



Greater Letaba Municipality
Annual Financial Statements
for the year ended 30 June 2014

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Providing municipal services and maintaining the best interest of the local community mainly in the Greater Letaba area.
Grading of local authority	Category 3 Local Municipality in terms of Remuneration of Public Office Bearers Act (Act 20 of 1998) Medium Capacity Municipality
Executive committee	
Mayor	GH Modjadji
Speaker	RR Ramalatso
Chief Whip	MJ Masutha
Members of the Executive Committee	MM Nkwana NN Balo MD Makhananisa RJ Makhananisa FM Moroatshehla FN Maake TC Kgafela MC Seale MP Masela
Councillors	GJ Mkansi MG Ntuli SS Malatji MI Manyama MV Makgwatlhela F Morwatshehla MV Mashapa MP Malola TE Makgatho ME Machete LR Mashapa MSS Sebelemetja DI Matloga MP Satekge AM Mantlhakga MM Mankgero RE Sekhonoane TD Mokhari MF Makhubela MG Selowa MD Rabapane N Selowa BE Ngobeni MF Kgamedi NM Kgatla NT Machete MJ Baloyi (MPAC Chairperson) MJ Kgatla MA Lebepe (Mr) MA Lebepe (Ms) ME Lebepe SP Mabale ME Mafona MA Makgeru MF Manyama

Greater Letaba Municipality

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General Information

Councillors (continued)	MF Moruthoane M Mathedimosa NE Phatudi TJ Rababalela M Serekele DL Selowa TJ Senyolo MJ Nakana MF Mokwalakwala ZT Maluleke
Audit committee	TC Modipane (Chairperson) FJ Mudau SA Ngobeni SST Kholong HG Hlomane
Acting Chief Finance Officer (CFO)	BJ Thoka
Accounting Officer	TG Mashaba
Registered office	Civic Centre 44 Botha Street Modjadjiskloof Limpopo
Business address	Civic Centre 44 Botha Street Modjadjiskloof Limpopo
Postal address	PO Box 36 Modjadjiskloof 0835
Bankers	First National Bank
Auditors	Auditor General of South Africa
Enabling legislation	Division of Revenue Act (Act 1 of 2011) Local Government Municipal Finance Management Act (Act 56 of 2003) Municipal Property Rates Act (Act 6 of 2004) Local Government Municipal Systems Act (Act 32 of 2000) Local Government Municipal Structures Act (Act 117 of 1998)
Level of rounding	Nearest Rand

Greater Letaba Municipality

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Abbreviations

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipal Systems Improvement Grant
SALGA	South Africa Local Government Association
FMG	Finance Management Grant

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

The annual financial statements set out on pages 5 to 65, which have been prepared on the going concern basis, were approved by the accounting officer on 29 August 2014 and were signed by:

TG Mashaba
Accounting officer

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2014.

1. Review of activities

Main business and operations

The municipality is engaged in providing municipal services and maintaining the best interest of the local community mainly in the greater letaba area.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the municipality was R 71 459 371 (2013: surplus R 50 673 124).

2. Going concern

The annual 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.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year that could have a material impact on the unaudited annual financial statements.

4. Accounting Officer's interest in contracts

None.

5. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board and in accordance with section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003).

6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name

TG Mashaba

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Position as at 30 June 2014

Figures in Rand	Notes	2014	2013 Restated*
Assets			
Current Assets			
Inventories	3	2 903 965	2 899 313
Receivables from exchange transactions	4	5 886 108	1 645 497
Receivables from non-exchange transactions	5	476 600	-
VAT receivable		-	658 063
Consumer debtors	6	11 372 863	7 248 292
Cash and cash equivalents	7	115 705 106	103 997 528
		136 344 642	116 448 693
Non-Current Assets			
Investment property	8	267 057	408 969
Property, plant and equipment	9	355 646 605	299 671 415
Intangible assets	10	570 268	656 337
Heritage assets	11	385 500	684 954
Other financial assets	12	8 054 061	7 627 234
		364 923 491	309 048 909
Total Assets		501 268 133	425 497 602
Liabilities			
Current Liabilities			
Other financial liabilities	13	946 349	704 082
Payables from exchange transactions	14	22 183 710	28 206 741
VAT payable		398 024	-
Consumer deposits	15	333 387	221 375
Unspent conditional grants and receipts	16	16 079 872	7 084 210
		39 941 342	36 216 408
Non-Current Liabilities			
Other financial liabilities	13	7 507 827	8 566 731
Employee benefit obligations	17	8 156 630	6 644 457
Provisions	18	2 236 803	2 103 846
		17 901 260	17 315 034
Total Liabilities		57 842 602	53 531 442
Net Assets		443 425 531	371 966 160
Accumulated surplus		443 425 531	371 966 160

* See Note 41

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Performance

Figures in Rand	Notes	2014	2013 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	14 004 364	15 266 501
Rental of facilities and equipment		111 364	90 510
Interest received - outstanding receivables		6 120 546	5 298 477
Income from agency services		1 573 915	1 307 932
Licences and permits		2 846 217	3 257 791
Other income		805 622	857 870
Interest received - investment	20	5 417 710	5 096 951
Total revenue from exchange transactions		30 879 738	31 176 032
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	21	8 633 560	6 418 552
Transfer revenue			
Government grants and subsidies	22	188 010 338	169 418 695
Fines		651 870	207 635
Total revenue from non-exchange transactions		197 295 768	176 044 882
Total revenue	23	228 175 506	207 220 914
Expenditure			
Employee related costs	24	53 969 138	47 606 174
Remuneration of councillors	25	15 220 576	14 235 330
Depreciation and amortisation	26	13 196 629	11 339 548
Impairment loss	27	4 089 889	139 829
Finance costs	28	1 345 982	1 458 537
Debt impairment		10 659 867	29 429 488
Repairs and maintenance		5 055 616	2 929 939
Bulk purchases	29	10 325 878	10 611 608
Contracted services	30	7 765 238	8 015 460
General expenses	31	35 087 322	30 827 564
Total expenditure		156 716 135	156 593 477
Operating surplus		71 459 371	50 627 437
Fair value adjustments		-	45 687
Surplus for the year		71 459 371	50 673 124

* See Note 41

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	306 293 036	306 293 036
Adjustments		
Correction of prior period errors	15 000 000	15 000 000
Balance at 1 July 2012 as restated*	321 293 036	321 293 036
Changes in net assets		
Surplus for the year	50 673 124	50 673 124
Total changes	50 673 124	50 673 124
Balance at 1 July 2013 as restated	371 966 160	371 966 160
Changes in net assets		
Surplus for the year	71 459 371	71 459 371
Total changes	71 459 371	71 459 371
Balance at 30 June 2014	443 425 531	443 425 531

* See Note 41

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Cash Flow Statement

Figures in Rand	Notes	2014	2013 Restated*
Cash flows from operating activities			
Receipts			
Cash received from trade services, assessment rates and rental		10 916 343	12 466 439
Grants		197 006 000	176 480 000
Interest income		11 538 256	10 395 428
Cash received from agency fees, fines and sundry income		1 253 216	1 936 355
		<u>220 713 815</u>	<u>201 278 222</u>
Payments			
Employee costs		(66 217 269)	(60 229 216)
Suppliers		(67 465 250)	(61 139 681)
Finance costs		(1 345 982)	(1 458 537)
		<u>(135 028 501)</u>	<u>(122 827 434)</u>
Net cash flows from operating activities	33	<u>85 685 314</u>	<u>78 450 788</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(72 609 613)	(59 467 319)
Purchase of other intangible assets	10	(124 659)	(359 634)
Purchase of financial assets		(426 827)	(273 971)
		<u>(73 161 099)</u>	<u>(60 100 924)</u>
Net cash flows from investing activities		<u>(73 161 099)</u>	<u>(60 100 924)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		(816 637)	(704 081)
		<u>(816 637)</u>	<u>(704 081)</u>
Net cash flows from financing activities		<u>(816 637)</u>	<u>(704 081)</u>
Net increase in cash and cash equivalents		11 707 578	17 645 783
Cash and cash equivalents at the beginning of the year		103 997 528	86 351 745
Cash and cash equivalents at the end of the year	7	<u>115 705 106</u>	<u>103 997 528</u>

* See Note 41

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer to note 47 for explanations of major variances
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	18 666 278	-	18 666 278	14 004 364	(4 661 914)
Rental of facilities and equipment	209 768	-	209 768	111 364	(98 404)
Interest received - outstanding receivables	5 280 000	-	5 280 000	6 120 546	840 546
Income from agency services	1 636 800	-	1 636 800	1 573 915	(62 885)
Licences and permits	5 280 000	-	5 280 000	2 846 217	(2 433 783)
Other income	81 132 552	(41 952 435)	39 180 117	805 622	(38 374 495)
Interest received - investment	848 923	2 551 007	3 399 930	5 417 710	2 017 780
Total revenue from exchange transactions	113 054 321	(39 401 428)	73 652 893	30 879 738	(42 773 155)

Revenue from non-exchange transactions

Taxation revenue

Property rates	5 983 697	-	5 983 697	8 633 560	2 649 863
Government grants	197 006 000	7 061 305	204 067 305	188 010 338	(16 056 967)

Transfer revenue

Fines	316 800	-	316 800	651 870	335 070
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Total revenue from non-exchange transactions	203 306 497	7 061 305	210 367 802	197 295 768	(13 072 034)
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Total revenue	316 360 818	(32 340 123)	284 020 695	228 175 506	(55 845 189)
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Expenditure

Employee related costs	(58 524 961)	-	(58 524 961)	(53 969 138)	4 555 823
Remuneration of councillors	(16 358 735)	1 012 735	(15 346 000)	(15 220 576)	125 424
Depreciation and amortisation	(9 462 288)	-	(9 462 288)	(13 196 629)	(3 734 341)
Impairment loss	-	-	-	(4 089 889)	(4 089 889)
Finance costs	(1 984 517)	-	(1 984 517)	(1 345 982)	638 535
Debt impairment	(2 526 284)	(3 134 000)	(5 660 284)	(10 659 867)	(4 999 583)
Repairs and maintenance	(4 875 000)	(434 000)	(5 309 000)	(5 055 616)	253 384
Bulk purchases	(12 478 320)	-	(12 478 320)	(10 325 878)	2 152 442
Contracted Services	(15 384 032)	5 694 032	(9 690 000)	(7 765 238)	1 924 762
General Expenses	(28 983 981)	(3 681 413)	(32 665 394)	(35 087 322)	(2 421 928)

Total expenditure	(150 578 118)	(542 646)	(151 120 764)	(156 716 135)	(5 595 371)
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Operating surplus	165 782 700	(32 882 769)	132 899 931	71 459 371	(61 440 560)
Contributions	-	44 881 368	44 881 368	-	(44 881 368)

Surplus before taxation	165 782 700	11 998 599	177 781 299	71 459 371	(106 321 928)
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	165 782 700	11 998 599	177 781 299	71 459 371	(106 321 928)
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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer to note 47 for explanations of major variances
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	2 640 000	259 313	2 899 313	2 903 965	4 652	
Receivables from exchange transactions	-	-	-	5 886 108	5 886 108	
Receivables from non-exchange transactions	-	-	-	476 600	476 600	
Consumer debtors	10 278 734	-	10 278 734	11 372 863	1 094 129	
Cash and cash equivalents	45 898 993	73 363 762	119 262 755	115 705 106	(3 557 649)	
	58 817 727	73 623 075	132 440 802	136 344 642	3 903 840	

Non-Current Assets

Investment property	-	408 969	408 969	267 057	(141 912)	
Property, plant and equipment	482 106 000	(20 362 211)	461 743 789	355 646 605	(106 097 184)	
Intangible assets	400 000	1 749 838	2 149 838	570 268	(1 579 570)	
Heritage assets	-	-	-	385 500	385 500	
Other financial assets	16 975 570	(9 348 336)	7 627 234	8 054 061	426 827	
	499 481 570	(27 551 740)	471 929 830	364 923 491	(107 006 339)	

Total Assets

	558 299 297	46 071 335	604 370 632	501 268 133	(103 102 499)	
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Liabilities

Current Liabilities

Other financial liabilities	620 000	172 000	792 000	946 349	154 349	
Payables from exchange transactions	39 767 904	-	39 767 904	22 183 710	(17 584 194)	
VAT payable	-	-	-	398 024	398 024	
Consumer deposits	242 880	-	242 880	333 387	90 507	
Unspent conditional grants and receipts	6 062 998	(6 062 998)	-	16 079 872	16 079 872	
Provisions	316 800	-	316 800	-	(316 800)	
	47 010 582	(5 890 998)	41 119 584	39 941 342	(1 178 242)	

Non-Current Liabilities

Other financial liabilities	8 340 688	-	8 340 688	7 507 827	(832 861)	
Employee benefit obligations	3 231 360	-	3 231 360	8 156 630	4 925 270	
Provisions	2 196 480	-	2 196 480	2 236 803	40 323	
	13 768 528	-	13 768 528	17 901 260	4 132 732	

