 027 964)	710 908 020
Community Service	151 473 125	10 077	(109 719)	-	-	151 373 483	(39 122 027)	93 903	(5 182 167)	-	(44 210 291)	107 163 192
Electrical Engineering	939 608 155	28 278 956	(438 722)	-	-	957 450 389	(384 462 208)	223 396	(38 174 094)	(822 923)	(423 235 689)	544 214 497
Intangible	1 822 937	631 968	-	-	-	2 454 305	(1 241 813)	-	(285 655)	-	(1 537 468)	916 837
Land	108 830 310	-	-	-	-	108 830 310	-	-	-	-	-	108 830 310
Leased	12 373 187	5 718 519	(3 742 596)	-	-	14 349 108	(9 034 275)	2 898 156	(1 008 194)	-	(7 144 313)	7 204 795
Investment Properties	141 940 000	7 141 753	-	-	-	149 081 753	-	-	-	-	-	149 081 753
Work in progress	52 887 257	60 501 645	-	(54 400 869)	-	58 988 033	-	-	(351)	-	(900)	58 988 033
Disaster Management	1 754	-	-	-	-	1 754	(549)	-	(351)	-	-	854
Transport, Safety, Security and Liaison	26 277 753	27 671	-	-	-	26 305 424	(8 825 013)	-	(1 218 395)	-	(10 043 408)	16 262 016
	2 752 661 510	130 528 435	(4 465 035)	(54 400 869)	-	2 824 334 041	(989 534 271)	3 346 633	(126 170 841)	(822 923)	1 113 681 402	1 710 752 636

Greater Tzaneen Municipality
Appendix D

Segmental Statement of Financial Performance for the year ended
Current Year

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-	36 484 493	(36 484 493)	-	34 338 414	(34 338 414)
427 506 887	210 434 445	217 072 442	443 107 745	182 146 514	260 961 231
12 561 615	21 897 104	(9 335 489)	5 686 995	22 884 359	(17 197 364)
56 623	6 663 034	(6 606 411)	46 061	8 171 082	(8 125 021)
78 298	7 689 495	(7 611 197)	78 206	7 646 027	(7 567 821)
1 803 625	10 592 966	(8 789 341)	2 153 837	10 939 617	(8 785 780)
35 522 450	25 993 996	9 528 454	43 443 829	28 205 228	15 238 601
13 829 707	21 222 443	(7 392 736)	161 294	23 221 189	(23 059 895)
28 343 539	68 750 156	(40 406 617)	30 028 491	76 479 421	(46 450 930)
123 179 421	227 816 581	(104 637 140)	134 268 226	238 755 037	(104 486 811)
442 158 888	456 415 841	(14 256 953)	463 631 232	482 019 622	(18 388 390)
1 085 041 053	1 093 960 534	(8 919 481)	1 122 605 916	1 114 806 510	7 799 406

Municipality

Executive & Council/Mayor and Council
Finance & Admin/Finance
Planning and Development/Economic
Development/Plan
Health/Clinics
Comm. & Social/Libraries and archives
Housing
Public Safety/Police
Sport and Recreation
Waste Management
Road Transport/Roads
Electricity /Electricity Distribution

