

Greater Tzaneen Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

| Figures in Rand | 2017 | 2016 |
|------------------------------------------------|--------------------|--------------------|
| 14. Payables from exchange transactions | | |
| Trade payables | 97 234 178 | 98 997 262 |
| Payments received in advanced | 7 890 298 | 7 440 868 |
| Staff leave | 34 555 827 | 30 817 512 |
| Retention | 27 737 228 | 18 948 259 |
| Unknown direct deposits | 3 769 045 | 5 518 063 |
| Other payables | - | 1 866 743 |
| 13th Cheque | 6 954 843 | 6 469 361 |
| | <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.

15. VAT payable

| | | |
|-----------------|-------------------|-------------------|
| Net VAT payable | <u>33 376 034</u> | <u>29 844 327</u> |
|-----------------|-------------------|-------------------|

The financials have been prepared on the accrual basis whilst VAT is payable to SARS on the payments basis. Output VAT is only payable as and when the purchase consideration is received and input VAT can only be claimed as and when payments are made. Interest on late payment is charged according to SARS policies. 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> |
| Guarantees held in lieu of electricity deposits | <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> |

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| 17. Unspent conditional grants and receipts (continued) | | |
| Movement during the year | | |
| Balance at the beginning of the year | 19 434 127 | 60 435 514 |
| Additions during the year | 190 556 000 | 130 638 000 |
| Income recognition during the year | (173 673 279) | (147 402 061) |
| Administration fee recognised during the year | (5 187 699) | (22 237 327) |
| Overspending adjustment | 8 769 017 | (1 999 999) |
| Roll over adjustment | (1 242 960) | - |
| VAT | (19 491 400) | - |
| | 19 163 806 | 19 434 127 |

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 - 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 - 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 |
| Current liabilities | 606 890 | 688 535 |
| | 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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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 |
| Defined benefit obligation - post retirement medical aid plan | 72 553 728 | 74 141 098 |
| | <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 |
| In - service non-members | 275 | 307 |
| Continuation members | 52 | 49 |
| | <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 |
|--------------------------------------------------------------------|------------|------------|

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

| | | |
|------------------------------------------------------------------|-------------------|-------------------|
| Opening balance | 74 141 098 | 65 494 316 |
| Benefit paid | (1 952 316) | (1 662 276) |
| Net expense recognised in the statement of financial performance | 364 946 | 10 309 058 |
| | <u>72 553 728</u> | <u>74 141 098</u> |

Net expense recognised in the statement of financial performance

| | | |
|--------------------------|----------------|-------------------|
| Current cost | 4 166 836 | 3 799 467 |
| Interest cost | 6 662 887 | 5 812 252 |
| Actuarial (gains)/losses | (10 464 777) | 697 339 |
| | <u>364 946</u> | <u>10 309 058</u> |

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| 19. Employee benefit obligations (continued) | | | | | |
| Calculation of actuarial gains and losses | | | | | |
| Actuarial (gains)/losses | (10 464 777) | 697 339 | | | |
| Key assumptions used | | | | | |
| Assumptions used at reporting date | | | | | |
| Discount rate used | 9.82 % | 9.10 % | | | |
| Health care cost inflation rate | 8.09 % | 8.22 % | | | |
| Net discount rate | 1.60 % | 0.82 % | | | |
| Average retirement rate | 61 | 61 | | | |
| Best estimate of contributions expected to be paid | | | | | |
| Expected benefit to be paid | 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 | | | |
| Effect on the defined benefit obligation | 92 705 000 | 94 671 000 | | | |
| Decrease | | | | | |
| Effect of aggregate service cost and interest cost | (9 952 500) | (8 832 100) | | | |
| Effect on the defined benefit obligation | (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. | | | | | |
| The amounts recognised in the statement of financial position are as follows: | | | | | |
| Carrying value | | | | | |
| Present value of the defined benefit obligation-wholly unfunded | | | 11 669 376 | 11 622 662 | |
| Changes in the present value of the defined benefit obligation are as follows: | | | | | |
| Opening balance | | | 11 622 662 | 10 830 506 | |
| Benefits paid | | | (1 258 362) | (1 351 074) | |
| Net expense recognised in the statement of financial performance | | | 1 305 076 | 2 143 230 | |
| | | | 11 669 376 | 11 622 662 | |

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| 19. Employee benefit obligations (continued) | | | | | |
| Net expense recognised in the statement of financial performance | | | | | |
| Current service cost | 1 185 355 | 1 124 623 | | | |
| Interest cost | 937 112 | 809 468 | | | |
| Actuarial (gains) losses | (817 391) | 209 139 | | | |
| | 1 305 076 | 2 143 230 | | | |
| Calculation of actuarial gains and losses | | | | | |
| Actuarial (gains) losses – Obligation | (817 391) | 209 139 | | | |
| Key assumptions used | | | | | |
| Assumptions used at the reporting date: | | | | | |
| Discount rates used | 8.41 % | 8.51 % | | | |
| Expected increase in salaries | 6.23 % | 7.17 % | | | |
| Net discount rate | 2.05 % | 1.25 % | | | |
| Average retirement age | 61 | 61 | | | |
| Other assumptions | | | | | |
| The sensitivity analysis is based on the total liability which includes water and sewerage. | | | | | |
| Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects: | | | | | |
| Increase | | | | | |
| Effect of aggregate service cost and interest cost | 2 496 900 | 2 268 900 | | | |
| Effect on the defined benefit obligation | 13 615 000 | 13 508 000 | | | |
| Decrease | | | | | |
| Effect of aggregate service cost and interest cost | (2 159 600) | (1 955 900) | | | |
| Effect on the defined benefit obligation | (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 municipality 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 | | | |
| 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. | | | | | |

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|-----------------|------|------|

19. Employee benefit obligations (continued)

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 municipality to account for the plans as defined benefit plans, the municipality accounted for these plans as defined contribution plans. The amounts disclosed above includes an amount of R 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.

| | | |
|--|---------------|----------------|
| | <u>15 071</u> | <u>181 498</u> |
|--|---------------|----------------|

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%

| | | |
|--|------------------|------------------|
| | <u>2 004 113</u> | <u>1 788 000</u> |
|--|------------------|------------------|

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> |
|--|------------------|------------------|

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> |
|--|-------------------|-------------------|

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 |
| Sale of prepaid electricity | 5 832 309 | 3 452 371 |
| Indigent charges | 1 108 507 | 740 856 |
| Refuse removal | 27 526 219 | 26 475 760 |
| Other service charges | 1 257 039 | 1 441 121 |
| | <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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| 21. Other income | | |
| Credit control actions | 90 812 | 542 581 |
| Environmental health services | 46 061 | 56 623 |
| Grant admin fee | 10 251 235 | 1 759 343 |
| Insurance claims | 4 752 152 | 1 940 029 |
| Inventory surplus | - | 7 468 |
| Library services | 10 200 | 8 345 |
| Motor vehicle and drivers licence | 8 843 677 | 8 307 135 |
| PMU agent commission | - | 1 806 561 |
| Recoveries | 428 765 | 112 258 |
| Sundry income | 557 022 | 525 148 |
| Valuation certificates | 81 610 | 87 900 |
| VAT on grants | 19 491 398 | 18 680 768 |
| Other income | 163 784 | - |
| | 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 |
| Commercial | 25 695 215 | 23 338 157 |
| State | 5 683 113 | 5 291 893 |
| Other | 12 546 370 | 11 910 522 |
| | 80 787 849 | 74 146 340 |
| Property rates - penalties imposed | 8 157 882 | 5 186 759 |
| | 88 945 731 | 79 333 099 |

Valuations

| | R '000 | R '000 |
|-------------|-------------------|-------------------|
| Residential | 5 090 502 | 5 328 130 |
| Commercial | 2 161 805 | 1 961 342 |
| State | 478 135 | 522 864 |
| Municipal | 367 279 | 191 350 |
| Agriculture | 4 119 207 | 4 401 425 |
| Other | 142 446 | 91 909 |
| | 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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| 23. Government grants and subsidies | | |
| Operating grants | | |
| Equitable share | 291 112 962 | 288 642 999 |
| National MSIG | - | 789 233 |
| Neighbourhood Grant | 5 361 114 | 5 710 105 |
| Finance Management Grant | 1 809 999 | 1 559 268 |
| SETA | 968 | - |
| Municipal Infrastructure Grant | 118 749 834 | 116 763 519 |
| National - Electrification Grant | 39 965 361 | 16 670 539 |
| Government grant (Donation of investment property) - Note 24 | - | 6 700 000 |
| DOE Grant | 5 837 001 | 4 041 618 |
| EPWP | 1 949 000 | 1 867 779 |
| Government grant (Donation of PPE) - Note 24 | - | 13 706 510 |
| | 464 786 239 | 456 451 570 |

Unconditional Grants

| | | |
|----------------------------------------------------------------|---------------|---------------|
| Equitable shares | | |
| Current year receipts | 291 112 962 | 288 642 999 |
| Conditions met - operating | (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 |
| Conditions still to be met - transferred to liabilities | 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 |
| Conditions met - transferred to revenue | (968) | - |
| Conditions still to be met - transferred to liabilities | 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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23. Government grants and subsidies (continued)

Municipal Infrastructure Grant

| | | |
|----------------------------------------------------------------|-------------------|---------------|
| Balance unspent at beginning of year | - | 43 725 971 |
| Current-year receipts | 154 797 000 | 91 191 000 |
| Conditions met - transferred to revenue | (118 749 835) | (116 763 519) |
| VAT on Grant (own Revenue) | (16 624 977) | (16 346 892) |
| Administration fee | (3 591 880) | (1 806 560) |
| Conditions still to be met - transferred to liabilities | 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 |
| Conditions still to be met - transferred to liabilities | 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 | - |
| Current-year receipts | 25 000 000 | 30 000 000 |
| Conditions met - transferred to revenue | (39 965 361) | (16 670 539) |
| VAT on grants (own revenue) | (2 049 242) | (2 333 875) |
| Administration fees | (1 250 000) | (1 500 000) |
| Overspending on grant funding | 8 769 017 | - |
| Conditions still to be met - transferred to liabilities | - | 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 |
| Conditions still to be met - transferred to liabilities | 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.

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| 23. Government grants and subsidies (continued) | | |
| Neighbourhood Grant | | |
| Balance unspent at beginning of year | 7 280 527 | 13 937 985 |
| Roll over adjustment | - | (947 353) |
| Conditions met - transferred to revenue | (5 361 114) | (5 710 105) |
| Conditions still to be met - transferred to liabilities | 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 |
| Conditions still to be met - transferred to liabilities | 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 |
| Roll over adjustment | (140 767) | (1 052 646) |
| Current-year receipts | - | 930 000 |
| Conditions met - transferred to revenue | - | (789 233) |
| Conditions still to be met - transferred to liabilities | - | 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 |
| Conditions still to be met - transferred to liabilities | 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. | | |
| Finance Management Grant | | |
| Balance unspent at beginning of year | 115 732 | - |
| Current-year receipts | 1 809 999 | 1 675 000 |
| Conditions met - transferred to revenue | (1 809 999) | (1 559 268) |
| Roll over adjustment | (115 732) | - |
| Conditions still to be met - transferred to liabilities | - | 115 732 |
| Conditions still to be met - remain liabilities (see note 17). | | |
| The grant is used to support financial management. | | |

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| 23. Government grants and subsidies (continued) | | |
| DOE Grant | | |
| Balance unspent at beginning of year | 986 463 | 278 081 |
| Current-year receipts | 7 000 000 | 5 000 000 |
| Conditions met - transferred to revenue | (5 837 001) | (4 041 618) |
| Administration fees | (345 819) | (250 000) |
| VAT on grants | (817 180) | - |
| Roll over adjustment | (986 463) | - |
| Conditions still to be met - transferred to liabilities | - | 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 |
| Current-year receipts | 1 949 000 | 1 842 000 |
| Conditions met - transferred to revenue | (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.