Total Liabilities

	60 779 110	(5 890 998)	54 888 112	57 842 602	2 954 490	
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Net Assets

	497 520 187	51 962 333	549 482 520	443 425 531	(106 056 989)	
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated surplus	497 520 187	51 962 333	549 482 520	443 425 531	(106 056 989)	
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Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer to note 47 for explanations of major variances
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Cash received from trade services, assessment rates and rental	87 718 000	1 479 042	89 197 042	10 916 343	(78 280 699)	
Grants	197 006 000	-	197 006 000	197 006 000	-	
Interest income	8 367 744	2 551 007	10 918 751	11 538 256	619 505	
Cash received from agency fees, fines and sundry income	-	-	-	1 253 216	1 253 216	
	293 091 744	4 030 049	297 121 793	220 713 815	(76 407 978)	

Payments

Suppliers and employees	(147 973 500)	-	(147 973 500)	(133 682 519)	14 290 981	
Finance costs	(1 984 512)	-	(1 984 512)	(1 345 982)	638 530	
	(149 958 012)	-	(149 958 012)	(135 028 501)	14 929 511	

Net cash flows from operating activities	143 133 732	4 030 049	147 163 781	85 685 314	(61 478 467)	
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Cash flows from investing activities

Purchase of property, plant and equipment	(149 204 700)	(11 997 921)	(161 202 621)	(72 609 613)	88 593 008	
Proceeds from sale of property, plant and equipment	100 000	-	100 000	-	(100 000)	
Purchase of other intangible assets	-	-	-	(124 659)	(124 659)	
Purchase of financial assets	-	-	-	(426 827)	(426 827)	
Proceeds from sale of financial assets	44 652 000	-	44 652 000	-	(44 652 000)	

Net cash flows from investing activities	(104 452 700)	(11 997 921)	(116 450 621)	(73 161 099)	43 289 522	
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Cash flows from financing activities

Repayment of other financial liabilities	(620 000)	(172 000)	(792 000)	(816 637)	(24 637)	
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Net increase in cash and cash equivalents	38 061 032	(8 139 872)	29 921 160	11 707 578	(18 213 582)	
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Cash and cash equivalents at the beginning of the year	30 587 027	48 464 959	79 051 986	103 997 528	24 945 542	
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Cash and cash equivalents at the end of the year	68 648 059	40 325 087	108 973 146	115 705 106	6 731 960	
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Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1. Basis of preparation

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

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

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

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

These accounting policies are consistent with the previous period, unless explicitly stated otherwise.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Loans and receivables

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

Fair value estimation

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

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment, intangible assets and investment property

The municipality's management determines the estimated useful lives and related depreciation charges for the assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

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

Other key assumptions for post retirement benefit obligations are based on current market conditions. Additional information is disclosed in Note 17.

Effective interest rate

The municipality used the most relevant contractual risk rate applicable to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

Debtors impairment

The provision for impairment is measured with reference to historical data and payment trend analysis per group of consumers and/or category. An impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

1.4 Investment property

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

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

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

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

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

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

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

Cost model

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

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - buildings	30 years

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

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1.4 Investment property (continued)

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

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

1.5 Property, plant and equipment

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

Recognition

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

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

Initial measurement

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

Subsequent measurement

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

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

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Accounting Policies

1.5 Property, plant and equipment (continued)

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

Item	Average useful life (years)
Infrastructure	
• Roads, pavements, bridges and storm water	10 - 100
• Street names, signs and parking meters	5
• Water reservoirs and reticulation	15 - 20
• Electricity reticulation	20 - 50
• Sewerage purification and reticulation	15 - 20
• Refuse sites	15
• Security measures	5
Community	
• Parks and gardens	10 - 30
• Sport fields	20 - 30
• Community halls	30
• Libraries	30
• Recreation facilities	30
• Cemeteries	30
Other assets	
• Motor vehicles	7 - 15
• Plant and equipment	2 - 5
• IT equipment	5
• Office equipment	5

Land is not depreciated as it is deemed to have an indefinite useful life.

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Derecognition

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

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

1.6 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

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

An intangible asset is recognised when:

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

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

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Accounting Policies

1.6 Intangible assets (continued)

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

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

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

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

Item	Useful life
Computer software	3 years

Intangible assets are derecognised:

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

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1.8 Financial instruments

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

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

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

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

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

A financial asset is:

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

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

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

Classification

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

Class	Category
Consumer debtors	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

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

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1.8 Financial instruments (continued)

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

Reclassification

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

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

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

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

Gains and losses

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

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

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Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.8 Financial instruments (continued)

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

Derecognition

Financial assets

The municipality derecognises a financial asset only when:

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

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

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

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

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

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Accounting Policies

1.8 Financial instruments (continued)

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

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

Financial liabilities

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

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

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

Presentation

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

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

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

Distributions to holders of residual interests are debited by the municipality directly to net assets, net of any related income tax benefit. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit.

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

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

1.9 Leases

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

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

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Accounting Policies

1.9 Leases (continued)

Operating leases - lessee

Operating leases are those leases that do not fall within the scope of the definition of a finance lease. The aggregate benefit of incentives of operating lease are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

1.10 Inventories

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

1.11 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager as well as the Mayor and Councillors.

1.12 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

1.13 Value added tax

The municipality accounts for Value Added Tax on the payments basis.

1.14 Impairment of cash-generating assets

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

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Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Identification

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

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

Value in use

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

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

Basis for estimates of future cash flows

In measuring value in use the municipality:

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

Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

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

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

Discount rate

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

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Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Cash-generating units

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

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

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

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

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

Redesignation

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

1.15 Impairment of non-cash-generating assets

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

Value in use

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

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

Redesignation

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

1.16 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Greater Letaba Municipality

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Accounting Policies

1.16 Employee benefits (continued)

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Retirement benefits

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Post-employment benefits: Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.16 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- actuarial gains and losses;

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality offers various types of long service awards to its employees. The provision is to recognise the present value of the obligation as at the reporting date.

1.17 Provisions and contingencies

Provisions are recognised when:

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.17 Provisions and contingencies (continued)

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- The municipality has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The municipality does not recognise contingent liabilities or contingent assets. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets and liabilities are disclosed in note 35.

1.18 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Measurement

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

Service charges

Flat rate service charges relating to electricity which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

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

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

Interest

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.18 Revenue from exchange transactions (continued)

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

The revenue is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

1.19 Revenue from non-exchange transactions

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

Rates (including collection charges and penalty interest)

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income.

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Government grants, transfers and donations

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Stipulations can either be in the form of conditions or in the form of restrictions. For both conditions and restrictions a recipient may be required to use the transferred asset for a particular purpose. However the difference between a restriction and a condition is that a condition has an additional requirement which states that the asset or its future economic benefits or service potential should be returned to the transferor should the recipient not use the asset for the particular purpose stipulated.

When conditions are attached to a transferred asset, the municipality incurs a liability. The municipality has a present obligation to comply with the conditions of the asset or to return the economic benefits or service potential of the asset to the transferor when the conditions are not met. Therefore, when a recipient initially recognises an asset that is subject to a condition, the recipient also incurs a liability.

Restrictions on transferred assets arise when there is an expectation and/or understanding about the particular way that the assets will be used. However, there is no requirement that the transferred asset, or future economic benefits or service potential are to be returned to the transferor if the assets are not used as per the expectation or understanding. Thus, initially gaining control of an asset with restrictions does not impose a present obligation on the recipient and consequently no liability is recognised.

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

Fines

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

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

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

Public donations and contributions

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised at fair value, when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.21 Comparative information

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

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.22 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.23 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Irregular expenditure

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

1.25 Budget information

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

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

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

The approved budget covers the fiscal period from 2013/07/01 to 2014/06/30.

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

Comparative information is not required.

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2014 or later periods:

GRAP 18: Segment Reporting

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

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

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 – Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2017 annual financial statements.

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

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2014.

The municipality expects to adopt the standard for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 106: Transfers of functions between entities not under common control

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2014.

The municipality expects to adopt the standard for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 107: Mergers

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2014.

The municipality expects to adopt the standard for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2014.

The municipality expects to adopt the standard for the first time in the 2015 annual financial statements.

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

GRAP32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

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

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

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

GRAP108: Statutory Receivables

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

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

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

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

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

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

IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangement.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

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

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard.

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

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
3. Inventories		
Consumable stores	751 965	786 313
Unsold properties held for resale	2 152 000	2 113 000
	2 903 965	2 899 313
4. Receivables from exchange transactions		
Deposits	763 011	491 719
Sundry debtors	1 978 520	614 032
Cash suspense	317 569	377 710
Insurance debtor	-	162 036
Mopani District Municipality (Water and Sanitation function)	2 936 936	-
Less: Allowance for impairment	(109 928)	-
	5 886 108	1 645 497
Receivables from exchange transactions pledged as security		
None of the receivables from exchange transactions were pledged as security for any financial liability.		
Receivables from exchange transactions impaired		
As of 30 June 2014, receivables from exchange transactions of R109 928 (2013: R0) were impaired and provided for.		
5. Receivables from non-exchange transactions		
Fines	476 600	-
6. Consumer debtors		
Gross balances		
Rates	23 094 062	16 260 838
Electricity	14 590 527	12 972 850
Refuse	22 945 423	18 417 223
Other	17 668 028	15 985 776
	78 298 040	63 636 687
Less: Allowance for impairment		
Rates	(18 259 478)	(14 440 119)
Electricity	(11 448 794)	(9 296 936)
Refuse	(21 042 488)	(16 908 208)
Other	(16 174 417)	(15 743 132)
	(66 925 177)	(56 388 395)
Net balance		
Rates	4 834 584	1 820 719
Electricity	3 141 733	3 675 914
Refuse	1 902 935	1 509 015
Other	1 493 611	242 644
	11 372 863	7 248 292

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Figures in Rand	2014	2013
6. Consumer debtors (continued)		
Included in above is receivables from exchange transactions		
Electricity	3 141 733	3 675 914
Refuse	1 902 935	1 509 015
Other	1 493 611	242 644
	6 538 279	5 427 573
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	4 834 584	1 820 719
Net balance	11 372 863	7 248 292
Rates: Ageing		
Current (0 -30 days)	1 271 666	554 043
31 - 60 days	623 353	427 596
61 - 90 days	611 503	419 497
91 - 120 days	594 122	419 583
121 - 365 days	4 404 491	3 077 358
> 365 days	15 588 927	11 362 761
	23 094 062	16 260 838
Electricity: Ageing		
Current (0 -30 days)	902 193	776 323
31 - 60 days	687 659	316 567
61 - 90 days	649 585	378 964
91 - 120 days	727 859	358 090
121 - 365 days	2 591 644	3 006 240
> 365 days	9 031 587	8 136 666
	14 590 527	12 972 850
Refuse: Ageing		
Current (0 -30 days)	479 097	438 172
31 - 60 days	428 817	377 432
61 - 90 days	419 499	357 737
91 - 120 days	414 454	335 675
121 - 365 days	3 122 474	2 560 377
> 365 days	18 081 082	14 347 830
	22 945 423	18 417 223
Other: Ageing		
Current (0 -30 days)	74 132	89 116
31 - 60 days	71 268	82 761
61 - 90 days	71 729	82 702
91 - 120 days	71 645	81 508
121 - 365 days	625 346	651 398
> 365 days	16 753 908	14 998 291
	17 668 028	15 985 776

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Figures in Rand	2014	2013
6. Consumer debtors (continued)		
Summary of debtors by customer classification		
Residential: Ageing		
Current (0 -30 days)	2 215 405	1 224 298
31 - 60 days	1 532 378	942 744
61 - 90 days	1 479 196	877 164
91 - 120 days	1 455 151	809 127
121 - 365 days	8 707 525	7 032 708
> 365 days	51 385 951	42 125 826
	66 775 606	53 011 867
Commercial: Ageing		
Current (0 -30 days)	421 536	588 980
31 - 60 days	232 243	228 442
61 - 90 days	227 263	309 698
91 - 120 days	306 460	341 503
121 - 365 days	1 739 444	1 393 391
> 365 days	6 900 629	5 125 653
	9 827 575	7 987 667
National and provincial government: Ageing		
Current (0 -30 days)	88 184	40 090
31 - 60 days	45 639	31 212
61 - 90 days	44 583	30 191
91 - 120 days	45 212	32 586
121 - 365 days	292 981	232 639
> 365 days	1 164 282	997 147
	1 680 881	1 363 865
Other: Ageing		
Current (0 -30 days)	1 965	4 284
31 - 60 days	839	1 958
61 - 90 days	1 273	21 847
91 - 120 days	1 256	11 641
121 - 365 days	4 006	636 636
> 365 days	4 639	596 922
	13 978	1 273 288
Total: Ageing		
Current (0 -30 days)	2 727 090	1 857 652
31 - 60 days	1 811 099	1 204 356
61 - 90 days	1 752 315	1 238 900
91 - 120 days	1 808 079	1 194 857
121 - 365 days	10 743 956	9 295 374
> 365 days	59 455 501	48 845 548
	78 298 040	63 636 687
Less: Allowance for impairment	(66 925 177)	(56 388 395)
	11 372 863	7 248 292
Less: Allowance for impairment		
> 121 days	(66 925 177)	(56 388 395)

Greater Letaba Municipality

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6. Consumer debtors (continued)

Reconciliation of allowance for impairment

Balance at beginning of the year	(56 388 395)	(26 958 907)
Contributions to allowance	(10 536 782)	(29 429 488)
	(66 925 177)	(56 388 395)

Consumer debtors pledged as security

No consumer debtors were pledged as security for any liabilities.