**Greater Tzaneen Municipality
Appendix E(1)**

**Actual versus Budget(Revenue and Expenditure) for the year ended 30 June
2017**

	Current year 2017 Act. Bal.	Current year 2017 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Property rates	80 787 849	72 000 000	8 787 849	12.2	Note 51
Service charges	447 720 635	518 881 261	(71 160 626)	(13.7)	Note 51
Property rates - penalties imposed	8 157 882	5 000 000	3 157 882	63.2	Note 51
Rental of facilities and equipment	1 644 365	1 072 100	572 265	53.4	Note 51
Interest received - outstanding receivable	15 364 908	12 000 000	3 364 908	28.0	Note 51
Income from agency services	6 304 686	49 264 291	(42 959 605)	(87.2)	Note 51
Fines	43 914 170	3 805 136	40 109 034	054.1	Note 51
Licences and permits	824 244	651 000	173 244	26.6	Note 51
Government grants and subsidies	464 786 239	499 392 590	(34 606 351)	(6.9)	Note 51
Other income	44 847 861	8 465 046	36 382 815	429.8	Note 51
Interest received - other	8 253 077	2 101 000	6 152 077	292.8	Note 51
	1 122 605 916	1 172 632 424	(50 026 508)	(4.3)	
Expenses					
Employee cost	(270 103 604)	(297 603 002)	27 499 398	(9.2)	Note 51
Remuneration of councillors	(23 265 242)	(23 035 604)	(229 638)	1.0	
Depreciation	(126 170 851)	(128 753 959)	2 583 108	(2.0)	
Impairments of assets	(822 923)	-	(822 923)	-	Note 51
Finance costs	(12 802 343)	(14 863 686)	2 061 343	(13.9)	Note 51
Lease rentals on operating lease	(259 963)	(276 506)	16 543	(6.0)	
Consulting fees	-	-	-	-	Note 51
Project costs	(650 836)	(622 816)	(28 020)	4.5	Note 51
Debt impairment	(58 399 127)	(24 141 000)	(34 258 127)	141.9	Note 51
Collection costs	(671 041)	(814 500)	143 459	(17.6)	Note 51
Repairs and maintenance	(35 242 644)	(33 475 073)	(1 767 571)	5.3	Note 51
Bulk purchases	(321 519 584)	(332 500 000)	10 980 416	(3.3)	
Contracted Services	(46 904 302)	(49 104 872)	2 200 570	(4.5)	
Grants and subsidies paid	(123 608 707)	(45 169 085)	(78 439 622)	173.7	Note 51
General Expenses	(94 004 835)	(99 471 571)	5 466 736	(5.5)	
	(1 114 426 002)	(1 049 831 674)	(64 594 328)	6.2	
Other revenue and costs					
Gain or loss on disposal of assets	(923 404)	2 129 450	(3 052 854)	143.4	Note 51
Capital expenditure	-	-	-	-	Note 51
Gain on non-current assets held for sale	542 895	-	542 895	-	Note 51
	(380 509)	2 129 450	(2 509 959)	117.9	
Net surplus/ (deficit) for the year	7 799 405	124 930 200	(117 130 795)	(93.8)	

**Greater Tzaneen Municipality
Appendix E(2)**

Budget Analysis of Capital Expenditure as at 30 June 2017

	Additions	Revised Budget	Variance	Variance	Explanation of significant variances from budget
	Rand	Rand	Rand	%	
Municipality					
Executive & Council	1 054 440	1 067 743	(13 303)	(1)	
Finance & Admin/Finance	1 756 086	7 677 031	(5 920 945)	(77)	Delays in supply chain process
Planning and Economic Development	12 198 035	8 464 000	3 734 035	44	The overspending is due to the payment of land purchase in letsitele
Housing	-	300 000	(300 000)	(100)	Delays in supply chain process
Sport and Recreation	-	900 000	(900 000)	-	
Waste Management	10 077	49 576	(39 499)	(80)	
Road Transport	41 574 966	174 360 811	(132 785 845)	(76)	The budget amounts includes capital projects that are transferred to RAL during the 2016/2017 financial year.
Electricity /Electricity Distribution	19 533 970	27 963 091	(8 429 123)	(30)	Delays in supply chain processes
	76 127 574	220 782 252	(144 654 680)	(66)	