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> |

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Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

| Figures in Rand | 2017 | 2016 |
|------------------------------------|-----------------------------|-----------------------------|
| 25. Revenue | | |
| Service charges | 447 720 635 | 450 104 468 |
| Rental of facilities and equipment | 1 644 365 | 1 333 677 |
| Interest received (trading) | 15 321 021 | 12 312 153 |
| Agency services | 6 304 686 | 8 004 170 |
| Licences and permits | 824 244 | 721 783 |
| Other income | 44 716 716 | 33 834 159 |
| Interest received - investment | 8 253 077 | 6 850 014 |
| Property rates | 80 787 849 | 74 146 340 |
| Property rates - penalties imposed | 8 157 882 | 5 186 759 |
| Government grants & subsidies | 464 786 239 | 456 451 570 |
| Fines | Note 54 43 914 170 | 36 035 247 |
| | <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 | 447 720 635 | 450 104 468 |
| Rental of facilities and equipment | 1 644 365 | 1 333 677 |
| Interest received (trading) | 15 321 021 | 12 312 153 |
| Agency services | 6 304 686 | 8 004 170 |
| Licences and permits | 824 244 | 721 783 |
| Other income | 44 716 716 | 33 834 159 |
| Interest received - investment | 8 253 077 | 6 850 014 |
| | <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 |
| Property rates - penalties imposed | 8 157 882 | 5 186 759 |
| Transfer revenue | | |
| Government grants & subsidies | 464 786 239 | 456 451 570 |
| Fines | 43 914 170 | 36 035 247 |
| | <u>597 646 140</u> | <u>571 819 916</u> |

26. Employee related costs

| | | |
|----------------------|---------------------------|---------------------------|
| Salaries and wages | 185 415 433 | 174 695 009 |
| Social contributions | 41 516 283 | 49 014 211 |
| Travel allowance | 11 098 644 | 9 001 765 |
| Overtime payments | 26 108 037 | 23 177 526 |
| Housing allowances | 3 200 597 | 2 645 718 |
| | <u>267 338 994</u> | <u>258 534 229</u> |

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.

Greater Tzaneen Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

| | 2017 | 2016 |
|--|------|------|
|--|------|------|

26. Employee related costs (continued)

Remuneration of Municipal Manager

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

The Municipal Manager resigned with effect from 16 April 2017.

Remuneration of Chief Finance Officer

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

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

Director Community Services

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

Director Civil Engineering

| | | |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration | 1 055 317 | 881 877 |
| Car Allowance | 182 000 | 168 000 |
| Contributions to UIF, Medical and Pension Funds | 82 105 | 101 346 |
| Leave pay | 166 857 | - |
| Telephone allowance | 13 000 | 12 000 |
| | <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 |
| Car Allowance | 91 849 | 84 195 |
| Contributions to UIF, Medical and Pension Funds | 86 856 | 71 890 |
| Telephone allowance | 12 000 | 11 000 |
| Acting allowance | 57 320 | - |
| | <u>1 155 266</u> | <u>956 644</u> |

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

Greater Tzaneen Municipality
Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

| Figures in Rand | 2017 | 2016 |
|-------------------------------------------------|---------------|----------|
| 26. Employee related costs (continued) | | |
| Director Corporate Services | | |
| Annual Remuneration | 73 559 | - |
| Car Allowance | 6 000 | - |
| Contributions to UIF, Medical and Pension Funds | 11 486 | - |
| Telephone allowance | 1 000 | - |
| | 92 045 | - |

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 |
| Car Allowance | 37 945 | - |
| Contributions to UIF, Medical and Pension Funds | 46 759 | 139 821 |
| Telephone allowance | 4 000 | 12 000 |
| Acting allowance | - | 62 522 |
| Leave pay | 65 889 | - |
| | 480 966 | 1 230 674 |

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

27. Remuneration of councillors

Councillors

| | | |
|-----------------------------------------------|-------------------|-------------------|
| Mayor | 837 911 | 812 318 |
| Executive Committee allowance | 1 647 993 | 1 745 151 |
| Speaker and full-time councillors' allowances | 4 177 509 | 4 342 143 |
| Other councillors' allowances | 15 793 971 | 14 190 326 |
| | 22 457 384 | 21 089 938 |

Mayor

| | | |
|----------------------------------------------|----------------|----------------|
| Annual Remuneration | 606 297 | 590 296 |
| Car allowance | 198 146 | 196 765 |
| Cellphone allowance | 29 250 | 20 868 |
| Contribution to medical aid and pension fund | 4 218 | 4 389 |
| | 837 911 | 812 318 |

Speaker

| | | |
|----------------------------------------------|----------------|----------------|
| Annual Remuneration | 450 655 | 476 338 |
| Car allowance | 150 263 | 153 309 |
| Cellphone allowance | 27 690 | 20 868 |
| Contribution to medical aid and pension fund | 2 660 | 4 643 |
| | 631 268 | 655 158 |

Greater Tzaneen Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

| Figures in Rand | 2017 | 2016 |
|---------------------------------------------------------------|----------------|----------------|
| 27. Receivables from exchange transactions (continued) | | |
| Chief Whip | | |
| Annual Remuneration | 437 874 | 442 722 |
| Car allowance | 145 958 | 147 574 |
| Cellphone allowance | 22 577 | 20 868 |
| Contribution to medical aid and pension fund | 3 994 | 3 320 |
| | <u>610 403</u> | <u>614 484</u> |

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

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

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28. Employees remuneration

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 | 19 610 | 6 537 | 2 300 | 179 | 28 626 |
| Masetla SP | 185 044 | 61 681 | 22 800 | 1 250 | 270 775 |
| Mhlongo TL | 19 610 | 6 537 | 2 300 | 179 | 28 626 |
| Ndove DL | 19 610 | 6 537 | 2 300 | 179 | 28 626 |
| Raganya MS | 185 044 | 61 681 | 22 800 | 1 250 | 270 775 |
| 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 |
| 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 |
| Pohi 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 |

Greater Tzaneen Municipality

Financial Statements for the year ended 30 June 2017

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28. Receivables from non-exchange transactions (continued)

| | | | | | |
|-----------------|-------------------|------------------|------------------|----------------|-------------------|
| 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 |
| 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 |

Greater Tzaneen Municipality

Financial Statements for the year ended 30 June 2017

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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 |
| Zamdabela 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 |
| Hlangwane ML Ms | 244 651 | 81 550 | 20 868 | 1 887 | 348 956 |

Greater Tzaneen Municipality

Financial Statements for the year ended 30 June 2017

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28. Receivables from non-exchange transactions (continued)

| | | | | | |
|-----------------|-------------------|------------------|------------------|----------------|-------------------|
| 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 |

2017

2016

29. Impairment loss

Impairments

| | | |
|-------------------------------|----------------|-------------------|
| Property, plant and equipment | 822 923 | 35 533 243 |
| Intangible assets | - | 9 364 |
| | 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 |
| Other interest paid | 12 358 859 | 10 704 592 |
| | 12 802 343 | 11 035 120 |

31. Repairs and maintenance

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

Greater Tzaneen Municipality

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| | 2017 | 2016 |
|--|------|------|
|--|------|------|

32. Bulk purchases

| | | |
|-------------|--------------------|--------------------|
| Electricity | <u>321 519 584</u> | <u>301 974 600</u> |
|-------------|--------------------|--------------------|

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

34. Grants and subsidies paid

Other subsidies

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

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

Other grants are summarized as follows

| | | |
|---------------------------------------------------------------------|--------------------|--------------------|
| Finance Management Grant | 1 809 999 | 1 479 993 |
| Integrated National Electrification programme (INEP) (DBSA project) | 5 387 444 | 19 940 478 |
| MIG project transfer to RAL | 90 973 278 | 86 025 860 |
| Integrated National Electrification programme (INEP) | 14 637 439 | 16 670 539 |
| Other grants | 4 970 971 | - |
| | <u>117 779 131</u> | <u>124 116 870</u> |

Greater Tzaneen Municipality

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|-----------------------------------------------------------|--------------------|--------------------|
| 35. General expenses | | |
| Auditor's remuneration | 3 311 606 | 4 136 665 |
| Computer rental | 1 058 605 | 2 391 429 |
| Consulting fees | 30 255 734 | 21 339 715 |
| Consumables | 1 240 633 | 980 006 |
| Gifts | 41 786 | 600 |
| Insurance | 2 626 022 | 1 574 992 |
| Conferences and seminars | 4 825 | 8 138 |
| Fuel and oil | 7 396 791 | 6 045 273 |
| Postage and courier | 591 731 | 2 922 911 |
| Printing and stationery | 1 807 284 | 1 846 178 |
| Protective clothing | 658 708 | 358 906 |
| Telephone and fax | 1 577 617 | 1 557 364 |
| Training | 1 058 960 | 1 088 543 |
| Travel - local | 6 814 285 | 7 084 616 |
| Insurance claims - Own expenditure | 4 186 866 | 599 921 |
| Membership fees - Salga | 323 703 | 194 042 |
| Telephone exchange rental | 1 342 472 | 1 403 896 |
| Public education and training | 52 500 | 52 500 |
| Public relations, tourism and marketing | 7 808 631 | 7 542 273 |
| Small tools and equipment | 307 647 | 275 095 |
| Lease rentals on operating leases | 851 172 | - |
| Forensic auditor's fees | 82 022 | 3 073 926 |
| Bank administration fees | 1 351 387 | 1 202 402 |
| Licences and permits | 1 964 071 | 1 580 660 |
| Cultural day | 1 548 476 | 1 355 170 |
| Other expenses | 20 547 675 | 10 692 842 |
| | 98 811 209 | 79 308 063 |
| 36. Cash generated from operations | | |
| Surplus (deficit) | 7 806 619 | (9 161 757) |
| Adjustments for: | | |
| Depreciation and amortisation | 126 138 849 | 123 126 612 |
| Loss on disposal of property, plant and equipment | 923 404 | 1 510 073 |
| Fair value adjustments | - | 1 146 000 |
| Finance costs - Finance leases | 443 484 | 330 527 |
| Impairment deficit | 822 923 | 35 542 607 |
| Debt impairment | 58 399 127 | 63 863 737 |
| Movements in operating lease assets and accruals | (52 927) | 20 191 |
| Movements in retirement benefit assets and liabilities | (1 540 656) | 9 438 938 |
| Movements in provisions | 300 712 | (1 452 448) |
| Transfer of property, plant and equipment (non-cash item) | 54 400 869 | 94 136 380 |
| Changes in working capital: | | |
| Inventories | 1 540 374 | 1 224 780 |
| Receivables from exchange transactions | (36 337 766) | (27 965 313) |
| Consumer debtors | (41 343 662) | (51 338 600) |
| Other receivables from non-exchange transactions | (38 647 328) | (30 975 458) |
| Payables from exchange transactions | 8 083 354 | 5 906 083 |
| VAT | 3 531 708 | 217 980 |
| Unspent conditional grants and receipts | (270 321) | (41 001 387) |
| Consumer deposits | (17 519) | 2 114 572 |
| | 144 181 244 | 176 683 517 |
| 37. Auditors remuneration | | |
| Fees - Auditor General of South Africa | 3 311 606 | 4 136 665 |