Fair value of consumer debtors

The fair value of consumer debtors approximates the carrying amount thereof.

Consumer debtors impaired

As of 30 June 2014, consumer debtors of R66 925 177 (2013: R56 388 395) were impaired and provided for.

The amount of the provision was R10 536 782 as of 30 June 2014 (2013: R29 429 488).

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	55 763 801	46 801 356
Short-term deposits	58 133 448	55 464 953
Call account	1 807 857	1 731 219
	115 705 106	103 997 528

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2014	30 June 2013	30 June 2012	30 June 2014	30 June 2013	30 June 2012
FNB - 52100005761	31 055 339	33 800 959	11 011 742	31 073 531	33 800 959	11 011 742
FNB - 62051705534	24 601 153	12 981 944	21 001 096	24 672 340	12 981 944	21 001 096
FNB - 62051706409	17 930	18 453	18 914	17 930	18 453	18 914
Total	55 674 422	46 801 356	32 031 752	55 763 801	46 801 356	32 031 752

8. Investment property

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	480 511	(213 454)	267 057	480 511	(71 542)	408 969

Reconciliation of investment property - 2014

	Opening balance	Impairments	Depreciation	Total
Investment property	408 969	(127 614)	(14 298)	267 057

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8. Investment property (continued)

Reconciliation of investment property - 2013

	Opening balance	Depreciation	Total
Investment property	423 277	(14 308)	408 969

Pledged as security

No investment property asset was pledged as security for financial liabilities.

9. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	21 919 710	-	21 919 710	21 919 710	-	21 919 710
Buildings	126 476 672	(14 337 057)	112 139 615	96 883 268	(11 959 362)	84 923 906
Infrastructure	241 113 421	(38 709 866)	202 403 555	204 058 412	(28 892 298)	175 166 114
Other assets	38 086 995	(18 903 270)	19 183 725	32 125 794	(14 464 109)	17 661 685
Total	427 596 798	(71 950 193)	355 646 605	354 987 184	(55 315 769)	299 671 415

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Assets under construction	Depreciation	Impairment loss	Total
Land	21 919 710	-	-	-	-	21 919 710
Buildings	84 923 906	9 150 711	20 442 693	(2 377 695)	-	112 139 615
Infrastructure	175 166 114	6 124 372	30 930 636	(6 204 627)	(3 612 940)	202 403 555
Other assets	17 661 685	5 961 201	-	(4 389 281)	(49 880)	19 183 725
	299 671 415	21 236 284	51 373 329	(12 971 603)	(3 662 820)	355 646 605

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Assets under construction	Depreciation	Impairment loss	Total
Land	21 919 710	-	-	-	-	21 919 710
Buildings	59 335 955	2 637 390	25 099 822	(2 149 261)	-	84 923 906
Infrastructure	156 305 466	8 437 285	15 907 935	(5 484 572)	-	175 166 114
Other assets	13 943 335	7 384 887	-	(3 526 708)	(139 829)	17 661 685
	251 504 466	18 459 562	41 007 757	(11 160 541)	(139 829)	299 671 415

Pledged as security

None of the property, plant and equipment are pledged as security for financial liabilities.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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10. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 091 649	(521 381)	570 268	966 991	(310 654)	656 337

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software	656 337	124 659	(210 728)	570 268

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software	461 402	359 634	(164 699)	656 337

Pledged as security

None of the intangible assets are pledged as security for financial liabilities.

11. Heritage assets

	2014			2013		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments and statues	190 500	-	190 500	489 954	-	489 954
Mayoral gold chain	195 000	-	195 000	195 000	-	195 000
Total	385 500	-	385 500	684 954	-	684 954

Reconciliation of heritage assets 2014

	Opening balance	Impairment losses recognised	Total
Historical monuments and statues	489 954	(299 454)	190 500
Mayoral gold chain	195 000	-	195 000
	684 954	(299 454)	385 500

Reconciliation of heritage assets 2013

	Opening balance	Total
Historical monuments and statues	489 954	489 954
Mayoral gold chain	195 000	195 000
	684 954	684 954

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12. Other financial assets		
At amortised cost		
Momentum	8 054 061	7 627 234
The investment of R8 054 061 (2013: R7 627 234) has been ceded as collateral for a long term loan from DBSA (refer to note 13).		
Non-current assets		
At amortised cost	8 054 061	7 627 234
13. Other financial liabilities		
At amortised cost		
DBSA - 9004859	8 454 176	9 270 813
The loan is from the Development Bank of Southern Africa and repayments are made on a quarterly basis. The loan will be redeemed on 30 June 2020 and bears interest at 14,99%. The Momentum investment of R8 054 061 (2013: R7 627 234), as set out in note 12, has been ceded as collateral until such time as the loan is fully repaid.		
Non-current liabilities		
At amortised cost	7 507 827	8 566 731
Current liabilities		
At amortised cost	946 349	704 082
14. Payables from exchange transactions		
Trade payables	5 243 767	4 384 619
Payments received in advanced	1 955 962	1 845 970
Mopani District Municipality (Water and Sanitation function)	-	10 462 569
Retentions	7 679 728	6 225 007
Accrued leave pay	5 497 371	4 238 426
Accrued bonus	1 243 476	1 042 149
Other payables	563 406	8 001
	22 183 710	28 206 741
15. Consumer deposits		
Electricity	333 387	221 375
Consumer deposits are raised when a services account is opened and is refunded to the consumer after the account is closed.		
No interest is paid on consumer deposits.		
16. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Finance Management Grant (FMG)	241 512	24 689
Municipal Infrastructure Grant (MIG)	14 863 293	6 897 921
Municipal Systems Improvement Grant (MSIG)	975 067	161 600
	16 079 872	7 084 210

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Figures in Rand 2014 2013

16. Unspent conditional grants and receipts (continued)

Movement during the year

Balance at the beginning of the year	7 084 210	22 904
Additions during the year	50 588 000	43 645 000
Income recognition during the year	(41 592 338)	(36 583 694)
	16 079 872	7 084 210

The amounts will be recognised as revenue when the qualifying expenditure is incurred. No grants were withheld due to unfulfilled conditions.

See note 22 for reconciliation of grants from National / Provincial Government.

17. Employee benefit obligations

Defined benefit plans

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

Defined benefit obligation - Post retirement medical aid plan	5 768 145	4 668 968
Defined benefit obligation - Long service awards	2 388 485	1 975 489
	8 156 630	6 644 457

17.1 Post retirement medical aid plan

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 is 30 June 2014.

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	5 768 145	4 668 968
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Changes in the present value of the defined benefit obligation are as follows:

Opening balance	4 668 968	3 710 727
Benefits paid	(78 997)	(189 852)
Net expense recognised in the statement of financial performance	1 178 174	1 148 093
	5 768 145	4 668 968

Net expense recognised in the statement of financial performance in general expenses

Current service cost	14 324	339 642
Interest cost	383 542	278 469
Actuarial (gains) losses	780 308	529 982
	1 178 174	1 148 093

Greater Letaba Municipality

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Figures in Rand 2014 2013

17. Employee benefit obligations (continued)

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	780 308	529 982
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Key assumptions used

Discount rates used	8.94 %	9.12 %
Medical aid contribution inflation	8.05 %	8.03 %
Average retirement age	63	65

The basis on which the medical aid inflation rate has been determined is as follow: The medical aid inflation rate was set with reference to the past relationship between CPI and medical aid contribution rate inflation. The underlying future rate of consumer price index inflation (CPI inflation) was derived at from the relationship between current conventional government bond yields (R209) and current index-linked bond yields (R202). South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year.

The basis on which the discount rate has been determined is as follow: The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve. The discount rate was therefore set as the yield of the R209 South African government bond as at the valuation date. The actual yield on the R209 bond was sourced from the RMB Global Markets website on the 30th of June 2014.

Other assumptions

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:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	908 342	668 675
Effect on defined benefit obligation	6 194 872	5 253 467
	7 103 214	5 922 142

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

	2014 R	2013 R	2012 R	2011 R	2010 R
Defined benefit obligation	5 768 145	4 668 968	3 710 727	2 694 446	2 029 185
Surplus (deficit)	(5 768 145)	(4 668 968)	(3 710 727)	(2 694 446)	(2 029 185)

17.2 Long service awards obligation

Long service benefits are awarded in the form of a percentage of salary and a number of leave days once an employee has completed a certain number of years in service.

An actuarial valuation of the obligation has been performed by ZAQ Consultants and Actuaries on all 188 employees that are entitled to long service awards as at 30 June 2014 (2013: 177). As at the valuation date, the long service leave award liability of the Municipality was unfunded, i.e. no dedicated 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	2 388 485	1 975 489
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Figures in Rand	2014	2013
17. Employee benefit obligations (continued)		
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	1 975 489	1 692 079
Benefits paid	(101 065)	(131 881)
Net expense recognised in the statement of financial performance	514 061	415 291
	2 388 485	1 975 489
Net expense recognised in the statement of financial performance in general expenses		
Current service cost	247 591	280 124
Interest cost	144 646	109 004
Actuarial (gains) losses	121 824	26 163
	514 061	415 291
Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	121 824	26 163
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	7.96 %	7.52 %
Expected increase in salaries	7.33 %	6.85 %
Average retirement age	63	65
<p>The basis on which the normal salary inflation rate has been determined is as follow: The underlying future rate of consumer price index inflation (CPI inflation) was derived at from the relationship between current conventional bond yields (R208) and current index-linked bond yields (R197). The actual yield on the R208 and R197 government bonds was sourced from the RMB Global Markets website. The assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 1 July 2014 of 7.33% (2013: 6.85%). The next salary increase was assumed to take place on 1 July 2015.</p>		
<p>The basis on which the discount rate has been determined is as follow: The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.</p>		
<p>The discount rate was therefore set as the yield of the R208 South African government bond as at the valuation date. The actual yield on the R208 bond was sourced from the RMB Global Markets website on the 30th of June 2014.</p>		
Other assumptions		
<p>The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability of future retirees. A one percentage point change in assumed normal salary inflation rate would have the following effects:</p>		
	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	429 575	358 551
Effect on defined benefit obligation	2 584 126	2 213 243

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Notes to the Annual Financial Statements

Figures in Rand 2014 2013

17. Employee benefit obligations (continued)

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

	2014 R	2013 R	2012 R	2011 R	2010 R
Defined benefit obligation	2 388 485	1 975 489	1 692 079	1 320 533	982 094
Surplus (deficit)	(2 388 485)	(1 975 489)	(1 692 079)	(1 320 533)	(982 094)

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to some of its employees. A number of defined contribution pension funds, all of which are subject to the Pensions Fund Act exist for this purpose.

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

The amount recognised as an expense for defined contribution plans is 9 740 604 8 773 333

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 a defined contribution plans:

- National Fund for Municipal Workers
- Municipal Gratuity Fund
- Municipal Employees Pension Fund

18. Provisions

Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Landfill rehabilitation	2 103 846	132 957	2 236 803

Reconciliation of provisions - 2013

	Opening Balance	Total
Environmental rehabilitation	2 103 846	2 103 846

Landfill rehabilitation provision

In terms of the Mineral and Petroleum Recourses Development Act, 2002 (Act No 28 of 2002), it is required from the municipality to execute the environmental management program to restore landfill sites and quarries.

19. Service charges

Sale of electricity	10 504 272	11 822 993
Refuse removal	3 526 293	3 463 663
Free basic services rebate	(26 201)	(20 155)
	14 004 364	15 266 501

20. Investment revenue

Interest revenue

Bank	2 245 750	1 876 556
Interest received - Investments	3 171 960	3 220 395
	5 417 710	5 096 951

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Figures in Rand	2014	2013
21. Property rates		
Rates received		
Residential	3 446 142	4 331 232
Commercial	912 150	2 589 485
Government	627 866	947 472
Municipal	366 213	836 316
Other	5 213 573	22 272
Less: Income forgone	(1 932 384)	(2 308 225)
	8 633 560	6 418 552

Valuations

Residential	566 604 900	478 371 656
Commercial	149 973 000	90 647 500
Government	103 232 000	26 855 100
Municipal	60 211 650	69 888 900
Other	857 200 840	396 837 750
	1 737 222 390	1 062 600 906

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

Rates are levied on a monthly basis and interest is levied on outstanding amounts.