Appendix G1 Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2017

	2016/2017				2015/2016				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget (i.t.o. Council approved policy)	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	Rand
Revenue - Standard									
Governance and administration	374 269 011	-	374 269 011	374 269 011	443 107 745	68 838 734	118 %	118 %	427 506 887
Executive and council	1 100	-	1 100	1 100	-	(1 100)	- %	- %	-
Budget and treasury office	374 267 654	-	374 267 654	374 267 654	443 106 777	68 839 123	118 %	118 %	427 506 887
Corporate services	257	-	257	257	968	711	377 %	377 %	-
Community and public safety	5 418 620	-	5 418 620	5 418 620	45 883 227	40 464 607	847 %	847 %	51 290 703
Community and social services	68 629	-	68 629	68 629	78 205	8 577	112 %	112 %	78 298
Sport and recreation	527 766	-	527 766	527 766	161 294	(366 472)	31 %	31 %	13 829 707
Public safety	3 301 000	-	3 301 000	3 301 000	43 443 829	40 142 829	1 316 %	1 316 %	35 522 450
Housing	1 495 225	-	1 495 225	1 495 225	2 153 837	658 612	144 %	144 %	1 803 625
Health	25 000	-	25 000	25 000	46 061	21 061	184 %	184 %	56 623
Economic and environmental services	139 745 946	73 200 000	212 945 946	212 945 946	139 965 222	(72 980 724)	66 %	100 %	135 741 036
Planning and development	513 555	8 200 000	8 713 555	8 713 555	5 686 695	(3 026 860)	65 %	1 107 %	12 561 615
Road transport	139 232 391	65 000 000	204 232 391	204 232 391	134 288 227	(69 964 164)	66 %	96 %	123 179 421
Trading services	570 503 261	9 495 586	579 998 847	579 998 847	493 659 722	(86 339 125)	85 %	87 %	470 502 427
Electricity	523 701 000	9 495 586	533 196 586	533 196 586	463 631 231	(69 565 355)	87 %	89 %	442 158 888
Waste management	46 802 261	-	46 802 261	46 802 261	30 028 491	(16 773 770)	64 %	64 %	28 343 539
Total Revenue - Standard	1 089 936 838	82 695 596	1 172 632 424	1 172 632 424	1 122 605 916	(50 026 508)	96 %	103 %	1 085 041 053

**Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2017**

	2016/2017				2015/2016					
	Original Budget	Budget Adjustments (i.L.o. S28 and S31 of the MFMA)	Final adjustments budget	Virement (i.L.o. Council approved policy)	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	Rand	Rand
Expenditure - Standard										
Governance and administration	200 415 726	(3 969 000)	196 446 726	260 000	196 706 726	218 506 027	21 799 301	111 %	109 %	245 737 009
Executive and council	37 617 356	(1 257 000)	36 360 356	57 000	36 417 356	34 338 414	(2 078 942)	94 %	91 %	36 484 493
Budget and treasury office	82 392 109	153 000	82 545 108	-	82 545 108	84 288 143	11 743 035	114 %	114 %	85 159 793
Corporate services	80 406 262	(2 865 000)	77 541 262	203 000	77 744 262	89 868 470	12 124 208	116 %	112 %	126 092 723
Community and public safety	91 724 588	(470 000)	91 254 588	233 722	91 488 310	78 183 140	(13 305 170)	85 %	85 %	72 161 934
Community and social services	8 790 956	-	8 790 956	(45 000)	8 745 956	7 646 037	(1 099 919)	87 %	87 %	7 689 495
Sport and recreation	25 225 174	130 000	25 355 174	52 222	25 407 396	23 221 186	(2 186 210)	91 %	92 %	21 222 443
Public safety	31 345 368	(60 000)	31 285 368	226 500	31 511 868	28 205 228	(3 306 640)	90 %	90 %	25 993 996
Health	16 064 371	(540 000)	15 524 371	-	15 524 371	10 939 617	(4 584 754)	70 %	68 %	10 592 966
Housing	10 298 719	-	10 298 719	-	10 298 719	8 171 082	(2 127 637)	79 %	79 %	6 693 054
Economic and environmental services	184 896 554	783 914	185 680 468	(252 722)	185 427 746	259 237 791	73 810 045	140 %	140 %	247 573 954
Planning and development	20 243 485	884 914	21 128 399	-	21 128 399	20 482 754	(645 645)	97 %	101 %	19 757 402
Road transport	164 653 069	(111 000)	164 542 069	(252 722)	164 289 347	239 755 037	74 465 690	145 %	145 %	227 816 562
Trading services	563 204 306	13 245 586	576 449 892	(241 000)	576 208 892	558 499 043	(17 709 849)	97 %	99 %	525 362 604
Electricity	485 394 009	13 145 586	498 539 595	(60 000)	498 479 595	482 019 622	(16 459 973)	97 %	96 %	456 602 450
Waste water management	8 037 677	100 000	8 137 677	366 393	8 504 070	6 820 956	(1 683 114)	80 %	85 %	6 805 275
Waste management	69 772 620	-	69 772 620	(547 393)	69 225 227	69 658 465	433 238	101 %	100 %	61 944 679
Total Expenditure - Standard	1 040 241 174	9 590 500	1 049 831 674	-	1 049 831 674	1 114 426 001	64 594 327	106 %	107 %	1 090 825 511
Budget and Treasury Office	2 129 450	-	2 129 450	-	2 129 450	(390 509)	(3 429 959)	(18)%	(18)%	(3 135 023)
Surplus/(Deficit) for the year	51 825 114	73 105 086	124 930 200	2 129 450	124 930 200	7 799 406	(118 050 794)	6 %	15 %	(8 919 481)