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| 38. Commitments | | |
| Authorised expenditure | | |
| Already contracted for but not provided for | | |
| • Property, plant and equipment | 111 042 253 | 78 304 022 |
| • Other financial assets | 42 725 825 | 62 758 477 |
| | 153 768 078 | 141 062 499 |
| Total capital commitments | | |
| Already contracted for but not provided for | 153 768 078 | 141 062 499 |
| <p>This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.</p> | | |
| The expenditure will be financed by: | | |
| Internal advances | 54 481 752 | 68 139 662 |
| Government grants | 898 206 | 12 515 947 |
| MIG grants | 98 388 120 | 60 406 890 |
| | 153 768 078 | 141 062 499 |

39. Contingencies

Contingent liabilities

Contractual disputes

Various contractual claims by contractors' suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation. The provisional estimate based on management assessment is R 44 million. The merits must still be determined and could result in a lesser or greater amount.

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 |
|--|---|------------|

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 immovable 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 |
|--|---|-----------|

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,UIF and PAYE, the matter is still pending in the High Court.

| | | |
|--|-----------|-----------|
| | 7 896 584 | 4 255 609 |
|--|-----------|-----------|

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 |
|--|------------|------------|

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| 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 |
| 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 |
| 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 |
| Total | 44 526 218 | 123 570 928 |

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

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

Greater Tzaneen Municipality

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40. Related parties (continued)

Loans granted to related parties

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

GTEDA

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

Mopani District Municipality

Greater Tzaneen Municipality acts as the service provider for Mopani District Municipality 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 |
| | | | 979 969 |

41. Risk management

Financial risk management

The municipality'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.

Greater Tzaneen Municipality

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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 counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

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

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant at 30 June 2017.

| At 30 June 2017 | Less than 1 year | More than 1 year |
|-------------------------------------------------------------|-----------------------------|-----------------------------|
| 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 | Less than 1 year | More than 1 year |
|-------------------------------------------------------------|-----------------------------|-----------------------------|
| 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 risk consist mainly of investments, loans, trade receivables and other receivables, short-term investment deposits and cash and cash equivalents.

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

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

Greater Tzaneen Municipality

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41. Risk management (continued)

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 | 2017 | 2016 |
|--------------------------------------------|-------------|-------------|
| Receivables from exchange transactions | 220 788 581 | 183 252 043 |
| Receivables from non-exchange transactions | 76 141 854 | 45 153 383 |
| Cash and cash equivalents | 31 839 163 | 54 369 420 |
| Consumer debtors | 107 035 129 | 117 092 212 |
| Other financial assets | 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.

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.

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.

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|-----------------|------|------|

42. Going concern

The 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 |
| Unauthorised expenditure for the year (overspending of budget) | 32 399 991 | 28 979 554 |
| Unauthorised expenditure written off | - | (25 387 498) |
| Unauthorised expenditure awaiting write off | 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 | 1 267 444 | 1 320 482 |
| Fruitless and wasteful expenditure | 6 060 039 | 943 172 |
| Fruitless and wasteful expenditure written off | - | (1 158 346) |
| Fruitless and wasteful expenditure to be recovered | - | 162 136 |
| Fruitless and wasteful expenditure awaiting write off | 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.

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

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|--------------------------------------------------------------------------|-------------------|-------------------|
| 45. Irregular expenditure (continued) | | |
| Analysis of expenditure awaiting write off per age classification | | |
| Current year | 26 024 701 | 21 008 916 |
| Between one year and five years | 66 550 324 | 45 541 408 |
| | 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 |
| Amount paid - current year | (2 935 083) | (2 515 111) |
| | - | - |

Skills Development Levy

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

Audit fees

| | | |
|---------------------------------|-------------|-------------|
| Current year subscription / fee | 3 311 606 | 4 136 665 |
| Amount paid - current year | (3 311 606) | (4 136 665) |
| | - | - |

PAYE and UIF

| | | |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 55 316 255 | 51 278 273 |
| Amount paid - current year | (55 316 255) | (51 278 273) |
| | - | - |

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|-------------------------------------------------------------------------------------------|--------------|--------------|
| 46. Additional disclosure in terms of Municipal Finance Management Act (continued) | | |
| Pension and Medical Aid Deductions | | |
| Current year subscription / fee | 64 884 991 | 61 426 163 |
| Amount paid - current year | (64 884 991) | (61 426 163) |
| | - | - |
| Bargaining Council Levy | | |
| Current year levy | 131 037 | 126 472 |
| Amount paid - current year | (131 037) | (126 472) |
| | - | - |
| VAT | | |
| VAT payable | 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.

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 |
| | 4 421 | 33 418 | 37 839 |

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.

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|-----------------|------|------|

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 financial statements.

Deviation from supply chain management regulations did occur.

Incident

| | | |
|--------------------------------------------------|------------|-----------|
| Deviation from supply chain management processes | 10 766 531 | 5 576 951 |
|--------------------------------------------------|------------|-----------|

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 |
|------------------------------|-------------|-------------|

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 |
| Units lost during distribution (kWh) | 81 444 950 | 75 794 203 |
| Percentage lost during distribution | 21.92 % | 19.57 % |
| Rand value | 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.

Greater Tzaneen Municipality

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51. Budget differences (continued)

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.

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.

Greater Tzaneen Municipality

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51. Budget differences (continued)

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.

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.

Greater Tzaneen Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

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51. Budget differences (continued)

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 increased 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.

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

Greater Tzaneen Municipality

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Notes to the Financial Statements

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51. Budget differences (continued)

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

52. Fair value adjustments

Investment property (Fair value model)

| | 2017 | 2016 |
|----------------------------------------|------|-------------|
| Investment property (Fair value model) | - | (1 146 000) |

53. Investment revenue

Interest revenue

Interest received - investment
Interest received - trading

| | | |
|--------------------------------|-------------------|-------------------|
| Interest received - investment | 8 253 077 | 6 850 014 |
| Interest received - trading | 15 321 021 | 12 312 153 |
| | <u>23 574 098</u> | <u>19 162 167</u> |

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.

54. Fines revenue

Revenue for traffic fines issued
Other fines

| | | |
|----------------------------------|-------------------|-------------------|
| Revenue for traffic fines issued | 43 443 829 | 35 522 450 |
| Other fines | 470 341 | 512 797 |
| | <u>43 914 170</u> | <u>36 035 247</u> |

55. Loss / (gain) on disposal of assets

Property, plant and equipment
Investment property

| | | |
|------------------------------------|------------------|--------------------|
| Property, plant and equipment | (923 404) | (110 073) |
| Investment property | - | (1 400 000) |
| | <u>(923 404)</u> | <u>(1 510 073)</u> |
| Stands held for sale (inventories) | 542 895 | (478 950) |
| | <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

Greater Tzaneen Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

| Figures in Rand | 2017 | 2016 |
|--------------------------------------------|--------------------|--------------------|
| 57. Depreciation and amortisation | | |
| Property, plant and equipment | 125 843 194 | 122 334 280 |
| Intangible assets | 295 655 | 792 332 |
| | 126 138 849 | 123 126 612 |
| 58. Debt impairment movements | | |
| Receivables from exchange transactions | (1 198 772) | 5 571 112 |
| Receivables from non-exchange transactions | 51 400 741 | 49 876 091 |
| Fines | 8 197 158 | 8 416 534 |
| | 58 399 127 | 63 863 737 |
| 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

R36 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 |
|------------|----------------------------------------------------------------------|

-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 -R49 739 000 |

Greater Tzaneen Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

60. Prior period errors (continued)

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 R49 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 |
|------------|---------------------------------------------------------------------------------------------------------|

Statement of Financial Position 2016

R34 359 294

PPE

| | |
|------------|----------------------------------------------------------------------------------------------------------|
| 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 previously 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 |

-R52 159 000 Investment property

| | |
|------------|-----------------------------------------------------------------------------------------|
| 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 |

R 17 843606

Accounts payable

| | |
|------------|---------------------------------------------------------------------------------------------------------|
| 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 |

R 538 000

Receivables from Non- exchange transactions

| | |
|------------|-----------------------------------------|
| 2016/06/30 | Traffic fines not accounts for R538 300 |
|------------|-----------------------------------------|

R 150 000

Inventory

| | |
|------------|-----------------------------------------------------------------------|
| 2016/06/30 | Stands held for sale not previously recognised as inventory R 150 000 |
|------------|-----------------------------------------------------------------------|

Greater Tzaneen Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

60. Prior period errors (continued)

| 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 | (50 759 000) | 137 786 000 |
| 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 | (32 046 655) | 1 723 178 581 |

Greater Tzaneen Municipality
Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

60. Prior period errors (continued)

| 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

| <u>R 672</u> | <u>Depreciation</u> |
|-----------------|--------------------------------------------------------------------------------------------------|
| 2016/06/30 | Depreciation of R 672 due to infrastructure assets previously capitalised with incorrect amount. |
| <u>R538 300</u> | <u>Traffic fines</u> |
| R538 300 | Traffic fines not accounted for R538 300 |

Greater Tzaneen Municipality

Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

60. Prior period errors (continued) 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 | (21 089 938) | - | (21 089 938) |
| 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
Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

Figures in Rand

60. Prior period errors (continued)

| Cash Flow Statement | 2016 previously stated | Adjustment of errors | 2016 restated |
|-----------------------------------------------------|-------------------------------|-----------------------------|----------------------|
| 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 |