22. Government grants and subsidies

Operating grants

Equitable share	146 418 000	132 835 000
Finance Management Grant	1 333 177	1 498 216
Municipal Systems Improvement Grant	76 533	638 400
National Electrification Grant	1 198 000	1 318 000
	149 025 710	136 289 616

Capital grants

Municipal Infrastructure Grant	38 984 628	33 129 079
	38 984 628	33 129 079
	188 010 338	169 418 695

Equitable Share

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

Finance Management Grant (FMG)

Balance unspent at beginning of year	24 689	22 904
Current-year receipts	1 550 000	1 500 000
Conditions met - transferred to revenue	(1 333 177)	(1 498 215)
Conditions still to be met - transferred to liabilities	241 512	24 689

Conditions still to be met - remain liabilities (see note 16).

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met. No funds have been withheld.

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Figures in Rand	2014	2013
22. Government grants and subsidies (continued)		
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	6 897 921	-
Current-year receipts	46 950 000	40 027 000
Conditions met - transferred to revenue	(38 984 628)	(33 129 079)
Conditions still to be met - transferred to liabilities	14 863 293	6 897 921
Conditions still to be met - remain liabilities (see note 16).		
This grant was used to construct municipal infrastructure to provide basic services for the benefit of communities. The conditions of the grant were met. No funds have been withheld.		
Municipal Systems Improvement Grant (MSIG)		
Balance unspent at beginning of year	161 600	-
Current-year receipts	890 000	800 000
Conditions met - transferred to revenue	(76 533)	(638 400)
Conditions still to be met - transferred to liabilities	975 067	161 600
Conditions still to be met - remain liabilities (see note 16).		
The grant is used to fund the unbundling of fixed assets and supplementary valuation roll.		
Extended Public Works Grant		
Current-year receipts	1 198 000	1 318 000
Conditions met - transferred to revenue	(1 198 000)	(1 318 000)
Conditions still to be met - transferred to liabilities	-	-
Conditions still to be met - remain liabilities (see note 16).		
23. Revenue		
Service charges	14 004 364	15 266 501
Rental of facilities and equipment	111 364	90 510
Interest received - outstanding receivables	6 120 546	5 298 477
Income from agency services	1 573 915	1 307 932
Licences and permits	2 846 217	3 257 791
Other income	805 622	857 870
Interest received - investment	5 417 710	5 096 951
Property rates	8 633 560	6 418 552
Government grants and subsidies	188 010 338	169 418 695
Fines	651 870	207 635
	228 175 506	207 220 914
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	14 004 364	15 266 501
Rental of facilities and equipment	111 364	90 510
Interest received - outstanding receivables	6 120 546	5 298 477
Income from agency services	1 573 915	1 307 932
Licences and permits	2 846 217	3 257 791
Other income	805 622	857 870
Interest received - investment	5 417 710	5 096 951
	30 879 738	31 176 032

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Figures in Rand	2014	2013
23. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	8 633 560	6 418 552
Transfer revenue		
Government grants and subsidies	188 010 338	169 418 695
Fines	651 870	207 635
	197 295 768	176 044 882
24. Employee related costs		
Salaries and wages	34 535 371	31 489 654
Bonus	2 620 880	2 221 435
Medical aid benefits	3 454 343	2 466 088
UIF	332 394	305 561
Leave pay provision charge	1 420 154	733 031
Pension fund and industrial fund contributions	6 653 723	5 985 937
Overtime payments	2 948 674	2 792 667
Travel and car allowance	1 681 730	1 262 325
Housing benefits and allowances	321 869	349 476
	53 969 138	47 606 174
Remuneration of Municipal Manager		
Annual remuneration	779 092	618 333
Car allowance	198 000	150 000
Contributions to UIF, Medical and Pension Funds	177 000	140 000
	1 154 092	908 333
Remuneration of Chief Finance Officer		
Annual remuneration	288 253	535 079
Car allowance	72 196	135 134
Acting allowance	286 490	126 130
Contributions to UIF, Medical and Pension Funds	64 947	75 729
Housing allowance	4 780	23 934
	716 666	896 006
Remuneration of Director Planning and Development		
Annual remuneration	583 493	528 767
Car allowance	179 000	161 000
Acting allowance	-	24 735
Contributions to UIF, Medical and Pension Funds	95 000	85 233
	857 493	799 735

Greater Letaba Municipality

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Figures in Rand	2014	2013
24. Employee related costs (continued)		
Remuneration of Director Corporate Services		
Annual remuneration	249 935	327 942
Car allowance	72 196	94 416
Acting allowance	280 039	277 662
Contributions to UIF, Medical and Pension Funds	68 570	98 822
Housing allowance	4 552	750
	675 292	799 592
Remuneration of Director Community Services		
Annual remuneration	550 293	477 716
Car allowance	180 000	172 220
Acting allowance	-	26 790
Contributions to UIF, Medical and Pension Funds	127 200	122 316
	857 493	799 042
25. Remuneration of councillors		
Executive Mayor's allowance	508 371	484 163
Executive committee allowances	1 802 827	1 261 401
Speaker's allowance	406 694	387 328
Councillors' allowances	8 223 740	8 638 375
Travel allowance	3 104 949	2 712 634
Cell phone allowance	1 173 995	751 429
	15 220 576	14 235 330
Remuneration per councillor		
Refer to note 40 for detail of remuneration per councillor.		
26. Depreciation and amortisation		
Property, plant and equipment	12 971 603	11 160 541
Investment property	14 298	14 308
Intangible assets	210 728	164 699
	13 196 629	11 339 548
27. Impairment of assets		
Impairments		
Property, plant and equipment	3 662 821	139 829
Investment property	127 614	-
Heritage assets	299 454	-
	4 089 889	139 829
28. Finance costs		
DBSA Loan - Interest paid	1 345 982	1 458 537
29. Bulk purchases		
Electricity	10 325 878	10 611 608

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Figures in Rand	2014	2013
30. Contracted services		
Meter reading services	205 193	348 880
Security services	4 381 809	3 950 389
Operating leases	730 038	601 928
Specialist services	978 539	1 034 106
Other contractors	1 469 659	2 080 157
	7 765 238	8 015 460
31. General expenses		
Advertising	436 366	652 042
Auditor's remuneration	1 776 848	1 917 160
Bank charges	207 400	197 867
Consulting and professional fees	1 916 716	929 160
Entertainment	31 225	99 888
Insurance	1 013 376	918 020
Conferences and seminars	162 021	278 636
Lease rentals on operating lease	895 719	474 376
Motor vehicle expenses	73 673	83 394
Stores and material	502 771	371 338
Fuel and oil	2 416 479	2 098 281
Postage and courier	47 296	51 402
Printing and stationery	752 091	599 832
SAIMSA games	-	278 835
Protective clothing	310 422	-
Youth empowerment project	31 000	54 076
Youth desk development	320 888	294 294
Subscriptions and membership fees	2 149 206	892 577
Telephone and fax	916 228	647 572
Training	596 282	356 540
Travel - local	2 883 631	2 765 287
Electricity	770 292	630 903
Tourism development	117 900	107 000
Bursary scheme	2 946 287	1 999 634
Capacity building	206 200	38 074
Catering	482 280	730 016
Interns	1 466 167	2 272 001
Free basic services	842 224	1 025 179
Gender desk activities	183 936	183 113
Public participation	591 052	742 759
Workshops and meetings	3 436 960	4 482 507
Other expenses	6 604 386	4 655 801
	35 087 322	30 827 564
32. Auditor's remuneration		
Fees	1 776 848	1 917 160

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Figures in Rand	2014	2013
33. Cash generated from operations		
Surplus	71 459 371	50 673 124
Adjustments for:		
Depreciation and amortisation	13 196 629	11 339 548
Fair value adjustments	-	(45 687)
Impairment deficit	4 089 889	139 829
Debt impairment	10 659 867	29 429 488
Movements in retirement benefit assets and liabilities	1 512 173	1 241 651
Movements in provisions	132 957	-
Other non-cash items	-	4 751
Changes in working capital:		
Inventories	(4 652)	33 155
Receivables from exchange transactions	(4 240 611)	(461 465)
Consumer debtors	(14 784 438)	(12 600 070)
Other receivables from non-exchange transactions	(476 600)	-
Payables from exchange transactions	(6 023 032)	(7 952 177)
VAT	1 056 087	(437 047)
Unspent conditional grants and receipts	8 995 662	7 061 305
Consumer deposits	112 012	24 383
	85 685 314	78 450 788
34. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	106 295 614	72 418 467
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	10 580 000	-
The expenditure will be financed from:		
Own funds	102 559 254	65 704 385
Government grants	14 316 360	6 714 082
	116 875 614	72 418 467
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	223 315	98 803
- in second to fifth year inclusive	269 104	181 139
	492 419	279 942

Operating lease payments represent rentals payable by the municipality for certain of its office equipment. Leases are negotiated for an average term of three years and lease payments are fixed. No contingent rent is payable.

Greater Letaba Municipality

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Figures in Rand 2014 2013

35. Contingencies

Ramalepe vs Greater Letaba Municipality

The municipality is being sued for an amount of R89 000 (2013: R95 668), for selling a residential site to two people.

Merifon (Pty) Ltd vs Greater Letaba Municipality

The municipality is being sued for an amount of R52 000 000 (2013: R0) for a breach of contract.

Hennox 60 CC vs Greater Letaba Municipality

The municipality is being sued for an amount of R3 635 593 (2013: R0) for damages suffered by the plaintiff as a result of an alleged defective storm water system.

All of Us Trading CC vs Greater Letaba Municipality

The municipality is being sued for an amount of R128 500 (2013: R0) for services rendered to the municipality for which the plaintiff was not paid for.

Rob's Spices CC vs Greater Letaba Municipality

The municipality is being sued for an amount of R190 000 (2013: R0) for losses suffered by the plaintiff as a result of alleged failure to supply electricity.

Star-Mirls vs Greater Letaba Municipality

The municipality is being sued by the plaintiff for an amount of R950 861 (2013: R0) for allegedly paying the incorrect supplier for services rendered to the municipality.

Anna Magaretha Botes vs Greater Letaba Municipality

The plaintiff is suing the municipality together with the District as second respondent for an amount of R950 000 (2013: R0) for injuries sustained after she allegedly fell into a hole dug by the municipality.

Wage curve agreement

Municipalities were informed that the unions were successful in their application to the court in respect to the Wage Curve Collective Agreement. The judge ruled in favour of the unions and ordered that the Wage Curves as implemented from 1 July 2010 be adjusted by 8.48%. SALGBC did not publish task results for Greater Letaba Municipality and as such Wage Curve is disclosed as a contingent liability. The back pay amount payable to employees by the municipality as at 30 June 2014 is R2 416 103.

The Municipality currently has labour disputes with the following employees:

- MP Maake
- NS Malatji
- AA Rakgabale
- Mthobekgi

36. Unauthorised expenditure

Opening balance	34 730 022	-
Unauthorised expenditure in current year	19 905 685	34 730 022
Closing balance	54 635 707	34 730 022
Reconciliation of budgeted vs actual expenditure		
Actual expenditure	156 716 135	156 493 477
Approved operational budget	(151 120 764)	(141 261 000)
Overspending of budget	5 595 371	15 232 477
Effect of prior period adjustment (refer to note 41)	-	100 000
Total net effect of overspending of budget	5 595 371	15 332 477

Unauthorised expenditure during 2014 as a result of overspending of budget per vote amounted to R19 905 685 (2013: R34 730 022). These over expenditure amounts are not recoverable and must still be investigated and condoned by Council in terms of Section 32 of the MFMA.

Greater Letaba Municipality

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36. Unauthorised expenditure (continued)

The over expenditure can mainly be attributed to debt impairment, depreciation and amortisation and impairment loss (to the total value of R15 245 741). However, according to over expenditure per vote the over expenditure occurred in the following departments: Finance and Administration and Waste Management (2013: Finance and Administration, Waste Management and Electricity).

37. Fruitless and wasteful expenditure

Opening balance	119 696	45 426
Incorrect salary related payments made to employees	-	30 981
Penalties accrued on incorrect payments to SARS	-	62 566
Interest paid to service providers	13 922	3 064
Cost incurred for goods not functioning properly	70 972	-
Amount recovered (incorrect salary related payments to employees)	-	(22 341)
Fruitless and wasteful expenditure awaiting condonement	204 590	119 696

Interest accrued on late payments

During 2013/14 financial year interest accrued on late payments to suppliers. The interest would have been avoided had reasonable care been exercised. The total value of the interest was R13 922.

Interest on late payment of Eskom account: R9 508
Interest on late payment of Telkom account: R4 414

Cost incurred for goods not functioning properly

During the 2013/14 financial year the municipality purchased a telephone management system which is not functioning properly and as a result is not currently in use. Monthly rental amounted to R70 972.