Greater Tzaneen Municipality

Appendix G2

Budgeted Financial Performance (revenue and expenditure by municipal vote)

for the year ended 30 June 2017

2015/2016

2016/2017

	Original Budget		Budget Adjustments (i.t.o. s28 and s31 of the MFMA)		Final adjustments budget		Virement (i.t.o. Council approved policy)		Final Budget		Actual Outcome		Variance of Actual Outcome against Budget Adjustments		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget		Reported unauthorised expenditure		Balance to be recovered		Restated 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	Rand	
Revenue by Vote																									
Vote 2 - Planning & Economic Development	513 555	8 200 000	-	8 713 555	-	8 713 555	-	-	8 713 555	5 511 963	(3 201 592)	63 %	1 073 %	-	-	-	-	-	-	-	-	-	-	12 500 902	
Vote 3 - Financial Services	374 267 650	-	374 267 650	-	374 267 650	-	-	374 267 650	443 106 777	68 839 127	118 %	118 %	-	-	-	-	-	-	-	-	-	-	-	427 506 886	
Vote 4 - Corporate Services	1 357	-	1 357	-	1 357	-	-	1 357	89 276 275	(10 724 672)	71 %	71 %	-	-	-	-	-	-	-	-	-	-	-	84 246 519	
Vote 5 - Community Services	100 010 947	-	100 010 947	-	100 010 947	-	-	100 010 947	463 631 231	(89 565 355)	89 %	89 %	-	-	-	-	-	-	-	-	-	-	-	442 158 888	
Vote 7 - Electrical Engineering Services	523 701 000	9 495 586	-	533 196 586	-	533 196 586	-	-	533 196 586	120 903 670	(35 538 659)	77 %	132 %	-	-	-	-	-	-	-	-	-	-	118 567 145	
Vote 8 - Engineering Services	81 442 329	65 000 000	-	156 442 329	-	156 442 329	-	-	156 442 329	175 032	(175 032)	DIVD %	DIVD %	-	-	-	-	-	-	-	-	-	-	80 713	
Vote 09 - GTEDA	-	-	-	-	-	-	-	-	-	1 122 605 916	(50 025 508)	96 %	103 %	-	-	-	-	-	-	-	-	-	-	1 085 041 053	
Total Revenue by Vote	1 083 936 838	82 695 586	-	1 172 632 424	-	1 172 632 424	-	-	1 172 632 424	1 122 605 916	(50 025 508)	96 %	103 %	-	-	-	-	-	-	-	-	-	-	1 085 041 053	
Expenditure by Vote to be appropriated																									
Vote 1 - Municipal Manager	14 178 047	(777 000)	-	13 401 047	-	13 401 047	-	-	13 401 047	11 763 747	(1 637 300)	88 %	88 %	-	-	-	-	-	-	-	-	-	-	15 857 836	
Vote 2 - Planning & Economic Development	19 828 207	775 000	-	20 603 207	-	20 603 207	-	-	20 603 207	20 924 089	320 882	102 %	106 %	-	-	-	-	-	-	-	-	-	-	56 624 845	
Vote 3 - Financial Service	82 392 108	163 000	-	82 545 108	-	82 545 108	-	-	82 545 108	94 268 143	11 723 035	114 %	114 %	-	-	-	-	-	-	-	-	-	-	83 459 791	
Vote 4 - Corporate services	53 472 316	(1 720 000)	-	51 752 316	60 000	51 812 316	-	-	51 812 316	104 731 869	52 919 553	114 %	112 %	-	-	-	-	-	-	-	-	-	-	100 946 458	
Vote 5 - Community Services	193 044 878	144 000	-	193 188 878	-	193 188 878	-	-	193 188 878	161 759 663	(31 429 215)	84 %	84 %	-	-	-	-	-	-	-	-	-	-	148 600 878	
Vote 7 - Electrical Engineering Services	485 394 009	13 145 586	-	498 539 595	(80 000)	498 459 595	-	-	498 459 595	482 019 622	(18 459 973)	97 %	99 %	-	-	-	-	-	-	-	-	-	-	486 601 776	
Vote 8 - Engineering Services	145 119 039	(2 175 000)	-	142 944 039	-	142 944 039	-	-	142 944 039	232 869 677	89 925 638	163 %	160 %	-	-	-	-	-	-	-	-	-	-	223 651 742	
Vote 9 - GTEDA	6 812 570	94 914	-	6 907 484	-	6 907 484	-	-	6 907 484	6 089 071	(818 413)	88 %	89 %	-	-	-	-	-	-	-	-	-	-	5 382 385	
Total Expenditure by Vote	1 040 241 174	9 590 500	-	1 049 831 674	-	1 049 831 674	-	-	1 049 831 674	1 114 426 001	64 594 327	106 %	107 %	-	-	-	-	-	-	-	-	-	-	1 030 825 511	
Financial services	2 129 450	-	-	2 129 450	-	2 129 450	-	-	2 129 450	(380 509)	(3 429 959)	(18)%	(18)%	-	-	-	-	-	-	-	-	-	-	(3 135 023)	
Surplus/(Deficit) for the year	51 825 114	73 105 086	-	124 930 200	-	124 930 200	-	-	124 930 200	7 999 406	(118 050 794)	6 %	15 %	-	-	-	-	-	-	-	-	-	-	(8 919 481)	

**Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2017**

2015/2016

2016/2017

Revenue by Source	Original Budget		Budget adjustments (i.e. s28 and s31 of the MFMA)		Final budget adjustments		Virement (i.e. Council approved policy)		Final Budget		Actual Outcome		Variance of Actual Outcome against Adjustments Budget		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget		Revised Audited Outcome	
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	%	%	Rand	Rand	
Property rates	72 000 000	-	72 000 000	-	72 000 000	-	72 000 000	-	72 000 000	80 787 849	6 787 849	6 787 849	112 %	112 %	74 146 340					
Property rates - penalties & collection charges	5 000 000	-	5 000 000	-	5 000 000	-	5 000 000	-	5 000 000	8 157 882	3 157 882	3 157 882	163 %	163 %	5 166 759					
Service charges - electricity revenue	481 701 000	-	481 701 000	-	481 701 000	-	481 701 000	-	481 701 000	417 828 869	(73 872 131)	(73 872 131)	85 %	85 %	421 446 731					
Service charges - water revenue	25 853 261	-	25 853 261	-	25 853 261	-	25 853 261	-	25 853 261	27 526 219	1 672 958	1 672 958	DIV/O %	DIV/O %	-					
Service charges - sanitation revenue	1 327 000	-	1 327 000	-	1 327 000	-	1 327 000	-	1 327 000	2 365 547	1 038 547	1 038 547	106 %	106 %	26 475 760					
Service charges - refuse revenue	1 072 100	-	1 072 100	-	1 072 100	-	1 072 100	-	1 072 100	1 644 365	572 265	572 265	178 %	178 %	2 181 977					
Rental of facilities and equipment	2 101 000	-	2 101 000	-	2 101 000	-	2 101 000	-	2 101 000	8 253 077	6 152 077	6 152 077	393 %	393 %	1 333 577					
Interest earned - external investments	12 000 000	-	12 000 000	-	12 000 000	-	12 000 000	-	12 000 000	15 321 021	3 321 021	3 321 021	128 %	128 %	6 850 014					
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12 328 408					
Dividends received	3 805 136	-	3 805 136	-	3 805 136	-	3 805 136	-	3 805 136	43 914 170	40 109 034	40 109 034	DIV/O %	DIV/O %	-					
Fines	551 000	-	551 000	-	551 000	-	551 000	-	551 000	824 244	273 244	273 244	127 %	127 %	36 035 247					
Licences and permits	49 264 291	-	49 264 291	-	49 264 291	-	49 264 291	-	49 264 291	6 304 866	(42 959 425)	(42 959 425)	13 %	13 %	721 783					
Agency services	324 369 850	9 485 587	333 855 437	9 485 587	333 855 437	9 485 587	333 855 437	9 485 587	333 855 437	424 921 103	91 065 666	91 065 666	127 %	131 %	8 004 170					
Transfers recognised - operational	8 465 046	-	8 465 046	-	8 465 046	-	8 465 046	-	8 465 046	44 851 748	36 386 702	36 386 702	530 %	530 %	398 842 474					
Other revenue	2 129 450	-	2 129 450	-	2 129 450	-	2 129 450	-	2 129 450	-	(2 129 450)	(2 129 450)	- %	- %	33 876 617					
Gains on disposal of PPE	989 759 134	9 485 587	1 009 254 721	9 485 587	1 009 254 721	9 485 587	1 009 254 721	9 485 587	1 009 254 721	1 062 740 780	53 486 059	53 486 059	107 %	107 %	1 027 431 957					
Total Revenue (excluding capital transfers and contributions)																				

**Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2017**

	2016/2017				2015/2016					
	Original Budget	Budget Adjustments (i.t.o. s.28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Variance of Actual Outcome against Budget Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure by Type										
Employee related costs	298 110 576	(507 574)	297 603 002	-	297 603 002	270 103 504	(27 499 398)	91 %	91 %	261 221 879
Remuneration of councillors	23 035 604	-	23 035 604	-	23 035 604	23 285 242	239 638	101 %	101 %	22 048 054
Debt impairment	24 141 000	-	24 141 000	-	24 141 000	58 389 126	34 258 126	242 %	242 %	63 863 737
Depreciation & asset impairment	128 783 959	(30 000)	128 753 959	-	128 753 959	125 993 774	(1 760 185)	98 %	98 %	158 723 229
Finance charges	14 876 264	(12 578)	14 863 686	-	14 863 686	12 802 343	(2 061 343)	86 %	86 %	11 035 120
Bulk purchases	332 500 000	-	332 500 000	-	332 500 000	321 519 594	(10 980 416)	97 %	97 %	301 974 600
Other materials	48 213 872	891 000	49 104 872	322 547	49 427 419	48 904 301	(2 523 118)	99 %	97 %	38 524 348
Contracted services	35 673 499	9 495 586	45 169 085	(322 547)	45 169 085	123 608 707	78 439 622	274 %	347 %	130 745 855
Transfers and grants	134 906 396	(245 933)	134 660 463	-	134 660 463	130 829 319	(3 508 597)	97 %	97 %	102 688 889
Other expenditure						390 509	390 509	DIV/0 %	DIV/0 %	3 135 023
Loss on disposal of PPE										
Total Expenditure	1 040 241 170	9 590 501	1 049 831 671	-	1 049 831 671	1 114 806 511	64 974 840	106 %	107 %	1 093 960 534
Surplus/(Deficit)	(40 482 036)	(94 914)	(40 576 950)		(40 576 950)	(32 065 731)	8 511 219	79 %	79 %	(66 528 577)
Transfers recognised - capital	92 307 150	73 200 000	165 507 150		165 507 150	39 865 137	(125 642 013)	24 %	43 %	37 202 586
Contributed assets								DIV/0 %	DIV/0 %	20 406 510
Surplus/(Deficit) after capital transfers & contributions	51 825 114	73 105 086	124 930 200		124 930 200	7 799 406	(117 130 794)	6 %	15 %	(8 919 481)
Taxation								DIV/0 %	DIV/0 %	
Surplus/(Deficit) after taxation	51 825 114	73 105 086	124 930 200		124 930 200	7 799 406	(117 130 794)	6 %	15 %	(8 919 481)
Attributable to minorities								DIV/0 %	DIV/0 %	
Surplus/(Deficit) attributable to municipality	51 825 114	73 105 086	124 930 200		124 930 200	7 799 406	(117 130 794)	6 %	15 %	(8 919 481)
Share of surplus/ (deficit) of associate								DIV/0 %	DIV/0 %	
Surplus/(Deficit) for the year	51 825 114	73 105 086	124 930 200		124 930 200	7 799 406	(117 130 794)	6 %	15 %	(8 919 481)

**Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2017**

	2016/2017						2015/2016										
	Original Budget		Budget Adjustments (i.e. s28 and s31 of the MIPMA)		Final Budget		Actual Outcome		Variance of Actual Outcome against Budget Adjustments		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget		Re-stated Audited Outcome		
	Rand	Rand	Rand	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	200 000	(100 000)	100 000		24 247	15 727	(8 520)	65 %	8 %								
Vote 2 - Planning and economic development	3 200 000	7 825 004	11 025 004		13 600 909	12 190 538	(1 410 371)	90 %	381 %								12 388 789
Vote 3 - Financial Services	200 000	(100 000)	100 000		18 152	28 118	9 966	155 %	14 %								
Vote 4 - Corporate Services	2 100 000	943 496	3 043 496		3 330 466	2 804 581	(525 885)	84 %	134 %								
Vote 5 - Community Services	1 100 000	(100 000)	1 000 000		949 576	10 077	(939 499)	1 %	1 %								13 850 887
Vote 7 - Electrical Engineering Services	29 700 000	(800 000)	28 900 000		27 963 081	19 533 968	(9 429 123)	70 %	66 %								27 608 504
Vote 8 - Engineering Services	96 953 430	79 425 322	176 378 752		174 660 811	41 537 066	(133 123 745)	24 %	43 %								35 373 314
Vote 9 - GTEDA	235 000	-	235 000		235 000	7 489	(227 501)	3 %	3 %								
Capital single-year expenditure sub-total	133 688 430	87 093 822	220 782 252		220 782 252	76 127 574	(144 654 678)	34 %	57 %								89 219 304
Total Capital Expenditure - Vote	133 688 430	87 093 822	220 782 252		220 782 252	76 127 574	(144 654 678)	34 %	57 %								89 219 304

**Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2017**

2015/2016

2016/2017

	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard								
Governance and administration	5 300 000	518 900	5 818 900	8 744 774	905 401	110 %	182 %	300 273
Executive and council	200 000	943 956	1 143 956	1 054 440	(13 303)	99 %	527 %	-
Budget and treasury office	200 000	(100 000)	100 000	18 152	28 118	155 %	14 %	300 273
Corporate services	4 900 000	(324 956)	4 575 000	7 658 879	908 738	112 %	175 %	14 588 407
Community and public safety	900 000	300 000	1 200 000	1 200 000	(1 200 000)	- %	- %	13 710 206
Sport and recreation	900 000	-	900 000	900 000	(900 000)	- %	DIV/0 %	858 201
Housing	97 588 430	87 175 322	184 763 752	182 824 811	(135 891 458)	26 %	48 %	46 610 580
Economic and environmental services	635 000	8 050 000	8 685 000	8 464 000	(3 067 712)	64 %	850 %	12 388 799
Planning and development	96 953 430	79 125 322	176 078 752	174 360 811	(132 823 746)	24 %	43 %	34 223 781
Road transport	29 900 000	(900 400)	28 999 600	28 012 657	(8 468 621)	DIV/0 %	DIV/0 %	27 740 044
Environmental protection	29 700 000	(600 400)	28 999 600	27 963 091	(8 429 121)	70 %	65 %	27 608 504
Trading services	200 000	(100 000)	100 000	49 576	(39 500)	20 %	88 %	131 540
Electricity							5 %	
Waste management							57 %	
Total Capital Expenditure - Standard	133 688 430	87 093 822	220 782 252	220 782 252	(144 654 678)	34 %	57 %	89 219 304
Funded by:								
National Government	92 307 150	73 200 000	165 507 150	165 507 150	(125 642 013)	24 %	43 %	37 202 586
Transfers recognised - capital	92 307 150	73 200 000	165 507 150	165 507 150	(125 642 013)	24 %	43 %	37 202 586
Borrowing	20 000 000	(3 193 496)	16 806 504	16 313 091	(9 424 956)	56 %	47 %	31 610 208
Internally generated funds	21 381 280	(17 087 318)	38 468 598	38 962 011	(28 837 483)	69 %	125 %	89 219 304
Total Capital Funding	133 688 430	87 093 822	220 782 252	220 782 252	(144 654 678)	34 %	57 %	89 219 304