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 |

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 |
| 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 | - | - | - | - | 1 229 262 812 | (488 219 889) | - | - | (72 693 370) | - | (560 913 259) | 659 349 553 |
| Storm water | 41 532 409 | 3 667 705 | - | - | - | - | 45 200 114 | (25 707 948) | - | - | (2 921 654) | - | (28 629 602) | 16 570 512 |
| Solid Waste | 1 577 142 | - | - | - | - | - | 1 577 142 | (344 854) | - | - | (51 353) | - | (396 207) | 1 180 935 |
| Buildings | 772 937 | 132 646 | - | - | - | - | 905 583 | (146 981) | - | - | (37 948) | - | (184 929) | 720 654 |
| Pretreatment | 25 894 099 | - | (18 280) | - | - | - | 25 875 819 | (3 472 280) | 1 875 | - | (1 017 373) | - | (4 487 778) | 21 388 041 |
| Refuse sites | 44 413 261 | 152 334 | - | - | - | - | 44 565 595 | (9 203 486) | - | - | (1 588 731) | - | (10 792 216) | 33 773 379 |
| Airports | 191 732 | - | - | - | - | - | 191 732 | (37 580) | - | - | (19 175) | - | (78 755) | 114 957 |
| Plant and Machinery | 203 695 | - | - | - | - | - | 203 695 | (115 318) | - | - | (23 579) | - | (138 897) | 64 798 |
| Traffic | 347 170 | - | - | - | - | - | 347 170 | (208 159) | - | - | (23 118) | - | (231 277) | 115 893 |
| Water | 198 000 | - | - | - | - | - | 198 000 | (59 454) | - | - | (19 800) | - | (79 254) | 118 746 |
| Electricity | 908 259 213 | 27 308 590 | (416 008) | - | - | - | 935 151 795 | (376 739 807) | 219 036 | - | (36 565 870) | (822 923) | (413 909 564) | 521 242 231 |
| 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 | - | (115 887 094) | (822 923) | 1 028 625 790 | 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 | 490 369 | - | - | - | - | - | 490 369 | (35 045) | - | - | (18 927) | - | (53 972) | 436 397 |
| Roads | 11 484 400 | - | - | - | - | - | 11 484 400 | (3 384 181) | - | - | (389 138) | - | (3 773 319) | 7 681 081 |
| Municipal offices | 16 312 802 | - | - | - | - | - | 16 312 802 | (7 680 733) | - | - | (875 221) | - | (8 565 954) | 7 746 848 |
| Libraries | 7 542 888 | - | - | - | - | - | 7 542 888 | (639 636) | - | - | (117 912) | - | (867 548) | 6 585 340 |
| Traffic centre | 862 000 | - | - | - | - | - | 862 000 | (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 | 21 547 245 | - | - | - | - | - | 21 547 245 | (6 801 871) | - | - | (999 865) | - | (7 801 736) | 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) | - | - | (135 155) | - | (534 164) | 9 885 641 |
| Buildings | 9 143 035 | 11 896 149 | - | - | - | - | 21 039 184 | (754 325) | - | - | (392 412) | - | (1 146 737) | 19 892 447 |
| Land and buildings | 1 296 000 | - | - | - | - | - | 1 296 000 | - | - | - | - | - | - | 1 296 000 |
| | 103 663 381 | 20 906 315 | - | - | - | - | 124 569 696 | (22 561 144) | - | - | (3 116 880) | - | (25 678 024) | 98 891 672 |

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 |
|-------------------------|----------------------------|-------------------|--------------------|---------------------|----------------------|-------------------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
| Work in progress | | | | | | | | | | | | | | |
| Work in progress | 52 887 258 | 60 501 644 | - | (54 400 869) | - | - | 58 988 033 | - | - | - | - | - | - | 58 988 033 |
| | 52 887 258 | 60 501 644 | - | (54 400 869) | - | - | 58 988 033 | - | - | - | - | - | - | 58 988 033 |
| Leased assets | | | | | | | | | | | | | | |
| Leased assets | 12 373 186 | 5 718 520 | (3 742 599) | - | - | - | 14 349 107 | (9 034 275) | 3 000 776 | - | (1 008 196) | - | (7 041 696) | 7 307 412 |
| | 12 373 186 | 5 718 520 | (3 742 599) | - | - | - | 14 349 107 | (9 034 275) | 3 000 776 | - | (1 008 196) | - | (7 041 696) | 7 307 412 |
| Other assets | | | | | | | | | | | | | | |
| Computer equipment | 7 598 767 | 980 661 | (4 932) | - | - | - | 8 575 496 | (5 127 566) | 3 927 | - | (612 674) | - | (5 736 313) | 2 839 183 |
| Furniture and Fixings | 1 995 925 | 269 891 | - | - | - | - | 2 265 216 | (1 434 676) | - | - | (122 160) | - | (1 566 836) | 708 380 |
| Office Equipment | 2 517 278 | 43 543 | (208 722) | - | - | - | 2 352 099 | (2 055 047) | 56 692 | - | (144 973) | - | (2 143 328) | 208 771 |
| Electricity | 56 299 | - | - | (42 587) | - | - | 56 299 | (42 587) | - | - | (4 693) | - | (47 280) | 9 019 |
| Plant and Machinery | 10 392 237 | 964 543 | - | - | - | - | 11 356 780 | (6 549 588) | - | - | (827 221) | - | (7 376 809) | 3 979 971 |
| Health Equipment | 244 936 | - | - | - | - | - | 244 936 | (238 220) | - | - | (3 411) | - | (238 631) | 6 305 |
| Parks | 30 718 | - | - | - | - | - | 30 718 | (13 939) | - | - | (1 536) | - | (15 475) | 15 243 |
| Buildings | 5 416 005 | - | - | - | - | - | 5 416 005 | (2 483 593) | - | - | (233 588) | - | (2 717 161) | 2 698 844 |
| Security Measures | 632 195 | - | - | - | - | - | 632 195 | (223 107) | - | - | (28 978) | - | (282 085) | 360 110 |
| Weapons | 105 048 | - | - | - | - | - | 105 048 | (79 083) | - | - | (6 027) | - | (88 110) | 19 938 |
| Motor Vehicles | 36 719 726 | 1 180 900 | - | - | - | - | 37 900 626 | (25 082 330) | - | - | (3 833 916) | - | (28 916 246) | 8 984 380 |
| Land | 4 788 | - | - | - | - | - | 4 788 | - | - | - | - | - | - | 4 788 |
| Minor Assets | 1 276 401 | 11 885 | (64 494) | - | - | - | 1 223 792 | (1 272 966) | 64 327 | - | (11 869) | - | (1 220 508) | 3 284 |
| | 66 990 723 | 3 451 423 | (278 148) | - | - | - | 70 163 998 | (44 599 702) | 124 946 | - | (5 831 026) | - | (50 305 782) | 19 868 216 |

Appendix B

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

| | 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 | | | | |
| Total property plant and equipment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land and buildings | 108 830 310 | - | - | - | - | - | - | - | - | - | - | - | - | 108 830 310 | - | - | - | - | - | - | - | - | - | - | - | - | - | 108 830 310 | - | | | |
| Infrastructure | 2 263 705 946 | 32 169 913 | (434 288) | - | - | - | - | - | - | - | - | - | 2 295 441 571 | 2 295 441 571 | (912 136 694) | 220 911 | - | - | - | - | - | (115 887 084) | (822 923) | 1 028 625 790 | 1 266 815 781 | 98 891 672 | 1 266 815 781 | - | - | | | |
| Community Assets | 103 663 381 | 20 906 315 | - | - | - | - | - | - | - | - | - | - | 124 569 696 | 124 569 696 | (22 561 144) | - | - | - | - | - | - | (3 116 880) | - | (25 678 024) | 98 891 672 | 98 891 672 | - | - | - | | | |
| Work in progress | 52 887 258 | 60 501 644 | - | (54 400 869) | - | - | - | - | - | - | - | - | 58 988 033 | 58 988 033 | - | - | - | - | - | - | - | (1 008 196) | - | (7 041 695) | 7 307 412 | 58 988 033 | - | - | - | | | |
| Leased assets | 12 373 186 | 5 718 520 | (3 742 599) | - | - | - | - | - | - | - | - | - | 14 349 107 | 14 349 107 | (9 034 275) | 3 000 776 | - | - | - | - | - | (5 831 026) | - | (50 305 782) | 19 858 216 | 19 858 216 | - | - | - | | | |
| Other assets | 66 990 733 | 3 451 423 | (278 148) | - | - | - | - | - | - | - | - | - | 70 163 988 | 70 163 988 | (44 599 702) | 124 946 | - | - | - | - | - | (295 654) | - | (1 537 467) | 916 838 | 916 838 | - | - | - | | | |
| | 2 608 450 804 | 122 747 815 | (4 455 035) | (54 400 869) | - | - | - | - | - | - | - | - | 2 672 342 715 | (988 331 816) | 3 346 633 | - | - | - | - | - | - | (125 843 186) | (822 923) | 1 111 651 291 | 1 560 691 424 | - | - | - | - | - | | |
| Intangible Assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Computer software | 1 822 937 | 631 368 | - | - | - | - | - | - | - | - | - | - | 2 454 305 | 2 454 305 | (1 241 813) | - | - | - | - | - | - | (295 654) | - | (1 537 467) | 916 838 | 916 838 | - | - | - | - | | |
| | 1 822 937 | 631 368 | - | - | - | - | - | - | - | - | - | - | 2 454 305 | (1 241 813) | - | - | - | - | - | - | - | (295 654) | - | (1 537 467) | 916 838 | - | - | - | - | - | | |
| Investment properties | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment property | 141 940 000 | 7 141 753 | - | - | - | - | - | - | - | - | - | - | 149 081 753 | 149 081 753 | - | - | - | - | - | - | - | - | - | - | - | 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 | - | - | - | - | - | - | - | - | - | - | - | 108 830 310 | 108 830 310 | - | - | - | - | - | - | - | - | - | - | - | - | 108 830 310 | - | - | - | - | |
| Infrastructure | 2 263 705 946 | 32 169 913 | (434 288) | - | - | - | - | - | - | - | - | - | 2 295 441 571 | 2 295 441 571 | (912 136 694) | 220 911 | - | - | - | - | - | (115 887 084) | (822 923) | 1 028 625 790 | 1 266 815 781 | 98 891 672 | 1 266 815 781 | - | - | - | - | |
| Community Assets | 103 663 381 | 20 906 315 | - | - | - | - | - | - | - | - | - | - | 124 569 696 | 124 569 696 | (22 561 144) | - | - | - | - | - | - | (3 116 880) | - | (25 678 024) | 98 891 672 | 98 891 672 | - | - | - | - | - | |
| Work in progress | 52 887 258 | 60 501 644 | - | (54 400 869) | - | - | - | - | - | - | - | - | 58 988 033 | 58 988 033 | - | - | - | - | - | - | - | (1 008 196) | - | (7 041 695) | 7 307 412 | 58 988 033 | - | - | - | - | - | |
| Leased assets | 12 373 186 | 5 718 520 | (3 742 599) | - | - | - | - | - | - | - | - | - | 14 349 107 | 14 349 107 | (9 034 275) | 3 000 776 | - | - | - | - | - | (5 831 026) | - | (50 305 782) | 19 858 216 | 19 858 216 | - | - | - | - | - | |
| Other assets | 66 990 733 | 3 451 423 | (278 148) | - | - | - | - | - | - | - | - | - | 70 163 988 | 70 163 988 | (44 599 702) | 124 946 | - | - | - | - | - | (295 654) | - | (1 537 467) | 916 838 | 916 838 | - | - | - | - | - | |
| Intangible Assets | 1 822 937 | 631 368 | - | - | - | - | - | - | - | - | - | - | 2 454 305 | 2 454 305 | (1 241 813) | - | - | - | - | - | - | (295 654) | - | (1 537 467) | 916 838 | 916 838 | - | - | - | - | - | |
| Investment properties | 141 940 000 | 7 141 753 | - | - | - | - | - | - | - | - | - | - | 149 081 753 | 149 081 753 | - | - | - | - | - | - | - | - | - | - | - | 149 081 753 | 149 081 753 | - | - | - | - | - |
| | 2 752 213 741 | 130 520 935 | (4 455 035) | (54 400 869) | - | - | - | - | - | - | - | - | 2 823 878 773 | (989 573 628) | 3 346 633 | - | - | - | - | - | - | (126 138 840) | (822 923) | 1 113 188 758) | 1 710 690 015 | - | - | - | - | - | - | - |