38. Irregular expenditure

Opening balance	100 911 070	44 355 505
Add: Irregular Expenditure - Deviation from supply chain management processes	4 734 978	56 555 565
Add: Stock losses due to theft and shortages	371 167	-
	106 017 215	100 911 070

Analysis of expenditure awaiting condonation per age classification

Current year	5 106 145	56 555 565
Prior years	100 911 070	44 355 505
	106 017 215	100 911 070

The matters above have been submitted to MPAC for investigation. No amounts were condoned during 2014.

39. Additional disclosure in terms of Municipal Finance Management Act

SALGA

Current year fee	521 208	443 746
Amount paid - current year	(521 208)	(443 746)
	-	-

Audit fees

Current year audit fee	1 776 848	1 917 160
Amount paid - current year	(1 776 848)	(1 917 160)
	-	-

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Figures in Rand	2014	2013
39. Additional disclosure in terms of Municipal Finance Management Act (continued)		
PAYE, UIF and SDL		
Current year deductions	10 960 865	9 977 767
Amount paid - current year	(10 960 865)	(9 977 767)
	-	-
Pension and Medical Aid Deductions		
Current year deductions	13 303 611	11 542 012
Amount paid - current year	(13 303 611)	(11 542 012)
	-	-
VAT		
VAT receivable	-	658 063
VAT payable	398 024	-
	398 024	658 063

Councillors' arrear consumer accounts

None of the Councillors had arrear accounts outstanding for more than 90 days at 30 June 2014 and 30 June 2013.

40. Related parties

Relationships

Members of key management

TG Mashaba (Municipal Manager)
BJ Thoka (Acting CFO)
CW Molokomme (Director Planning and Development)
KR Chuene (Acting Director Corporate Services)
DI Mogale (Director Community Services)
Councillors - Refer to list of Councillors below

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.

During the financial year no Councillor or Official had any interest in related parties and no one could control or 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.

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

40. Related parties (continued)

Remuneration per councillor	Salary	Travel allowance	Cell phone allowance	Total package
2014				
GH Modjadji (Mayor)	508 371	169 457	20 868	698 696
RR Ramalatso (Speaker)	406 694	135 565	20 868	563 127
FN Maake	381 278	127 092	20 868	529 238
MM Nkwana	381 278	127 092	20 868	529 238
MJ Masutha	381 278	127 092	20 868	529 238
RJ Makhananisa	381 278	127 092	20 868	529 238
MD Makhananisa	209 702	69 901	20 868	300 471
MP Masela	209 702	69 901	20 868	300 471
TC Kgafela	209 702	69 901	20 868	300 471
MC Seale	209 702	69 901	20 868	300 471
NN Baloi	209 702	69 901	20 868	300 471
MF Moroatshehla	209 702	69 901	20 868	300 471
MP Malola	152 511	50 837	20 868	224 216
DI Matloga	203 348	-	20 868	224 216
MF Mokwalakwala	95 065	31 687	13 008	139 760
MG Selowa	152 511	50 837	20 868	224 216
SP Mabale	152 511	50 837	20 868	224 216
MF Kgamede	152 511	50 837	20 868	224 216
ME Mafona	152 511	50 837	20 868	224 216
MJ Baloyi	209 702	69 901	20 868	300 471
MA Makgeru	152 511	50 837	20 868	224 216
NE Phatudi	152 511	50 837	20 868	224 216
M Mathedimosa	152 511	50 837	20 868	224 216
MF Moruthoane	203 348	-	20 868	224 216
MA Lebepe	152 511	50 837	20 868	224 216
MG Ntuli	152 511	50 837	20 868	224 216
SS Malatji	152 511	50 837	20 868	224 216
MI Manyama	152 511	50 837	20 868	224 216
NT Machehe	203 348	-	20 868	224 216
MSS Sebelemetja	152 511	50 837	20 868	224 216
MP Satekge	152 511	50 837	20 868	224 216
RA Seunane	5 810	1 936	496	8 242
MJ Nakana	152 511	50 837	20 868	224 216
BE Ngobeni	152 511	50 837	20 868	224 216
MF Makhubela	152 511	50 837	20 868	224 216
NM Kgatla	152 511	50 837	20 868	224 216
ME Lebepe	152 511	50 837	20 868	224 216
MD Rabapana	152 511	50 837	20 868	224 216
MA Lebepe	152 511	50 837	20 868	224 216
TD Mokhari	203 348	-	20 868	224 216
MF Manyama	152 511	50 837	20 868	224 216
MJ Willemse	72 624	24 207	6 197	103 028
DL Selowa	152 511	50 837	20 868	224 216
M Serekele	152 511	50 837	20 868	224 216
TE Makgatho	152 511	50 837	20 868	224 216
MV Makgwathela	152 511	50 837	20 868	224 216
TJ Rababalela	152 511	50 837	20 868	224 216
MV Mashapa	203 348	-	20 868	224 216
TJ Senyolo	152 511	50 837	20 868	224 216
AM Mantlhakga	152 511	50 837	20 868	224 216
MM Mankgero	152 511	50 837	20 868	224 216
LR Mashapa	152 511	50 837	20 868	224 216
F Morwatshehla	203 348	-	20 868	224 216
MJ Kgatla	152 511	50 837	20 868	224 216
GJ Mkansi	203 348	-	20 868	224 216
N Selowa	152 511	50 837	20 868	224 216

Greater Letaba Municipality

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40. Related parties (continued)

Remuneration per councillor (continued)

2014 (continued)

RE Sekhonoane	203 348	-	20 868	224 216
ME Machethe	152 511	50 837	20 868	224 216
ZT Maluleke	47 888	15 962	6 552	70 402
	10 941 636	3 104 947	1 173 993	15 220 576

2013

	Salary	Travel allowance	Cell phone allowance	Total
GH Modjadji (Mayor)	484 163	161 387	19 872	665 422
RR Ramalatso (Speaker)	387 328	129 108	19 872	536 308
FN Maake	363 120	121 040	19 872	504 032
MM Nkwana	363 120	121 040	19 872	504 032
MJ Masutha	363 120	121 040	19 872	504 032
RJ Makhananisa	363 120	121 040	19 872	504 032
MD Makhananisa	199 717	66 571	12 396	278 684
MP Masela	199 717	66 571	12 396	278 684
TC Kgafela	231 268	35 020	12 396	278 684
MC Seala	199 717	66 571	12 396	278 684
NN Baloi	231 268	35 020	12 396	278 684
MF Moroatshehla	199 717	66 571	12 396	278 684
MP Malola	145 249	48 416	12 396	206 061
DI Matloga	193 665	-	12 396	206 061
MG Selowa	145 249	48 416	12 396	206 061
SP Mabale	145 249	48 416	12 396	206 061
MF Kgamedi	145 249	48 416	12 396	206 061
ME Mafona	185 595	8 070	12 396	206 061
MJ Baloyi	199 717	66 571	12 396	278 684
MA Makgeru	145 249	48 416	12 396	206 061
NE Phatudi	145 249	48 416	12 396	206 061
M Mathedimosa	145 249	48 416	12 396	206 061
MF Moruthoane	193 665	-	12 396	206 061
MA Lebepe	145 249	48 416	12 396	206 061
MG Ntuli	145 249	48 416	12 396	206 061
SS Malatji	145 249	48 416	12 396	206 061
MI Manyama	145 249	48 416	12 396	206 061
NT Machethe	193 665	-	12 396	206 061
MSS Sebelemetja	145 249	48 416	12 396	206 061
MP Satekge	145 249	48 416	12 396	206 061
RA Seunane	145 249	48 416	12 396	206 061
MJ Nakana	145 249	48 416	12 396	206 061
BE Ngobeni	193 665	-	12 396	206 061
MF Makhubela	145 249	48 416	12 396	206 061
NM Kgatla	145 249	48 416	12 396	206 061
ME Lebepe	156 722	36 943	12 396	206 061
MD Rabapana	145 249	48 416	12 396	206 061
MA Lebepe	156 722	36 943	12 396	206 061
TD Mokhari	193 665	-	12 396	206 061
MF Manyama	145 249	48 416	12 396	206 061
MJ Willemse	145 249	48 416	12 396	206 061
DL Selowa	145 249	48 416	12 396	206 061
M Serekele	156 722	36 943	12 396	206 061
TE Makgatho	185 595	8 070	12 396	206 061
MV Makgwathhela	145 249	48 416	12 396	206 061
TJ Rababalela	145 249	48 416	12 396	206 061
MV Mashapa	193 665	-	12 396	206 061
TJ Senyolo	145 249	48 416	12 396	206 061

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40. Related parties (continued)

Remuneration per councillor (continued)

2013 (continued)

AM Mantlhakga	145 249	48 416	12 396	206 061
MM Mankgero	145 249	48 416	12 396	206 061
LR Mashapa	145 249	48 416	12 396	206 061
F Morwatshehla	193 665	-	12 396	206 061
MJ Kgatla	145 249	48 416	12 396	206 061
GJ Mkansi	193 665	-	12 396	206 061
N Selowa	145 249	48 416	12 396	206 061
RE Sekhonoane	193 665	-	12 396	206 061
ME Machethe	189 630	4 035	12 396	206 061
	10 771 284	2 712 618	751 428	14 235 330

Refer to note 24 for remuneration detail of Section 57 managers.

41. Prior period adjustments

Correction of errors

The restatement of property, plant and equipment to the value of R14 325 746 consist of:

- Heritage assets were incorrectly included in property, plant and equipment. Heritage assets were reclassified with an amount of R684 954, disclosing it now as a separate line item on the face of the statement of financial position.
- Correction of first time take on of newly identified land with an amount of R15 000 000.
- Correction of infrastructure assets with an amount of R100 000 due to expenses being incorrectly capitalised.
- Leased assets with an carrying amount of R110 700, of which ownership has already passed to the municipality, were reclassified to property, plant and equipment from leased assets.

An amount of R55 464 953 was incorrectly classified under investments. As a result it was restated to cash and cash equivalents.

An amount of R7 627 234 was reclassified from non-current investments to other financial assets to be in line with the requirements of GRAP 104.

Defined benefit plan obligations to the amount of R6 644 457 was incorrectly presented in the prior year as provisions. The amount was restated to Employee benefit obligations on the face of the Statement of Financial Position.

Certain amounts on the statement of financial performance were included in the incorrect line items. This amounts were reclassified to the correct line items as set out below.

Due to the errors and reclassifications above, the cash flow statement was restated as set out below.

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41. Prior period adjustments (continued)

The correction of the errors results in adjustments as follows:

Statement of financial position	As previously reported	Correction of error	2013 Restated
Property, plant and equipment	285 345 669	14 325 746	299 671 415
Heritage assets	-	684 954	684 954
Finance lease	110 700	(110 700)	-
Opening accumulated surplus	(306 293 036)	(15 000 000)	(321 293 036)
Provisions	(8 748 303)	6 644 457	(2 103 846)
Employee benefit obligations	-	(6 644 457)	(6 644 457)
Investments (Current)	55 464 953	(55 464 953)	-
Cash and cash equivalents	48 532 575	55 464 953	103 997 528
Investments (Non-current)	7 627 234	(7 627 234)	-
Other financial assets (Non-current)	-	7 627 234	7 627 234
	82 039 792	(100 000)	81 939 792

Statement of financial performance	As previously reported	Correction of error	Reclassi- cation	2013 Restated
Other income	(577 840)	-	(280 030)	(857 870)
General expenses	31 172 408	100 000	(444 844)	30 827 564
Employee related costs	47 300 613	-	305 561	47 606 174
Repairs and maintenance	2 510 626	-	419 313	2 929 939
	80 405 807	100 000	-	80 505 807

Cash flow statement	As previously reported	Correction of error	2013 Restated
Cash flows from operating activities			
Receipts			
Cash received from trade services, assessment rates and rental	11 948 853	517 586	12 466 439
Grants	156 299 614	20 180 386	176 480 000
Interest income	12 775 334	(2 379 906)	10 395 428
Cash received from agency fees, fines and sundry income	39 616 773	(37 680 418)	1 936 355
Payments			
Employee costs	(49 186 383)	(11 042 833)	(60 229 216)
Suppliers	(42 420 223)	(18 719 458)	(61 139 681)
Other payments	(62 822 263)	61 363 726	(1 458 537)
Cash flows from investing activities			
Purchases of property, plant and equipment	(46 926 406)	(12 540 913)	(59 467 319)
Purchase of other intangible assets	-	(359 634)	(359 634)
Purchase of financial assets	(4 859 440)	4 585 469	(273 971)
Cash flows from financing activities			
Repayment of other financial liabilities	704 081	(1 408 162)	(704 081)
Movement on consumer deposits	24 383	(24 383)	-
Cash and cash equivalents at the beginning of the year	33 695 356	52 656 389	86 351 745
Cash and cash equivalents at the end of the year	48 849 679	55 147 849	103 997 528

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42. 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 annual financial statements. The total deviations for the year under review amounted to R5 194 097.

Refer to Appendix G for detail.