**Greater Tzaneen Municipality
Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2017**

	2016/2017				2015/2016			
	Original Budget	Budget Adjustments (1.1.1, 3.2.8 and 3.3.1 or 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								
Taxation	65 450 000	-	65 450 000	69 332 446	3 882 446	106 %	106 %	64 262 939
Sale of goods and services	492 322 838	-	492 322 838	508 843 524	16 520 686	103 %	103 %	487 766 101
Grants	10 501 000	65 000 000	481 697 000	477 979 817	(3 717 083)	99 %	115 %	428 326 506
Interest	(296 973 541)	-	(296 973 541)	8 253 077	8 549 620	2 %	2 %	8 850 014
Suppliers	(553 296 754)	-	(553 296 754)	(667 749 321)	(114 452 567)	121 %	121 %	(273 860 989)
Finance cost	(14 876 264)	-	(14 876 264)	(12 358 859)	2 517 405	83 %	83 %	(630 042 039)
Transfer of property, plant and equipment	-	-	-	54 400 869	54 400 869	DIV/0 %	DIV/0 %	(10 704 593)
Net cash flow from/used operating activities	119 824 279	65 000 000	184 824 279	143 792 156	(41 032 123)	78 %	120 %	177 364 319
Cash flow from investing activities								
Additions property, plants and equipment	(129 988 000)	(85 658 822)	(215 646 822)	(122 755 322)	92 891 500	57 %	94 %	(175 957 528)
Proceeds on disposal of property, plant and equipment	2 005 888	-	2 005 888	184 668	(1 820 890)	9 %	9 %	-
Loss on disposal of stands held for sale	-	-	-	-	-	-	-	2
Additions to investment property	(3 000 000)	(1 435 000)	(4 435 000)	(7 141 753)	(2 706 753)	DIV/0 %	DIV/0 %	-
Additions to intangible assets	(700 000)	-	(700 000)	(631 366)	68 632	90 %	238 %	(6 700 000)
Increase in financial assets	(9 920 000)	-	(9 920 000)	(4 987 314)	1 922 686	72 %	72 %	(642 641)
Net cash flow from/used investing activities	(138 602 112)	(87 093 822)	(225 695 934)	(135 340 759)	90 355 175	60 %	98 %	(14 044 173)
Cash flow from financing activities								
Long term liabilities	20 000 000	-	20 000 000	-	(20 000 000)	- %	- %	61 300 000
Repayment of other financial liabilities	(14 878 839)	-	(14 878 839)	(35 988 064)	(21 119 225)	242 %	242 %	(13 439 849)
Finance lease payments	3 000 000	-	3 000 000	4 619 823	1 619 823	154 %	154 %	(907 405)
Net cash flow from/used financing activities	8 121 161	-	8 121 161	(31 378 241)	(39 499 402)	(386)%	(386)%	46 952 746
Net increase/(decrease) in cash held	(10 656 672)	(22 093 822)	(32 750 494)	(22 926 843)	9 823 651	70 %	215 %	27 072 725
Cash/cash equivalents at the year begin:	23 000 000	32 477 361	55 477 361	55 477 362	(1 107 941)	-	-	28 404 636
Cash/cash equivalents at the year end:	12 343 328	10 383 539	22 726 867	32 550 519	8 715 709	143 %	264 %	55 477 362