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 |
|---------------------------|----------------------------|-------------------|-------------------|-------------------|----------------------|-------------------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
| Land and buildings | | | | | | | | | | | | | | |
| Land | 108 830 310 | - | - | - | - | - | 108 830 310 | - | - | - | - | - | - | 108 830 310 |
| | 108 830 310 | | | | | | 108 830 310 | | | | | | | 108 830 310 |
| Infrastructure | | | | | | | | | | | | | | |
| Roads | 1 149 031 527 | 70 322 647 | - | - | - | - | 1 219 354 174 | (414 925 548) | - | - | (71 003 576) | (2 280 765) | (488 219 889) | 731 134 285 |
| Storm water | 41 532 409 | - | - | - | - | - | 41 532 409 | (22 840 387) | - | - | (2 867 561) | - | (25 707 948) | 15 824 461 |
| Solid Waste | 1 577 142 | - | - | - | - | - | 1 577 142 | (293 501) | - | - | (51 353) | - | (344 854) | 1 232 288 |
| Buildings | 374 291 | 398 646 | - | - | - | - | 772 937 | (124 718) | - | - | (22 253) | - | (146 981) | 625 956 |
| Refuse sites | 18 369 256 | 7 524 843 | - | - | - | - | 25 894 099 | (2 497 355) | - | - | (897 523) | (77 402) | (3 472 280) | 22 421 819 |
| Refuse sites | 44 413 261 | - | - | - | - | - | 44 413 261 | (7 624 936) | - | - | (1 578 547) | - | (9 203 486) | 35 209 776 |
| Airports | 191 751 | - | - | - | - | - | 191 751 | (38 403) | - | - | (19 175) | - | (57 578) | 134 173 |
| Plant and Machinery | 203 695 | - | - | - | - | - | 203 695 | (91 739) | - | - | (23 579) | - | (116 318) | 88 377 |
| Traffic | 347 170 | - | - | - | - | - | 347 170 | (185 041) | - | - | (23 118) | - | (208 159) | 139 011 |
| Water | 198 000 | - | - | - | - | - | 198 000 | (39 554) | - | - | (19 800) | - | (59 454) | 138 546 |
| Electricity | 904 216 724 | 4 042 489 | - | - | - | - | 908 259 213 | (307 438 682) | - | - | (36 136 039) | (33 165 076) | (376 739 807) | 531 519 406 |
| Land and Buildings | 20 551 472 | 410 622 | - | - | - | - | 20 962 094 | (7 072 886) | - | - | (788 052) | - | (7 860 940) | 13 101 154 |
| | 2 181 096 698 | 82 695 247 | | | | | 2 263 795 945 | (763 172 864) | | | (113 430 586) | (35 533 243) | (912 136 693) | 1 351 569 252 |
| Community Assets | | | | | | | | | | | | | | |
| Parks & gardens | 28 369 500 | 31 536 | - | - | - | - | 28 401 036 | (1 788 918) | - | - | (113 457) | - | (1 902 375) | 26 498 661 |
| Fencing | 41 929 | 438 440 | - | - | - | - | 480 369 | (20 380) | - | - | (14 655) | - | (35 045) | 445 324 |
| Roads | 11 901 760 | 152 640 | - | - | - | - | 12 054 400 | (3 002 126) | - | - | (362 055) | - | (3 364 181) | 8 070 219 |
| Municipal offices | 15 375 000 | 937 802 | - | - | - | - | 16 312 802 | (7 128 542) | - | - | (562 190) | - | (7 690 732) | 8 622 070 |
| Libraries | 7 350 000 | 192 886 | - | - | - | - | 7 542 886 | (786 109) | - | - | (63 527) | - | (839 636) | 6 703 252 |
| Traffic centre | 862 000 | - | - | - | - | - | 862 000 | (48 738) | - | - | (3 319) | - | (52 057) | 809 943 |
| Museums | 1 300 000 | 7 643 | - | - | - | - | 1 307 643 | (235 832) | - | - | (16 058) | - | (251 890) | 1 055 753 |
| Airports | 128 596 | - | - | - | - | - | 128 596 | (128 586) | - | - | (841 797) | - | (6 801 871) | 14 745 374 |
| Recreational facilities | 8 430 667 | 13 116 578 | - | - | - | - | 21 547 245 | (5 960 074) | - | - | (18 861) | - | (321 436) | 3 456 301 |
| Cemeteries | 3 702 000 | 75 737 | - | - | - | - | 3 777 737 | (302 555) | - | - | (100 196) | - | (389 009) | 1 010 630 |
| Road and Subgrade | 597 216 | 812 423 | - | - | - | - | 1 409 639 | (298 813) | - | - | (322 332) | - | (754 325) | 6 388 710 |
| 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 | (20 132 566) | | | (2 428 477) | | (22 561 143) | 81 102 237 |

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 |
|-------------------------|----------------------------|-------------------|-------------------|---------------------|----------------------|-------------------------------------|----------------------------|----------------------------|-------------------|-------------------|----------------------|-------------------------|----------------------------|---------------------------|
| 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 | 7 342 680 | 313 365 | (56 278) | - | - | - | 7 599 767 | (4 526 492) | 55 610 | - | (656 684) | - | (5 127 566) | 2 472 201 |
| Furniture and Fittings | 1 978 870 | 34 651 | (18 196) | - | - | - | 1 995 325 | (1 332 641) | 18 082 | - | (120 117) | - | (1 434 576) | 560 639 |
| Office Equipment | 3 208 344 | 3 959 | (695 025) | - | - | - | 2 517 278 | (2 458 326) | 609 632 | - | (206 553) | - | (2 055 047) | 462 231 |
| Electricity | 56 289 | - | - | - | - | - | 56 289 | (37 894) | - | - | (4 693) | - | (42 687) | 13 712 |
| Plant and Machinery | 9 152 152 | 1 377 007 | (176 952) | - | - | - | 10 392 237 | (5 994 441) | 153 153 | - | (708 300) | - | (6 549 688) | 3 842 649 |
| Health Equipment | 244 956 | - | - | - | - | - | 244 956 | (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 | 532 195 | - | - | - | - | - | 532 195 | (194 129) | - | - | (28 978) | - | (223 107) | 409 088 |
| Weapons | 105 048 | - | - | - | - | - | 105 048 | (72 139) | - | - | (6 944) | - | (79 083) | 25 965 |
| Motor Vehicles | 36 719 726 | - | - | - | - | - | 36 719 726 | (21 444 815) | - | - | (3 637 514) | - | (25 082 329) | 11 637 397 |
| Land | 1 151 096 | 155 706 | (30 401) | - | - | - | 1 276 401 | (1 147 713) | 30 312 | - | (155 566) | - | (1 272 967) | 4 788 |
| | 56 082 897 | 1 884 688 | (976 862) | - | - | - | 56 990 723 | (39 701 731) | 866 789 | - | (5 764 760) | - | (44 699 702) | 22 391 021 |

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 | - | - | - | (113 430 586) | (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 | 79 824 810 | 23 838 570 | - | - | - | - | 103 663 380 | (20 132 666) | - | - | - | - | - | 81 102 237 |
| Work in Progress | 79 488 617 | 67 535 022 | - | (94 136 361) | - | - | 52 887 258 | (8 409 246) | 85 424 | - | (710 454) | - | (9 034 276) | 52 887 258 |
| Leased Assets | 12 458 611 | - | (85 424) | - | - | - | 12 373 187 | (39 701 731) | 866 789 | - | (5 764 760) | - | (44 599 702) | 3 338 911 |
| Other assets | 66 082 897 | 1 884 688 | (976 862) | - | - | - | 66 990 723 | (440 116) | - | - | - | - | (44 599 702) | 22 391 021 |
| | 2 527 691 943 | 175 957 527 | (1 062 286) | (94 136 361) | - | - | 2 608 450 803 | (831 416 607) | 952 213 | - | (122 334 277) | (35 533 243) | (988 331 814) | 1 620 118 989 |
| Intangible assets | | | | | | | | | | | | | | |
| Computer - Software | 1 280 296 | 542 641 | - | - | - | - | 1 822 937 | (440 116) | - | - | (792 331) | (9 365) | (1 241 812) | 581 125 |
| | 1 280 296 | 542 641 | - | - | - | - | 1 822 937 | (440 116) | - | - | (792 331) | (9 365) | (1 241 812) | 581 125 |
| 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 | - | - | - | (113 430 586) | (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 | 79 824 810 | 23 838 570 | - | - | - | - | 103 663 380 | (20 132 666) | - | - | - | - | - | 81 102 237 |
| Work in Progress | 79 488 617 | 67 535 022 | - | (94 136 361) | - | - | 52 887 258 | (8 409 246) | 85 424 | - | (710 454) | - | (9 034 276) | 52 887 258 |
| Leased Assets | 12 458 611 | 1 884 688 | (85 424) | - | - | - | 12 373 187 | (39 701 731) | 866 789 | - | (5 764 760) | - | (44 599 702) | 3 338 911 |
| Other assets | 66 082 897 | 542 641 | (976 862) | - | - | - | 66 990 723 | (440 116) | - | - | (792 331) | - | (44 599 702) | 22 391 021 |
| Intangible assets | 1 280 296 | 1 884 688 | (976 862) | - | - | (1 146 000) | 1 822 937 | (440 116) | - | - | - | - | (1 241 812) | 581 125 |
| Investment properties | 137 786 000 | 6 700 000 | (1 400 000) | - | - | (1 146 000) | 141 940 000 | - | - | - | - | - | - | 141 940 000 |
| | 2 666 758 239 | 183 200 168 | (2 462 286) | (94 136 361) | - | (1 146 000) | 2 752 213 740 | (831 856 623) | 952 213 | - | (123 126 608) | (35 542 608) | (989 573 626) | 1 762 640 114 |