43. Financial instruments disclosure

Categories of financial instruments

2014

Financial assets

	At amortised cost	Total
Other financial assets	8 054 061	8 054 061
Other receivables from exchange transactions	5 886 108	5 886 108
Other receivables from non-exchange transactions	476 000	476 000
Consumer debtors	11 372 863	11 372 863
Cash and cash equivalents	115 705 106	115 705 106
	141 494 138	141 494 138

Financial liabilities

	At amortised cost	Total
Other financial liabilities	8 454 176	8 454 176
Trade and other payables from exchange transactions	22 183 710	22 183 710
	30 637 886	30 637 886

2013

Financial assets

	At amortised cost	Total
Other financial assets	7 627 234	7 627 234
Other receivables from exchange transactions	1 645 497	1 645 497
Consumer debtors	7 248 292	7 248 292
Cash and cash equivalents	103 997 528	103 997 528
	120 518 551	120 518 551

Financial liabilities

	At amortised cost	Total
Other financial liabilities	9 270 813	9 270 813
Trade and other payables from exchange transactions	28 206 741	28 206 741
	37 477 554	37 477 554

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44. 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.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

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.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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.

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

At 30 June 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	946 349	1 096 383	4 446 668	1 964 776
Payables from exchange transactions	22 183 710	-	-	-

At 30 June 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	704 082	1 058 904	3 838 167	3 669 660
Payables from exchange transactions	28 206 741	-	-	-

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.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Council. The utilisation of credit limits is regularly monitored.

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

Financial instrument	2014	2013
Other receivables from exchange transactions	5 886 108	1 645 497
Other receivables from non-exchange transactions	476 600	-
Cash and cash equivalents	115 705 106	103 997 528
Consumer debtors	11 372 863	7 248 292

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

44. Risk management (continued)

Market risk

Interest rate risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price 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's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

45. Comparative figures

Certain comparative figures have changed. The changes are as a result of amounts reclassified or prior period errors. Refer to note 41 for more detail.

46. Events after the reporting date

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year that could have a material impact on the unaudited annual financial statements.

47. Budget information

Explanation of variances between approved and final amounts

The reason for the variances between the approved budget and final budget are explained below. The adjustments made between the approved budget and final budget include virements that were made after the approval of the final adjustment budget. Virements are transfers from one operating cost element or capital project to another, and are made in accordance with the approved virement policy of the municipality.

Explanation of material variances: Final budget and actual amounts

Statement of financial position

Current assets

The municipality did not budget for receivables from exchange transactions. Balance of the Mopani District loan account also changed from 2013 to 2014 from a payable to a receivable of R2,9 million.

The variance in receivables from non-exchange transactions is due to the first time provision for outstanding traffic fines per requirement of a new GRAP standard.

The increase in consumer debtors is mainly due to credit control procedures not being effectively implemented. The consumer debtor balance increased from R63,6 million to R78,3 million and the provision for bad debts increased by R10,6 million.

Non-current assets

Variance in investment property due to depreciation and impairment losses that was not budgeted for.

Variance in the property, plant and equipment balance due to funding constraints. The municipality could not commence and finalise all capital projects that it budgeted for.

Current liability

Main reason for the variance in payables from exchange transactions is that the Mopani District Municipality loan account was budgeted for as payable while it changed into receivable position.

The VAT payable balance was not separately disclosed in the budget but included in the total of payables from exchange transactions.

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

47. Budget information (continued)

Non-current liabilities

Management budgeted as if all conditional grant funding will be utilised during the year. This did not occur resulting in unspent grants at the end of the 2014 year.

Management incorrectly budgeted for short-term provisions.

Budgeted total for post employment benefits not based on correct values. The 2013 total for employee benefits was already R6,6 million.

Statement of financial performance

Revenue

Property rates

Increase due to the implementation of the revised valuation roll which was in place for the whole of 2014.

Licences and permits

Less vehicles registered than budgeted for.

Rental of facilities and equipment

Monatorium placed on rental of equipment.

Interest: Outstanding receivables

Due to the increase of balance owing to the Municipality by consumers.

Interest: External investments

Increase due to effect of increased investment balances.

Other income

Sundry income budgeted for did not materialise.

Government grants and subsidies

Variance due to all projects not yet finalised at year-end. Funds are available on the unspent conditional grants.

Fines

Due to the provision of outstanding fines. New GRAP statement.

Service charges

Decrease in consumption. Also see decrease in bulk purchases.

Expenditure

Employee related costs

Decrease basically due to the fact that not all vacant posts were filled.

Depreciation and amortisation

Increase due to the effect of the depreciation charged on the additional assets that were brought into use during the year - Total additions on which depreciation is calculated amounts to R21 million.

Impairment loss

Effect of detailed asset verification and impairment performed by external consultants.

Finance costs

Due to the decrease in the balance owing to DBSA.

Debt impairment

Due to the insufficient provision for doubtful debt in the budget. Provision based on prior year balances while the actual long overdue balances increased drastically.

Bulk purchases

Due to decrease in consumption. Refer to decrease in service charges above.

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

47. Budget information (continued)

Contracted services

Decrease in the use of consultants.

Cash flow statement

Net cash flow from operating activities

Did not budget for sundry receipts from inter alia tender documents, database registration, etc.

Main reason for the difference was the fact that management budgeted for an increase in bulk electricity purchases while the actual expenditure decreased from the prior year.

Finance costs budgeted for was based on the 2013 total and not taking into consideration that the capital redemption on the loan will be higher than in 2013 resulting in a decrease in the finance costs.

Net cash flow from investing activities

All capital projects budgeted for were not completed or started.

Additional software upgrades were paid that was not budgeted for.

The municipality planned to withdraw some of its investments to fund operating expenses. This withdrawal did not occur.

48. Material losses

Electricity distribution losses

kWh units purchased from Eskom

kWh units sold per billing system statistics

Distribution losses

	2014	2013
	(15 209 930)	(16 714 934)
	7 654 889	9 729 755
	(7 555 041)	(6 985 179)

Losses as a percentage of units purchased

49.67 %	41.79 %
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The losses are as a result of illegal connections, faulty meters, incorrect meter readings and other sundry distribution losses.

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

**Unaudited Appendix A
Schedule of external loans**

Figures in Rand

	Loan number	Redeemable	Balance at 30 June 2013	Interest incurred during the year	Redeemed or written off during the year	Balance at 30 June 2014	Carrying value of property, plant & equipment	Other costs in accordance with MFMA
Long-term loans								
Development Bank of Southern Africa @ 14.99%	61000451	30/06/2020	9 270 813	1 345 982	2 162 619	8 454 176	-	-
	102111/1							
Total external loans			9 270 813	1 345 982	2 162 619	8 454 176	-	

Greater Letaba Municipality

Unaudited Appendix B

June 2014

Analysis of property, plant and equipment as at 30 June 2014
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Assets under construction 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 (Separate for AFS purposes)	21 919 710	-	-	-	-	-	21 919 710	-	-	-	-	-	-	21 919 710
Buildings (Separate for AFS purposes)	96 883 268	9 150 711	-	-	-	20 442 693	126 476 672	(11 959 362)	-	-	(2 377 695)	-	(14 337 057)	112 139 615
	118 802 978	9 150 711	-	-	-	20 442 693	148 396 382	(11 959 362)	-	-	(2 377 695)	-	(14 337 057)	134 059 325
Infrastructure														
Roads	174 863 860	6 124 372	-	(582 474)	-	23 290 612	203 696 370	(22 708 114)	-	-	(4 871 613)	(3 560 521)	(31 140 248)	172 556 122
Electricity	26 301 226	-	-	582 474	-	7 640 024	34 523 724	(3 714 930)	-	-	(1 302 276)	(52 419)	(5 069 625)	29 454 099
Solid waste	2 811 180	-	-	-	-	-	2 811 180	(2 458 292)	-	-	(28 000)	-	(2 486 292)	324 888
Cemeteries	82 146	-	-	-	-	-	82 146	(10 962)	-	-	(2 738)	-	(13 700)	68 446
	204 058 412	6 124 372	-	-	-	30 930 636	241 113 420	(28 892 298)	-	-	(6 204 627)	(3 612 940)	(38 709 865)	202 403 555

Greater Letaba Municipality

Unaudited Appendix B

June 2014

Analysis of property, plant and equipment as at 30 June 2014

Cost/Revaluation							Accumulated depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Assets under construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Other assets

Vehicles	15 943 578	4 058 909	-	-	-	-	20 002 487	(6 127 868)	-	-	(2 285 514)	-	(8 413 382)	11 589 105
Plant & equipment	8 512 041	383 440	-	-	-	-	8 895 481	(4 123 903)	-	-	(931 593)	(2 645)	(5 058 141)	3 837 340
Furniture & Fittings	4 460 866	736 391	-	-	-	-	5 197 257	(2 457 392)	-	-	(666 778)	(30 246)	(3 154 416)	2 042 841
Office Equipment	3 209 309	782 461	-	-	-	-	3 991 770	(1 754 946)	-	-	(505 396)	(16 989)	(2 277 331)	1 714 439
	32 125 794	5 961 201	-	-	-	-	38 086 995	(14 464 109)	-	-	(4 389 281)	(49 880)	(18 903 270)	19 183 725

Greater Letaba Municipality

Unaudited Appendix B

June 2014

Analysis of property, plant and equipment as at 30 June 2014

Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Assets under construction 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	118 802 978	9 150 711	-	-	-	20 442 693	148 396 382	(11 959 362)	-	-	(2 377 695)	-	(14 337 057)	134 059 325
Infrastructure	204 058 412	6 124 372	-	-	-	30 930 636	241 113 420	(28 892 298)	-	-	(6 204 627)	(3 612 940)	(38 709 865)	202 403 555
Other assets	32 125 794	5 961 201	-	-	-	-	38 086 995	(14 464 109)	-	-	(4 389 281)	(49 880)	(18 903 270)	19 183 725
	354 987 184	21 236 284	-	-	-	51 373 329	427 596 797	(55 315 769)	-	-	(12 971 603)	(3 662 820)	(71 950 192)	355 646 605
Heritage assets														
Monuments, statues and land	489 954	-	-	-	(299 454)	-	190 500	-	-	-	-	-	-	190 500
Mayoral gold chain	195 000	-	-	-	-	-	195 000	-	-	-	-	-	-	195 000
	684 954	-	-	-	(299 454)	-	385 500	-	-	-	-	-	-	385 500
Intangible assets														
Computers - software	966 991	124 659	-	-	-	-	1 091 650	(310 654)	-	-	(210 728)	-	(521 382)	570 268
	966 991	124 659	-	-	-	-	1 091 650	(310 654)	-	-	(210 728)	-	(521 382)	570 268
Investment properties														
Investment property	480 511	-	-	-	-	-	480 511	(71 542)	-	-	(14 298)	(127 614)	(213 454)	267 057
	480 511	-	-	-	-	-	480 511	(71 542)	-	-	(14 298)	(127 614)	(213 454)	267 057
Total														
Land and buildings	118 802 978	9 150 711	-	-	-	20 442 693	148 396 382	(11 959 362)	-	-	(2 377 695)	-	(14 337 057)	134 059 325
Infrastructure	204 058 412	6 124 372	-	-	-	30 930 636	241 113 420	(28 892 298)	-	-	(6 204 627)	(3 612 940)	(38 709 865)	202 403 555
Other assets	32 125 794	5 961 201	-	-	-	-	38 086 995	(14 464 109)	-	-	(4 389 281)	(49 880)	(18 903 270)	19 183 725
Heritage assets	684 954	-	-	-	(299 454)	-	385 500	-	-	-	-	-	-	385 500
Intangible assets	966 991	124 659	-	-	-	-	1 091 650	(310 654)	-	-	(210 728)	-	(521 382)	570 268
Investment properties	480 511	-	-	-	-	-	480 511	(71 542)	-	-	(14 298)	(127 614)	(213 454)	267 057
	357 119 640	21 360 943	-	-	(299 454)	51 373 329	429 554 458	(55 697 965)	-	-	(13 196 629)	(3 790 434)	(72 685 028)	356 869 430

Greater Letaba Municipality

Unaudited Appendix B

June 2014

Analysis of property, plant and equipment as at 30 June 2013
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Impairment Rand	Assets under construction 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 (Separate for AFS purposes)	21 919 710	-	-	-	-	-	21 919 710	-	-	-	-	-	-	21 919 710
Buildings (Separate for AFS purposes)	69 146 056	2 637 390	-	-	-	25 099 822	96 883 268	(9 810 101)	(2 149 261)	-	-	-	(11 959 362)	84 923 906
	91 065 766	2 637 390	-	-	-	25 099 822	118 802 978	(9 810 101)	(2 149 261)	-	-	-	(11 959 362)	106 843 616
Infrastructure														
Roads	156 959 850	1 996 075	-	-	-	15 907 935	174 863 860	(18 187 231)	-	-	(4 520 883)	-	(22 708 114)	152 155 746
Electricity	19 860 016	6 441 210	-	-	-	-	26 301 226	(2 781 979)	-	-	(932 951)	-	(3 714 930)	22 586 296
Solid waste	2 811 180	-	-	-	-	-	2 811 180	(2 430 292)	-	-	(28 000)	-	(2 458 292)	352 888
Cemeteries	82 146	-	-	-	-	-	82 146	(8 224)	-	-	(2 738)	-	(10 962)	71 184
	179 713 192	8 437 285	-	-	-	15 907 935	204 058 412	(23 407 726)	-	-	(5 484 572)	-	(28 892 298)	175 166 114