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 | | 1 233 485 | | (218) | | | | | | | 1 692 686 | | (375 510) | | 217 | | (258 816) | | | | (532 109) | | 1 160 577 | |
| Municipal Manager | 942 128 | | 15 727 | | (855) | | | | | | | 957 000 | | (592 320) | | 854 | | (103 867) | | | | (500 433) | | 458 567 | |
| Planning and Development | 4 230 577 | | | | (52 654) | | | | | | | 4 228 323 | | (1 608 631) | | 36 687 | | (327 907) | | | | (1 900 011) | | 2 328 272 | |
| Financial Service | 4 748 488 | | | | (35 724) | | | | | | | 4 740 882 | | (3 215 522) | | 34 505 | | (422 682) | | | | (3 603 693) | | 1 137 163 | |
| Corporate Service | 3 420 295 | | 1 124 718 | | (55 674) | | | | | | | 4 489 339 | | (2 201 993) | | 38 148 | | (288 388) | | | | (2 452 233) | | 2 037 106 | |
| Engineering Service | 1 303 147 966 | | 25 808 889 | | (20 871) | | | | | | | 1 328 935 984 | | (539 193 567) | | 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 | | 28 278 966 | | (436 722) | | | | | | | 967 450 389 | | (384 462 208) | | 223 336 | | (38 174 094) | | | | (423 235 889) | | 544 214 500 | |
| Intangible | 1 822 937 | | 631 368 | | | | | | | | | 2 454 305 | | (1 241 813) | | | | (295 655) | | | | (1 537 468) | | 916 837 | |
| Land | 108 830 310 | | | | | | | | | | | 108 830 310 | | | | | | | | | | | | 108 830 310 | |
| Leased | 12 373 187 | | 5 718 519 | | (3 742 598) | | | | | | | 14 349 108 | | (9 034 275) | | 2 898 156 | | (1 008 194) | | | | (7 144 313) | | 7 204 795 | |
| Investment Properties | 191 579 000 | | 7 141 763 | | (926 000) | | | | | | | 197 900 763 | | | | | | | | | | | | 197 900 763 | |
| Work in progress | 52 887 257 | | 60 501 645 | | | | (54 400 869) | | | | | 58 988 033 | | (549) | | | | (351) | | | | (900) | | 58 988 033 | |
| Disaster Management | | | | | | | | | | | | 1 794 | | | | | | (1 218 395) | | | | | | 894 | |
| Transport, Safety, Security and Liaison | 26 277 753 | | 27 671 | | | | | | | | | 26 305 424 | | (8 825 013) | | | | | | | | (10 043 408) | | 16 262 016 | |
| | 2 801 952 741 | | 130 520 936 | | (5 375 035) | | (54 400 869) | | | | | 2 872 687 773 | | (989 573 628) | | 3 346 833 | | (126 138 840) | | | | (822 923) | | 1 113 188 758 | |
| | | | | | | | | | | | | | | | | | | | | | | | | 1 759 509 015 | |

Appendix E(1)

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

| | Current year | Current year | Variance | | Explanation of Significant Variances greater than 10% versus Budget |
|--------------------------------------------|------------------------|------------------------|---------------------|----------------|------------------------------------------------------------------------|
| | 2017 | 2017 | | | |
| | Act. Bal. | Adjusted budget | Rand | Var | |
| | Rand | Rand | Rand | | |
| 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 | 15 321 021 | 12 000 000 | 3 321 021 | 27.7 | 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 | 44 716 716 | 8 465 046 | 36 251 670 | 428.3 | Note 51 |
| Interest received - other | 8 253 077 | 2 101 000 | 6 152 077 | 292.8 | Note 51 |
| | 1 122 430 884 | 1 172 632 424 | (50 201 540) | (4.3) | |
| Expenses | | | | | |
| Employee cost | (267 338 994) | (293 508 270) | 26 169 276 | (8.9) | Note 51 |
| Remuneration of councillors | (22 457 384) | (23 035 604) | 578 220 | (2.5) | |
| Depreciation | (126 138 849) | (128 674 868) | 2 536 019 | (2.0) | |
| Impairments of assets | (822 923) | - | (822 923) | - | Note 51 |
| Finance costs | (12 802 343) | (14 853 686) | 2 051 343 | (13.8) | Note 51 |
| Debt impairment | (58 399 127) | (24 141 000) | (34 258 127) | 141.9 | Note 51 |
| Collection costs | (421 406) | (200 000) | (221 406) | 110.7 | Note 51 |
| Repairs and maintenance | (35 018 928) | (33 255 273) | (1 763 655) | 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 | (98 811 209) | (105 255 317) | 6 444 108 | (6.1) | |
| | (1 114 243 756) | (1 049 697 975) | (64 545 781) | 6.1 | |
| Other revenue and costs | | | | | |
| Gain or loss on disposal of assets | (923 404) | 2 129 450 | (3 052 854) | (143.4) | Note 51 |
| Gain on non-current assets held for sale | 542 895 | - | - | - | Note 51 |
| | (380 509) | 2 129 450 | (3 052 854) | (143.4) | |
| Net surplus/ (deficit) for the year | 7 806 619 | 125 063 899 | (11 291 387) | (9.0) | |

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 | 12 190 536 | 8 229 000 | 3 961 536 | 48 | 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 |
| | 76 120 075 | 220 547 252 | (144 427 179) | (65) | |

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 | | | | | | | | | |
| Executive and council | 374 269 011 | - | 374 269 011 | 374 269 011 | 443 107 745 | 68 838 734 | 118 % | 118 % | 427 506 887 |
| Budget and treasury office | 1 100 | - | 1 100 | (1 100) | - | (1 100) | - % | - % | - |
| Corporate services | 374 267 654 | - | 374 267 654 | 374 267 654 | 443 106 777 | 68 839 123 | 118 % | 118 % | 427 506 887 |
| Community and public safety | | | | | | | | | |
| Community and social services | 5 418 620 | - | 5 418 620 | 5 418 620 | 45 883 227 | 40 464 607 | 847 % | 847 % | 51 290 703 |
| Sport and recreation | 59 629 | - | 59 629 | 59 629 | 78 206 | 8 577 | 112 % | 112 % | 78 298 |
| Public safety | 527 766 | - | 527 766 | 527 766 | 161 294 | (366 472) | 31 % | 31 % | 13 829 707 |
| Housing | 3 301 000 | - | 3 301 000 | 3 301 000 | 43 443 829 | 40 142 829 | 1 316 % | 1 316 % | 35 522 450 |
| Health | 1 495 225 | - | 1 495 225 | 1 495 225 | 2 153 837 | 658 612 | 144 % | 144 % | 1 803 625 |
| Economic and environmental services | | | | | | | | | |
| Planning and development | 139 745 946 | 73 200 000 | 212 945 946 | 212 945 946 | 139 780 190 | (73 165 756) | 66 % | 100 % | 135 680 323 |
| Road transport | 513 555 | 8 200 000 | 8 713 555 | 8 713 555 | 5 511 963 | (3 201 592) | 63 % | 1 073 % | 12 500 902 |
| Trading services | 139 232 391 | 65 000 000 | 204 232 391 | 204 232 391 | 134 268 227 | (69 964 164) | 66 % | 96 % | 123 179 421 |
| Electricity | 570 503 261 | 9 495 586 | 579 998 847 | 579 998 847 | 493 659 722 | (86 339 125) | 85 % | 87 % | 470 502 427 |
| Waste management | 523 701 000 | 9 495 586 | 533 196 586 | 533 196 586 | 463 631 231 | (69 565 355) | 87 % | 89 % | 443 158 888 |
| | 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 | 82 695 586 | 1 172 632 424 | 1 172 632 424 | 1 122 430 884 | (50 201 540) | 96 % | 103 % | 1 084 980 340 |

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 | 290 415 729 | (3 963 000) | 196 446 729 | 260 000 | 195 706 729 | 218 506 027 | 21 799 298 | 111 % | 109 % | 245 737 009 |
| Executive and council | 37 617 356 | (1 257 000) | 36 360 356 | 57 000 | 36 417 356 | 34 336 414 | (2 078 942) | 94 % | 91 % | 36 484 493 |
| Budget and treasury office | 82 392 111 | 155 000 | 82 547 111 | - | 82 545 111 | 94 268 143 | 11 723 032 | 114 % | 114 % | 83 159 793 |
| Corporate services | 80 406 262 | (2 885 000) | 77 521 262 | 203 000 | 77 724 262 | 89 899 470 | 12 155 208 | 116 % | 112 % | 126 092 723 |
| Community and public safety | 91 724 688 | (470 000) | 91 254 688 | 233 722 | 91 488 310 | 78 183 143 | (13 305 167) | 85 % | 85 % | 72 161 934 |
| Community and social services | 8 790 956 | - | 8 790 956 | (45 000) | 8 745 956 | 7 646 027 | (1 099 929) | 87 % | 87 % | 7 689 495 |
| Sport and recreation | 25 225 174 | 130 000 | 25 355 174 | 52 222 | 25 407 396 | 23 221 189 | (2 186 207) | 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 |
| Housing | 16 064 371 | (540 000) | 15 524 371 | - | 15 524 371 | 10 939 617 | (4 584 754) | 70 % | 68 % | 10 592 966 |
| Health | 10 298 719 | - | 10 298 719 | - | 10 298 719 | 8 171 082 | (2 127 637) | 79 % | 79 % | 6 663 034 |
| Economic and environmental services | 184 857 766 | 689 000 | 185 546 766 | (252 722) | 185 294 044 | 259 065 543 | 73 761 499 | 140 % | 140 % | 247 755 527 |
| Planning and development | 20 204 697 | 800 000 | 21 004 697 | - | 21 004 697 | 20 300 506 | (704 191) | 97 % | 100 % | 19 938 965 |
| Road transport | 164 653 069 | (111 000) | 164 542 069 | (252 722) | 164 289 347 | 238 755 037 | 74 465 690 | 145 % | 145 % | 227 816 562 |
| Trading services | 563 204 306 | 13 245 586 | 576 449 892 | (241 000) | 576 208 892 | 588 439 043 | (17 709 849) | 97 % | 99 % | 525 352 604 |
| Electricity | 485 384 009 | 13 145 586 | 498 529 595 | (60 000) | 498 479 595 | 482 019 522 | (16 459 973) | 97 % | 99 % | 456 602 450 |
| Waste water management | 8 037 677 | 100 000 | 8 137 677 | 366 383 | 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 | 69 656 465 | 433 238 | 101 % | 100 % | 61 944 879 |
| Total expenditure - Standard | 1 040 202 389 | 9 495 586 | 1 049 697 975 | - | 1 049 697 975 | 1 114 243 766 | 64 545 781 | 106 % | 107 % | 1 091 007 074 |
| Budget and Treasury Office | 2 129 450 | - | 2 129 450 | - | 2 129 450 | (380 509) | (2 509 959) | (18)% | (18)% | (3 135 023) |
| Surplus/(Deficit) for the year | 51 863 899 | 73 200 000 | 125 063 899 | 125 063 899 | 125 063 899 | 7 806 619 | (117 257 280) | 6 % | 15 % | (9 161 757) |

Appendix G2 Budgeted Financial Performance (revenue and expenditure by municipal vote) for the year ended 30 June 2017

| | | 2016/2017 | | | | | | 2015/2016 | | | | | | | | | | | | | | | | | | | |
|-----------------------------------------------|--|----------------------|-------------------|---------------------------------------------------|------|--------------------------|------|-----------------------------------------|------|----------------------|----------------------|----------------------|--------------|-------------------------------------------------------|------|-------------------------------------|------|----------------------------------------|------|-----------------------------------|------|-------------------------|------|--------------------------|------|------|----------------------|
| | | Original Budget | | Budget Adjustments (i.e. s28 and s31 of the MFMA) | | Final adjustments budget | | Virement (i.e. 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 | Rand | |
| Revenue by Vote | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Vote 2 - Planning & Economic Development | | 513 555 | 8 200 000 | 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 | 443 106 777 | 68 839 127 | 118 % | 118 % | | | | | | | | | | | | | 427 506 866 |
| Vote 4 - Corporate Services | | 1 357 | - | 1 357 | | | | | | 1 357 | 968 | (889) | 71 % | 71 % | | | | | | | | | | | | | - |
| Vote 5 - Community Services | | 100 010 947 | - | 100 010 947 | | | | | | 100 010 947 | 89 276 275 | (10 734 672) | 89 % | 89 % | | | | | | | | | | | | | 84 246 519 |
| Vote 7 - Electrical Engineering Services | | 523 701 000 | 9 485 586 | 533 186 586 | | | | | | 533 186 586 | 463 631 231 | (69 555 355) | 87 % | 89 % | | | | | | | | | | | | | 442 158 888 |
| Vote 8 - Engineering Services | | 91 442 329 | 65 000 000 | 156 442 329 | | | | | | 156 442 329 | 120 903 670 | (35 538 659) | 77 % | 132 % | | | | | | | | | | | | | 118 567 145 |
| Total Revenue by Vote | | 1 089 936 838 | 82 686 586 | 1 172 632 424 | | | | | | 1 172 632 424 | 1 122 430 884 | (50 201 540) | 96 % | 103 % | | | | | | | | | | | | | 1 084 960 340 |
| Expenditure by Vote to be appropriated | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Vote 1 - Municipal Manager | | 14 178 047 | (777 000) | 13 401 047 | | | | | | 13 401 047 | 11 763 747 | (1 637 300) | 88 % | 83 % | | | | | | | | | | | | | 15 857 836 |
| Vote 2 - Planning & Economic Development | | 26 601 992 | 775 000 | 27 376 992 | | | | | | 27 376 992 | 26 830 915 | (546 077) | 98 % | 101 % | | | | | | | | | | | | | 52 188 593 |
| Vote 3 - Financial Services | | 82 392 108 | 153 000 | 82 545 108 | | | | | | 82 545 108 | 94 288 143 | 11 723 035 | 114 % | 114 % | | | | | | | | | | | | | 83 159 791 |
| Vote 4 - Corporate services | | 93 472 316 | (1 770 000) | 91 702 316 | | | | 60 000 | | 91 762 316 | 104 731 989 | 12 969 673 | 114 % | 112 % | | | | | | | | | | | | | 100 946 458 |
| Vote 5 - Community Services | | 193 044 878 | 144 000 | 193 188 878 | | | | | | 193 188 878 | 161 759 663 | (31 429 215) | 84 % | 84 % | | | | | | | | | | | | | 148 600 878 |
| Vote 7 - Electrical Engineering Services | | 485 384 009 | 13 145 586 | 498 529 595 | | | | (60 000) | | 498 479 595 | 482 019 622 | (16 459 973) | 97 % | 99 % | | | | | | | | | | | | | 456 601 776 |
| Vote 8 - Engineering Services | | 145 119 039 | (2 175 000) | 142 944 039 | | | | | | 142 944 039 | 232 869 677 | 89 925 638 | 163 % | 160 % | | | | | | | | | | | | | 223 651 742 |
| Total Expenditure by Vote | | 1 040 202 389 | 9 495 586 | 1 049 697 975 | | | | | | 1 049 697 975 | 1 114 243 756 | 64 545 781 | 106 % | 107 % | | | | | | | | | | | | | 1 091 007 074 |
| Financial services | | 2 129 450 | - | 2 129 450 | | | | | | 2 129 450 | (380 509) | (2 509 959) | (18)% | (18)% | | | | | | | | | | | | | (3 135 023) |
| Surplus/(Deficit) for the year | | 51 863 899 | 73 200 000 | 125 063 899 | | | | | | 125 063 899 | 7 806 619 | (117 267 280) | 6 % | 15 % | | | | | | | | | | | | | (9 161 757) |

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

| | 2016/2017 | | | | 2015/2016 | | | | |
|---------------------------------------------------------------|-----------------|---------------------------------------------------|---------------------------------------------------------|---------------|----------------|-------------------------------------------------------|-------------------------------------|----------------------------------------|--------------------------|
| | Original Budget | Budget Adjustments (i.e. s28 and s31 of the MFMA) | Final adjustments budget (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 | Restated Audited Outcome |
| | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand | Rand |
| Revenue by Source | | | | | | | | | |
| Property rates | 72 000 000 | - | 72 000 000 | 72 000 000 | 80 787 849 | 8 787 849 | 112 % | 112 % | 74 146 340 |
| Property rates - penalties & collection charges | 5 000 000 | - | 5 000 000 | 5 000 000 | 8 157 882 | 3 157 882 | 163 % | 163 % | 5 186 759 |
| Service charges - electricity revenue | 491 701 000 | - | 491 701 000 | 491 701 000 | 417 828 859 | (73 872 131) | 85 % | 85 % | 421 446 731 |
| Service charges - water revenue | - | - | - | - | - | - | DIV/O % | DIV/O % | - |
| Service charges - sanitation revenue | 25 853 261 | - | 25 853 261 | 25 853 261 | 27 526 219 | 1 672 958 | 106 % | 106 % | 26 475 760 |
| Service charges - refuse revenue | 1 327 000 | - | 1 327 000 | 1 327 000 | 2 365 547 | 1 038 547 | 178 % | 178 % | 2 181 977 |
| Service charges - other | 1 072 100 | - | 1 072 100 | 1 072 100 | 1 644 365 | 572 265 | 153 % | 153 % | 1 333 677 |
| Rental of facilities and equipment | 2 101 000 | - | 2 101 000 | 2 101 000 | 8 253 077 | 6 152 077 | 393 % | 393 % | 6 850 014 |
| Interest earned - external investments | 12 000 000 | - | 12 000 000 | 12 000 000 | 15 321 021 | 3 321 021 | 128 % | 128 % | 12 312 153 |
| Interest earned - outstanding debtors | - | - | - | - | - | - | DIV/O % | DIV/O % | - |
| Dividend received | 3 805 136 | - | 3 805 136 | 3 805 136 | 43 914 170 | 40 109 034 | 1 154 % | 1 154 % | 36 035 247 |
| Fines | 651 000 | - | 651 000 | 651 000 | 824 244 | 173 244 | 127 % | 127 % | 721 783 |
| Licences and permits | 49 264 291 | - | 49 264 291 | 49 264 291 | 6 304 686 | (42 959 605) | 13 % | 13 % | 8 004 170 |
| Agency services | 324 389 850 | 9 495 587 | 333 885 437 | 333 885 437 | 424 921 103 | 91 035 666 | 127 % | 131 % | 398 842 474 |
| Transfers recognised - operational | 8 465 046 | - | 8 465 046 | 8 465 046 | 44 716 716 | 36 251 670 | 528 % | 528 % | 33 834 159 |
| Other revenue | 2 129 450 | - | 2 129 450 | 2 129 450 | - | (2 129 450) | - % | - % | - |
| Gains on disposal of PPE | 999 759 134 | 9 495 587 | 1 009 254 721 | 1 009 254 721 | 1 062 565 748 | 73 311 027 | 107 % | 108 % | 1 027 371 244 |
| 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 | | | | | | | | | | | | | |
|----------------------------------------------------------------------|----------------------|-------------------|----------------------|-----------------------------------------------------|----------------------|------------------|----------------------|----------------------|-------------------|-------------------------------------------|--------------|----------------------|----------------------|--------------|---------------------|-------------------------------------------------------|--|------|----------------------------------------|--|------|--------------------------|--|--|--|
| Expenditure by Type | Original Budget | | | Budget Adjustments (I.L.O. s28 and s31 of the MFMA) | | | Final Budget | | | Virement (I.L.O. Council approved policy) | | | Actual Outcome | | | Variance of Actual Outcome against Budget Adjustments | | | Actual Outcome as % of Original Budget | | | Restated Audited Outcome | | | |
| | Rand | | Rand | Rand | | Rand | Rand | | Rand | Rand | | Rand | Rand | | Rand | Rand | | Rand | Rand | | Rand | Rand | | | |
| Employee related costs | 293 508 267 | - | - | 293 508 267 | - | - | 293 508 267 | 267 338 994 | (26 169 273) | 91 % | 91 % | 258 534 208 | 21 069 938 | 97 % | 97 % | 21 069 938 | | | | | | | | | |
| Remuneration of councillors | 23 035 604 | - | - | 23 035 604 | - | - | 23 035 604 | 22 467 384 | (578 220) | 97 % | 97 % | 21 069 938 | 63 863 737 | 242 % | 242 % | 63 863 737 | | | | | | | | | |
| Debt impairment | 24 141 000 | - | - | 24 141 000 | - | - | 24 141 000 | 58 939 128 | 34 258 128 | 242 % | 242 % | 158 669 219 | 11 035 120 | 99 % | 99 % | 158 669 219 | | | | | | | | | |
| Depreciation & asset impairment | 128 674 868 | - | - | 128 674 868 | - | - | 128 674 868 | 126 961 772 | (1 713 096) | 99 % | 99 % | 301 974 600 | 38 524 348 | 86 % | 86 % | 301 974 600 | | | | | | | | | |
| Finance charges | 14 853 686 | - | - | 14 853 686 | - | - | 14 853 686 | 12 502 343 | (2 051 343) | 86 % | 86 % | 106 570 049 | 3 135 023 | 97 % | 97 % | 106 570 049 | | | | | | | | | |
| Bulk purchases | 332 500 000 | - | - | 332 500 000 | - | - | 332 500 000 | 321 519 584 | (10 980 416) | 97 % | 97 % | 130 745 855 | 106 570 049 | 96 % | 96 % | 106 570 049 | | | | | | | | | |
| Other materials | - | - | - | - | - | - | - | - | - | | | - | - | | | | | | | | | | | | |
| Contracted services | 48 213 872 | 891 000 | - | 49 104 872 | 322 547 | - | 49 427 419 | 46 904 301 | (2 523 118) | 95 % | 95 % | 38 524 348 | 38 524 348 | 97 % | 97 % | 38 524 348 | | | | | | | | | |
| Transfers and grants | 35 673 699 | 9 465 586 | - | 45 139 285 | (322 547) | - | 45 169 085 | 123 503 708 | 78 438 623 | 274 % | 347 % | 130 745 855 | 106 570 049 | 96 % | 96 % | 106 570 049 | | | | | | | | | |
| Other expenditure | 139 601 590 | (891 000) | - | 138 710 590 | - | - | 138 388 043 | 134 251 543 | (4 136 500) | 97 % | 96 % | 106 570 049 | 3 135 023 | 96 % | 96 % | 106 570 049 | | | | | | | | | |
| Loss on disposal of PPE | - | - | - | - | - | - | - | 380 509 | 380 509 | | | - | - | | | | | | | | | | | | |
| Total Expenditure | 1 040 202 366 | 9 465 586 | 1 049 667 952 | 1 049 667 952 | - | - | 1 049 667 952 | 1 114 624 266 | 64 956 294 | 106 % | 107 % | 1 094 142 097 | 1 094 142 097 | 106 % | 107 % | 1 094 142 097 | | | | | | | | | |
| Surplus/(Deficit) | (40 443 252) | 1 | (40 443 251) | (40 443 251) | (32 058 516) | 8 384 733 | (66 770 853) | | | 79 % | 79 % | | | 79 % | (66 770 853) | | | | | | | | | | |
| Transfers recognised - capital | 92 307 150 | 73 200 000 | 165 507 150 | 165 507 150 | 39 865 137 | (125 642 013) | 24 % | 24 % | 24 % | 24 % | 43 % | 37 202 586 | 20 406 510 | 43 % | 43 % | 37 202 586 | | | | | | | | | |
| Contributions recognised - capital | - | - | - | - | - | - | - | - | - | | | - | - | | | | | | | | | | | | |
| Contributed assets | - | - | - | - | - | - | - | - | - | | | - | - | | | | | | | | | | | | |
| Surplus/(Deficit) after capital transfers & contributions | 51 863 898 | 73 200 001 | 125 063 899 | 125 063 899 | (117 257 280) | 7 806 619 | (9 161 757) | | | 6 % | 15 % | (9 161 757) | (9 161 757) | 6 % | 15 % | (9 161 757) | | | | | | | | | |
| Taxation | - | - | - | - | - | - | - | - | - | | | - | - | | | | | | | | | | | | |
| Surplus/(Deficit) after taxation | 51 863 898 | 73 200 001 | 125 063 899 | 125 063 899 | (117 257 280) | 7 806 619 | (9 161 757) | | | 6 % | 15 % | (9 161 757) | (9 161 757) | 6 % | 15 % | (9 161 757) | | | | | | | | | |
| Attributable to minorities | - | - | - | - | - | - | - | - | - | | | - | - | | | | | | | | | | | | |
| Surplus/(Deficit) attributable to municipality | 51 863 898 | 73 200 001 | 125 063 899 | 125 063 899 | (117 257 280) | 7 806 619 | (9 161 757) | | | 6 % | 15 % | (9 161 757) | (9 161 757) | 6 % | 15 % | (9 161 757) | | | | | | | | | |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | | | - | - | | | | | | | | | | | | |
| Surplus/(Deficit) for the year | 51 863 898 | 73 200 001 | 125 063 899 | 125 063 899 | (117 257 280) | 7 806 619 | (9 161 757) | | | 6 % | 15 % | (9 161 757) | (9 161 757) | 6 % | 15 % | (9 161 757) | | | | | | | | | |