Greater Letaba Municipality

Unaudited Appendix B

June 2014

Analysis of property, plant and equipment as at 30 June 2013

Cost/Revaluation							Accumulated depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Impairment Rand	Assets under construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Other assets

Vehicles	10 226 383	5 900 009	-	-	(182 813)	-	15 943 579	(4 477 525)	-	-	(1 693 178)	42 984	(6 127 719)	9 815 860
Plant & equipment	7 891 173	620 868	-	-	-	-	8 512 041	(3 244 276)	-	-	(838 137)	-	(4 082 413)	4 429 628
Furniture & Fittings	4 174 451	286 415	-	-	-	-	4 460 866	(1 875 435)	-	-	(593 322)	-	(2 468 757)	1 992 109
Office Equipment	2 631 713	577 595	-	-	-	-	3 209 308	(1 383 149)	-	-	(402 071)	-	(1 785 220)	1 424 088
	24 923 720	7 384 887	-	-	(182 813)	-	32 125 794	(10 980 385)	-	-	(3 526 708)	42 984	(14 464 109)	17 661 685

Greater Letaba Municipality

Unaudited Appendix B

June 2014

Analysis of property, plant and equipment as at 30 June 2013

Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Impairment Rand	Assets under construction 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	91 065 766	2 637 390	-	-	-	25 099 822	118 802 978	(9 810 101)	(2 149 261)	-	-	-	(11 959 362)	106 843 616
Infrastructure	179 713 192	8 437 285	-	-	-	15 907 935	204 058 412	(23 407 726)	-	-	(5 484 572)	-	(28 892 298)	175 166 114
Other assets	24 923 720	7 384 887	-	-	(182 813)	-	32 125 794	(10 980 385)	-	-	(3 526 708)	42 984	(14 464 109)	17 661 685
	295 702 678	18 459 562	-	-	(182 813)	41 007 757	354 987 184	(44 198 212)	(2 149 261)	-	(9 011 280)	42 984	(55 315 769)	299 671 415
Heritage assets														
Monuments, statues and land	489 954	-	-	-	-	-	489 954	-	-	-	-	-	-	489 954
Mayoral gold chain	195 000	-	-	-	-	-	195 000	-	-	-	-	-	-	195 000
	684 954	-	-	-	-	-	684 954	-	-	-	-	-	-	684 954
Intangible assets														
Computers - software	607 357	359 634	-	-	-	-	966 991	(145 955)	-	-	(164 699)	-	(310 654)	656 337
	607 357	359 634	-	-	-	-	966 991	(145 955)	-	-	(164 699)	-	(310 654)	656 337
Investment properties														
Investment property	480 511	-	-	-	-	-	480 511	(57 234)	-	-	(14 308)	-	(71 542)	408 969
	480 511	-	-	-	-	-	480 511	(57 234)	-	-	(14 308)	-	(71 542)	408 969
Total														
Land and buildings	91 065 766	2 637 390	-	-	-	25 099 822	118 802 978	(9 810 101)	(2 149 261)	-	-	-	(11 959 362)	106 843 616
Infrastructure	179 713 192	8 437 285	-	-	-	15 907 935	204 058 412	(23 407 726)	-	-	(5 484 572)	-	(28 892 298)	175 166 114
Other assets	24 923 720	7 384 887	-	-	(182 813)	-	32 125 794	(10 980 385)	-	-	(3 526 708)	42 984	(14 464 109)	17 661 685
Heritage assets	684 954	-	-	-	-	-	684 954	-	-	-	-	-	-	684 954
Intangible assets	607 357	359 634	-	-	-	-	966 991	(145 955)	-	-	(164 699)	-	(310 654)	656 337
Investment properties	480 511	-	-	-	-	-	480 511	(57 234)	-	-	(14 308)	-	(71 542)	408 969
	297 475 500	18 819 196	-	-	(182 813)	41 007 757	357 119 640	(44 401 401)	(2 149 261)	-	(9 190 287)	42 984	(55 697 965)	301 421 675

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Unaudited Appendix C

List of deviations from Supply Chain Management processes

DEVIATIONS REGISTER FOR THE YEAR ENDED 30 JUNE 2014			
COMPANY NAME	ORDER NO	REASON	AMOUNT
Hobbyprint	32257	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	5 573.46
Supa Quick	32306/32305/32307	The only service provider in Modjadjiskloof dealing with punctures and other tyres related services.	3 739.00
Supa Quick	32265/32264	The only service provider in Modjadjiskloof dealing with punctures and other tyres related services.	8 094.00
Addy's Fuel Wholesalers	32292	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	103 440.00
Addy's Fuel Wholesalers	32262	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	103 440.00
Abco Tzaneen	32275	Only service provider in GLM/TZN jurisdiction (regulation 36(1)(a)(ii) of SCM regulations).	2 428.40
Abco Tzaneen	32301	Only service provider in GLM/TZN jurisdiction (regulation 36(1)(a)(ii) of SCM regulations).	8 032.00
RGR Services	32274	The agents of Volvo graders in Limpopo.	8 063.33
Polokwane Equipment	32268	Agents of Mitsubishi graders in Limpopo province.	2 223.00
Polokwane Equipment	32270	Agents of Mitsubishi graders in Limpopo province.	19 380.00
Irrasphalt	32376	The sole suppliers of Coldmix in Limpopo.	29 446.20
Irrasphalt	32377	The sole suppliers of Coldmix in Limpopo.	29 446.20
Hobbyprint	32463	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	2 056.00
Motolek	32279	It was a strip and quote as per SCM policy.	2 428.40
Trophy Toyota	32371/32373	Local Toyota agents in Modjadjiskloof.	10 175.28
BB Motors	32498	Motivation attached.	5 748.97
Hobbyprint	32330	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	2 270.85
BB Motors	32271/32278/32367/32368/ 32451/32362	Motivation attached.	65 812.02
Hobbyprint	32459	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	439.00
JV Hydraulics	32312/32314/32315/32316/ 32317	The single provider which assisted GLM in emergency of hydraulic pipes fixing.	21 509.80
JV Hydraulics	32455/32352	The single provider which assisted GLM in emergency of hydraulic pipes fixing.	724.50
BB Motors	32454		9 387.90
Wearne Quarries	32374	The only supplier of crusher stones around GLM/Tzn jurisdiction.	3 231.90
Addy'S Fuel Wholesalers	32351	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	150 373.00
Abco Tzaneen	32378	Only service provider in GLM/TZN jurisdiction (regulation 36(1)(a)(ii) of SCM regulations).	4 959.00
Addy'S Fuel Wholesalers	32501	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	106 080.00

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Unaudited Appendix C

List of deviations from Supply Chain Management processes

DEVIATIONS REGISTER FOR THE YEAR ENDED 30 JUNE 2014			
COMPANY NAME	ORDER NO	REASON	AMOUNT
Addy'S Fuel Wholesalers	32464	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	106 080.00
JV Hydraulics	32474/32484	Motivation attached.	10 093.80
Letaba Verkoeling	32398+32399	It was a strip and quote as per SCM policy.	1 086.30
Incredible Water Products	32508	Motivation attached.	50 892.85
B & R Metal Works	32366	Motivation attached.	581.40
Supa Quick	32382/32383	The only service provider dealing with punctures and other tyres related services in Modjadjiskloof.	889.20
LawrenceP	32326	Motivation attached.	6 907.87
Polokwane Surfacing	32375	Motivation attached.	18 171.60
DVK Privaat Stasie	32325	Motivation attached.	550.00
Supa Quick	32325	The only service provider in Modjadjiskloof dealing with punctures and other tyres related services.	205.00
Supa Quick	32505	The only service provider in Modjadjiskloof dealing with punctures and other tyres related services.	91.20
Supa Quick	32522	The only service provider in Modjadjiskloof dealing with punctures and other tyres related services.	205.20
Supa Quick	32523	The only service provider in Modjadjiskloof dealing with punctures and other tyres related services.	741.00
Supa Quick	32529	The only service provider in Modjadjiskloof dealing with punctures and other tyres related services.	741.00
Abco Tzaneen	32514	The only service provider dealing with air brakes that the municipality knows in GLM/TZN jurisdiction.	17 952.00
Addy'S fuel wholesalers	32603	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	155 320.00
MBH Brake & Clutch	32598	It was a strip & quote on Leyland truck as per SCM policy.	31 578.00
MBH Brake & Clutch	32600	It was a strip & quote on sewerage tanker as per SCM policy.	3 800.00
DJ Le Roux	32599	Emergency in terms of SCM regulations and SCM policy: Crane hire for electrical failure to replace transformer.	9 576.00
Supa Quick	32551	The only service provider in Modjadjiskloof dealing with punctures and other tyres related services.	205.20
Hobbyprint	32532	The only service provider which has stencil for municipal stationery books.	1 322.40
Addy's fuel wholesalers	32536	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	107 440.00
Lowved Labels	32592	The single provider in GLM/TZN jurisdiction.	7 704.58
Waterboys Tzaneen	32593	Only two suppliers in GLM/TZN jurisdiction.	16 224.65
RGR Services	32626	Agents of Volvo graders in Limpopo Province.	2 736.00
Supa Quick	32620,32618,32619&32621	The only service provider in Modjadjiskloof dealing with punctures and other tyres related services.	1 401.11
MBH Brake & Clutch	32670	The single provider of Leyland Truck parts.	17 055.10
Gasman	32601	Single provider of fire hydrant in the district.	3 009.60
Motormaster	32503	Panelbeating of tipper truck CSK019L (excess amount).	5 000.00
Polokwane Surfacing	32624	Single Provider of Hotmix.	31 600.00
JV Hydraulics	32659	The single provider which assisted GLM in emergency of hydraulic pipes fixing.	288.80
Trophy Toyota	32635,32637	Local Toyota agents in Modjadjiskloof.	4 133.50
Hobbyprint	32628,32630	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	4 232.82

Greater Letaba Municipality

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Unaudited Appendix C

List of deviations from Supply Chain Management processes

DEVIATIONS REGISTER FOR THE YEAR ENDED 30 JUNE 2014			
COMPANY NAME	ORDER NO	REASON	AMOUNT
Broom Engineering	32705	Single provider of B25 machines used to pump sewerage DPR135N.	19 561.40
Abco Tzaneen	32728	Single provider of air valve spares-DPR135N.	11 274.06
LawrenceP	32629	It was a strip & quote for air cons as per SCM policy.	5 939.40
MBH Brake & Clutch	32727	Single Provider of Leyland Truck Parts in Tzaneen area.	11 242.18
Polokwane Equipment cc	32625	Mitsubishi Dealer in Limpopo - CPC064L.	6 334.76
Supa Quick	32647,32506,32646,32710	The only service provider in Modjadjiskloof dealing with punctures and other tyres related services.	2 302.80
Abco Tzaneen	32675	Single provider of air valve spares-BLR580L.	8 321.00
LawrenceP	32627	It was a strip & quote for air cons as per SCM policy.	10 271.40
Sonco Vehicles	32648	Single provider with lowbed to load the graders in TZN.	4 503.00
Supa Quick	32677,32676	The only service provider in Modjadjiskloof dealing with punctures and other tyres related services.	330.60
Supa Quick	32645	The only service provider in Modjadjiskloof dealing with punctures and other tyres related services.	273.60
Addy's Fuel wholesalers	32681	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	107 280.00
Addy's Fuel wholesalers	32741	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	107 280.00
Addy's Fuel wholesalers	32631	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	107 440.00
NTT Toyota	32734	Agents of Toyota Trucks -BMK043L.	1 611.15
BB Motors	32742	Agents of Nissan Vehicles-FHX720N.	8 475.76
Supa Quick	32684	The only service provider in Modjadjiskloof dealing with punctures and other tyres related services.	330.60
BB Motors	32726	Agents of Nissan Vehicles-BNN365L.	259.62
BB Motors	32725	Agents of Nissan vehicles-Service-CSK019L Tipper Truck.	5 429.19
RGR Services	32694	Agents of Volvo graders in Limpopo Province-500 hours service-CFS094L.	9 286.27
RGR Services	32711	Agents of Volvo graders in Limpopo Province-ripper teeth of graders-CFS094L & CFS100L.	14 464.96
RGR Services	32795	Agents of Volvo graders in Limpopo Province-500 hours service-CFS100L.	66 716.97
Supa Quick	32757	The only service provider in Modjadjiskloof dealing with punctures and other tyres related services.	205.20
NTT Toyota	32771	Agents of Toyota trucks -service-BMK043L.	5 334.15
Supa Quick	32737	The only service provider in Modjadjiskloof dealing with punctures and other tyres related services.	14 820.00
Lannie Motors	32705	Agents of Volkswagen vehicles-fixing of Golf (BGX433L).	6 208.51
Janpret Trekkers	32357	Agents of New Holland Tractor -Service of Tractor (BWH709L).	8 851.01
H & I Maintenance	32769	Fixing of suction trailer -DPR135N-The single provider.	8 415.02
Trophy Toyota	32770	Agents of Toyota vehicles-service of Toyota Quantum (BNW887L) in Modjadjiskloof.	1 212.50
Shidila Décor Delight	32732,32758	Conference and Catering for women event (the only place in GLM jurisdiction).	13 650.00
Supa Quick	32720,32721	Single provider dealing with punctures and other tyres related services-punctures of CFL816L & CPC064L.	456.00
BB Motors	32636,32696,32607	Agents of Nissan vehicles - (CRC186L, BNT253L, BNT365L.	18 196.37