**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 MFMA) | Final adjustments budget | 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 |
| Capital expenditure - Vote | | | | | | | | | |
| Multi-year expenditure | | | | | | | | | |
| Single-year expenditure | | | | | | | | | |
| Vote 1 - Municipal Manager development | 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 | 12 190 536 | (1 410 373) | 80 % | 381 % | 12 386 799 |
| 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 % | 13 850 687 |
| Vote 5 - Community Services | 1 100 000 | (100 000) | 1 000 000 | 949 576 | 10 077 | (939 499) | 1 % | 1 % | 27 608 504 |
| Vote 7 - Electrical Engineering Services | 25 700 000 | (800 000) | 24 900 000 | 27 963 091 | 19 533 968 | (8 423 123) | 70 % | 66 % | |
| 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 |
| Capital single-year expenditure sub-total | 133 453 430 | 87 093 822 | 220 547 252 | 220 547 252 | 76 120 073 | (144 427 179) | 35 % | 57 % | 89 219 304 |
| Total Capital Expenditure - Vote | 133 453 430 | 87 093 822 | 220 547 252 | 220 547 252 | 76 120 073 | (144 427 179) | 35 % | 57 % | 89 219 304 |

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 MFMA) | Final budget | 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 |
| Capital Expenditure - Standard | | | | | | | | | |
| Governance and administration | 5 300 000 | 518 900 | 5 818 900 | 8 744 774 | 9 650 175 | 905 401 | 110 % | 182 % | 300 273 |
| Executive and council | 200 000 | 943 896 | 1 143 896 | 1 067 743 | 1 054 440 | (13 303) | 99 % | 527 % | - |
| Budget and treasury office | 200 000 | (100 000) | 100 000 | 18 152 | 28 118 | 9 965 | 155 % | 14 % | - |
| Corporate services | 4 900 000 | (324 996) | 4 575 004 | 7 658 879 | 8 587 617 | 908 738 | 112 % | 175 % | 300 273 |
| Community and public safety | 900 000 | 300 000 | 1 200 000 | 1 200 000 | - | (1 200 000) | - % | - % | 14 588 407 |
| Sport and recreation | 900 000 | 300 000 | 1 200 000 | 300 000 | - | (900 000) | - % | - % | 13 710 205 |
| Housing | - | 300 000 | 300 000 | 300 000 | - | (300 000) | - % | DIV/0 % | 858 201 |
| Economic and environmental services | 97 353 430 | 87 175 322 | 184 528 752 | 182 589 811 | 46 925 852 | (135 563 959) | 26 % | 48 % | 46 610 580 |
| Planning and development | 400 000 | 8 050 000 | 8 450 000 | 8 229 000 | 5 388 787 | (2 840 213) | 65 % | 1 347 % | 12 386 799 |
| Road transport | 96 953 430 | 79 125 322 | 176 078 752 | 174 360 811 | 41 537 065 | (132 823 746) | 24 % | 43 % | 34 223 781 |
| Environmental protection | - | - | - | - | - | - | DIV/0 % | DIV/0 % | - |
| Trading services | 29 900 000 | (900 400) | 28 999 600 | 28 012 667 | 19 544 046 | (8 468 521) | 70 % | 65 % | 27 740 044 |
| Electricity | 29 700 000 | (800 400) | 28 899 600 | 27 963 091 | 19 533 970 | (8 429 121) | 70 % | 66 % | 27 608 504 |
| Waste management | 200 000 | (100 000) | 100 000 | 49 576 | 10 076 | (39 500) | 20 % | 5 % | 131 540 |
| Total Capital Expenditure - Standard | 133 453 430 | 87 093 822 | 220 547 252 | 220 547 252 | 76 120 073 | (144 427 179) | 35 % | 57 % | 89 219 304 |
| Funded by: | | | | | | | | | |
| National Government | 92 307 150 | 73 200 000 | 165 507 150 | 165 507 150 | 39 865 137 | (125 642 013) | 24 % | 43 % | 37 202 586 |
| 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 |
| Borrowing | 20 000 000 | (3 193 496) | 16 806 504 | 16 313 091 | 9 424 955 | (6 888 135) | 58 % | 47 % | - |
| Internally generated funds | 21 146 280 | 17 087 318 | 38 233 598 | 38 727 011 | 29 829 980 | (11 897 031) | 69 % | 127 % | 31 610 208 |
| Total Capital Funding | 133 453 430 | 87 093 822 | 220 547 252 | 220 547 252 | 76 120 073 | (144 427 179) | 35 % | 57 % | 89 219 304 |

Appendix G5 Budgeted Cash Flows for the year ended 30 June 2017

2016/2017

2015/2016

| | Original Budget | Budget Adjustments (l.c. 523 and s31 of the MFMA) | Final adjustments budget | Final Budget | Actual Outcome | Variance of Actual Outcome against 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 | |
| Cash flow from operating activities | | | | | | | | | | |
| Taxation | 65 450 000 | - | 65 450 000 | 65 450 000 | 69 332 445 | 3 882 445 | 106 % | 106 % | 64 262 939 | |
| Sale of goods and services | 482 322 838 | - | 482 322 838 | 492 322 838 | 508 665 495 | 16 342 657 | 103 % | 103 % | 497 523 861 | |
| Grants | 416 697 000 | 65 000 000 | 481 697 000 | 481 697 000 | 477 979 917 | (3 717 083) | 99 % | 115 % | 428 926 506 | |
| Interest | 10 501 000 | - | 10 501 000 | 10 501 000 | 8 253 077 | (2 247 923) | 79 % | 79 % | 6 850 014 | |
| Employee cost | (296 973 641) | - | (296 973 641) | (296 973 641) | (291 337 034) | 5 636 607 | 98 % | 98 % | (270 185 229) | |
| Suppliers | (533 298 754) | - | (533 298 754) | (533 298 754) | (670 754 666) | (117 457 912) | 121 % | 121 % | (634 126 363) | |
| Finance cost | (14 876 264) | - | (14 876 264) | (14 876 264) | (12 358 859) | 2 517 405 | 83 % | 83 % | (10 704 593) | |
| Transfer of property, plant and equipment | - | - | - | - | 54 400 899 | 54 400 899 | DIV/0 % | DIV/0 % | 94 136 380 | |
| Net cash flow from/used operating activities | 119 824 279 | 65 000 000 | 184 824 279 | 184 824 279 | 144 161 244 | (40 663 035) | 78 % | 120 % | 176 693 516 | |
| Cash flow from investing activities | | | | | | | | | | |
| Additions property, plants and equipment | (129 968 000) | (85 658 822) | (215 646 822) | (215 646 822) | (122 747 825) | 92 898 997 | 57 % | 94 % | (175 957 527) | |
| Proceeds on disposal of property, plant and equipment | 2 005 888 | - | 2 005 888 | 2 005 888 | 184 998 | (1 820 890) | 9 % | 9 % | - | |
| Loss on disposal of stands held for sale | - | - | - | - | - | - | - | - | - | |
| Additions to investment property | (3 000 000) | (1 435 000) | (4 435 000) | (4 435 000) | (7 141 753) | (2 706 753) | 161 % | 238 % | (6 700 000) | |
| Additions to intangible assets | (700 000) | - | (700 000) | (700 000) | (631 368) | 68 632 | 90 % | 90 % | (542 641) | |
| Increase in financial assets | (6 920 000) | - | (6 920 000) | (6 920 000) | (4 987 314) | 1 922 686 | 72 % | 72 % | (14 044 175) | |
| Net cash flow from/used investing activities | (138 602 112) | (87 093 822) | (225 695 934) | (225 695 934) | (135 333 262) | 90 362 672 | 60 % | 98 % | (197 244 341) | |
| Cash flow from financing activities | | | | | | | | | | |
| Long term liabilities | 20 000 000 | - | 20 000 000 | 20 000 000 | - | (20 000 000) | - % | - % | 61 300 000 | |
| Repayment of other financial liabilities | (14 878 839) | - | (14 878 839) | (14 878 839) | (35 998 064) | (21 119 225) | 242 % | 242 % | (13 439 849) | |
| Finance lease payments | 3 000 000 | - | 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 | 8 121 161 | (31 378 241) | (39 499 402) | (386)% | (386)% | 46 952 746 | |
| Net (increase)/decrease in cash held | (10 666 672) | (22 093 822) | (32 760 494) | (32 760 494) | (22 530 259) | 10 220 235 | 69 % | 211 % | 26 391 920 | |
| Cash/cash equivalents at the year begin: | 23 000 000 | 32 477 361 | 55 477 361 | 55 477 361 | 54 369 420 | (1 107 941) | | | 27 977 498 | |
| Cash/cash equivalents at the year end: | 12 333 328 | 10 383 539 | 22 726 867 | 22 726 867 | 31 839 161 | 9 112 294 | 140 % | 258 % | 54 369 418 | |