Greater Letaba Municipality

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Unaudited Appendix C

List of deviations from Supply Chain Management processes

DEVIATIONS REGISTER FOR THE YEAR ENDED 30 JUNE 2014			
COMPANY NAME	ORDER NO	REASON	AMOUNT
BB Motors	32697	Agents of Nissan vehicles - (CRC186L, BNT253L, BNT365L).	26 843.19
Lannie Motors	32699	Agents of Volkswagen vehicles - fixing of Golf (BGX433L).	2 216.98
Janpret Trekkers	32356	Agents of New Holland tractors-service of Tractor (CFL816L).	5 203.95
Trophy Toyota	32809	Agents of Toyota vehicles-service of Toyota (BWK480L) in Modjadjiskloof.	4 465.85
Broom Engineering cc	32844	Single provider of B25 machine spares which is used by the Municipality for sewerage suction. DPR135N.	5 198.40
AQS Liquid Solutions	32836	It was a strip & quote on float valve used on purification plant as per SCM policy.	27 434.91
Truvelo	32716	Single provider for speed machines in South Africa.	5 274.80
Addy's Fuel wholesalers	32777	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	153 000.00
Polokwane Equipment	32763	Agents of Mitsubishi machinery.	1 331.45
AQS Liquid Solutions	32836	It was a strip & quote on float valve used on purification plant as per SCM policy.	27 434.91
KM bolt engineering	32715	Bolts and Nuts specialists in GLM/TZN area.	966.29
Addy's fuel wholesalers	32812	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	106 240.00
Irrasphalt	32810	Single provider of Coldmix in Limpopo Province.	30 181.50
Polokwane Equipment	32766	Agents of Mitsubishi and ELB Equipment.	205.48
Bell Equipment	32768	Agents of bell machinery.	42 022.50
Supa Quick	32817	The only service provider dealing with punctures and other tyres related services in Modjadjiskloof.	205.00
Motolek	32837	The service provider specialising in wiring of starters. It was a strip and quote as per SCM policy.	4 665.40
Hatz Diesel	32839	Agents of Hatz engines-used for suction of sewerage.	5 675.82
Abco Tzaneed	32843	Single service provider of LEYLAND TRUCK spares as it is an old model vehicle.	6 946.00
Janpret Trekkers	32908	Agents of NEW HOLLAND tractors.	8 602.83
Hobbyprint	32960	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	1 615.38
Supa Quick	32684,32784,32762,32862,32856,32858,32857,32861	The only service provider dealing with punctures and other tyres related services in Modjadjiskloof.	2 017.00
JV Hydraulics	32875,32876,32874	The specialists of hydraulics around GLM/TZN jurisdiction.	11 679.40
Abco Tzaneen	32872	Single provider of LEYLAND TRUCK spares as it is an old model vehicle.	8 570.00
Hobbyprint	32865	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	1 589.16
HENRED	32815	Special designee of mudguards for HINO TRUCK - other suppliers do not cater for mudguards.	14 022.00
Addy's Fuel wholesalers	32928	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	158 320.00
BELL Equipment	32907	Bell Equipment for bell machinery (agents).	165 532.74

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Unaudited Appendix C

List of deviations from Supply Chain Management processes

DEVIATIONS REGISTER FOR THE YEAR ENDED 30 JUNE 2014			
COMPANY NAME	ORDER NO	REASON	AMOUNT
Mooketsi Hardware	32958	Towing of traffic sedan after it was involved in an accident.	3 323.10
BDM Diesel Centre	32949	It was a strip & quote for Toyota truck (BMK043L) as per SCM policy.	17 585.00
Bekmar irrigation	33006	Water maintenance which was needed as a matter of urgency.	1 613.55
Agrico	33005	Water maintenance which was needed as a matter of urgency.	95.16
BB Motors	32859	Service of tipper truck (CRC186L).	6 660.38
Addy's Fuel wholesalers	32910	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	109 600.00
Supa Quick	32871	This is the only service provider dealing with punctures and other tyres related services in Modjadjiskloof.	136.00
Supa Quick	32972	This is the only service provider dealing with punctures and other tyres related services in Modjadjiskloof.	171.00
Supa Quick	31651	This is the only service provider dealing with punctures and other tyres related services in Modjadjiskloof and this was the tyre needed for the TLB on an emergency basis.	7 752.00
XON	32999	This was the only service provider which installed the RACK and it will be easy to do the job without breaking anything	50 851.98
Hobbyprint	32921	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	4 158.72
Agrico	32885	Only two suppliers with stock and materials were urgently needed for water maintenance.	2 950.77
Voltex Tzaneen	32756	Emergency (electrical cable needed).	60 618.36
Sonco vehicle	33010	Towing of sewerage trailer.	3 881.02
Giant Marketing	32800	Emergency: There was a need to urgently procure the transformer.	32 604.00
NTK Limpopo	33045	The service provider which supplied falcon slasher and it will be easy for them to get the parts.	7 702.00
NTK Limpopo	33007	The service provider which deals with Agricultural materials and they are the only company which the municipality knows supplying Roundup.	28 638.45
NTK Limpopo	33008	The service provider which deals with Agricultural materials and they are the only company which the municipality knows supplying the required materials.	3 595.32
Wearne Aggregates	32983	The only supplier of crusher stones around GLM/Tzn jurisdiction.	10 859.18
Wearne Aggregates	32985	The only supplier of crusher stones around GLM/Tzn jurisdiction.	6 593.08
Hobbyprint	32990	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	2 600.34
Polokwane Surfacing	32996	They are the only suppliers of Hotmix in Limpopo that the municipality knows.	32 079.60
Addy's Fuel wholesalers	33084	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	161 535.00

Greater Letaba Municipality

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Unaudited Appendix C

List of deviations from Supply Chain Management processes

DEVIATIONS REGISTER FOR THE YEAR ENDED 30 JUNE 2014			
COMPANY NAME	ORDER NO	REASON	AMOUNT
Abco Tzaneen	33104	The only service provider that the municipality knows dealing with air brakes.	9 800.00
Supa Quick	33124	The only service provider dealing with punctures and other tyres related services.	285.00
Supa Quick	32982	The only service provider dealing with punctures and other tyres related services.	216.60
Supa Quick	33027	The only service provider dealing with punctures and other tyres related services.	114.00
Supa Quick	33026	The only service provider dealing with punctures and other tyres related services.	171.00
Supa Quick	33056	The only service provider dealing with punctures and other tyres related services.	1 083.00
Vixtrix Signs	32998	The stencil for GLM logo for branding of municipal vehicles is with Vixtrix signs.	322.40
Hobbyprint	33081	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	528.00
Polokwane Surfacing	33147	The only service provider that the municipality knows which supplies SS60 in Limpopo.	19 528.20
MBH Bake & clutch	33165	The trailer is an old model and therefore it is difficult for the municipality to get other quotations.	28 150.00
Addy's Fuel Wholesalers	33203	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	113 680.00
Addy's Fuel Wholesalers	33140	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	113 600.00
Polokwane Surfacing	33239	The only service Provider of Hotmix in Limpopo that the municipality knows.	30 079.60
Hobbyprint	33269	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	1 996.14
Hobbyprint	33251/33258/33257	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	4 081.02
Whoodoomeia	33265	The only service provider that responded to the request.	13 372.88
Addy's Fuel wholesalers	33304	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	164 700.00
Addy's Fuel wholesalers	33255	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	113 040.00
H & I Maintenance	33306	Emergency - sewerage tractor was not in order and external service provider was engaged to assist the municipality while the tractor was being fixed.	108 756.00
RLWM Barnard	33305	Emergency - Electrical failure in town and external service provider was engaged to assist.	22 924.92
Polokwane Surfacing	33327/33328	The only service Provider of Hotmix in Limpopo that the municipality knows.	59 644.80
Polokwane Equipment	33342/33343	Agents of Mitsubishi grader.	43 652.87
Polokwane Surfacing	33415	The only service Provider of Hotmix in Limpopo that the municipality knows.	40 116.60

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Unaudited Appendix C

List of deviations from Supply Chain Management processes

DEVIATIONS REGISTER FOR THE YEAR ENDED 30 JUNE 2014			
COMPANY NAME	ORDER NO	REASON	AMOUNT
Hobbyprint	33320	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	3 488.00
Hobbyprint	33340	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	7 155.00
Addy's Fuel wholesalers	33458	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	113 040.00
Addy's Fuel wholesalers	33408	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	113 040.00
Addy's Fuel wholesalers	33368	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	113 040.00
Broom Engineering	33451	The manufacturers of B25 pumps and spares.	2 339.28
RGR Services	33276	Agents of Volvo Graders.	11 158.41
Polokwane Equipment	33278	Agents of Mitsubishi grader.	6 811.84
Polokwane Equipment	33288	Agents of Mitsubishi grader.	4 270.61
RGR Services	33479	Agents of Volvo Graders.	17 964.63
Palesa Tech	33366	Agents of Photocopier machine - service to be done by them.	8 196.60
Truvelo	33394	Manufacturers of speed machines.	5 890.56
RGR Services	33478	Agents of Volvo Graders.	18 602.05
Hobbyprint	33525	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	1 656.42
Polokwane Equipment	33518	Agents of Mitsubishi graders in Limpopo Province.	9 108.07
Addy's Fuel wholesalers	33555	Fuel price is regulated by the Dept. of Energy and Addy's is the only service provider willing to supply the Municipality before payment.	110 880.00
Hobbyprint	33527	Stencil for order books, requisition books, journal vouchers, stores requisitions, log books, S&T books, overtime books, leave books, goods received note books, job card books, KM claim books, attendants register books, retention books and assets register books are with Hobbyprint.	2 832.90
TOTAL FOR THE YEAR			4 734 978.22

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Unaudited Appendix D

Segmental Statement of Financial Performance

Figures in Rand

2014			Description	2013		
Actual Income	Actual Expenditure	Surplus/ (Deficit)		Actual Income	Actual Expenditure	Surplus/ (Deficit)
-	35 388 961	(35 388 961)	Executive and Council	-	33 690 816	(33 690 816)
209 294 917	36 062 605	173 232 312	Finance and Administration	187 226 742	44 092 140	143 134 602
-	25 745 709	(25 745 709)	Corporate Services	-	20 558 371	(20 558 371)
-	6 745 229	(6 745 229)	Planning and Development	-	4 723 996	(4 723 996)
-	859 230	(859 230)	Community and Social Services	-	766 721	(766 721)
-	534 906	(534 906)	Housing	-	519 180	(519 180)
-	1 159 754	(1 159 754)	Public Safety	-	957 553	(957 553)
-	5 648 053	(5 648 053)	Sport and Recreation	-	5 131 881	(5 131 881)
3 500 092	7 401 157	(3 901 065)	Waste Management	3 443 508	8 057 944	(4 614 436)
4 876 225	19 608 473	(14 732 248)	Roads	4 773 358	15 988 838	(11 215 480)
-	513 281	(513 281)	Waste Water Management	-	454 099	(454 099)
10 504 272	17 048 777	(6 544 505)	Electricity	11 822 993	21 651 938	(9 828 945)
228 175 506	156 716 135	71 459 371	Total	207 266 601	156 593 477	50 673 124

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Unaudited Appendix E

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2014

Figures in Rand	Actual amount 2014	Adjusted budget 2014	Variance (Rand)	Variance (%)	Explanation of significant variances greater than 10%
Revenue					
Agency fees	1 573 915	1 636 800	-62 885	-3.8%	Variance not material
Interest received - outstanding receivables	6 120 546	5 280 000	840 546	15.9%	Due to the increase of balance owing to the Municipality by consumers
Interest received - investments	5 417 710	3 399 930	2 017 780	59.3%	Increase due to effect of increased investment balances
Fines	651 870	316 800	335 070	105.8%	Due to the provision of outstanding fines. New GRAP statement
Government grants and subsidies	188 010 338	204 067 305	-16 056 967	-7.9%	Variance due to all projects not yet finalised at year-end. Funds are available on the unspent conditional grants
Licences and permits	2 846 217	5 280 000	-2 433 783	-46.1%	Less vehicles registered than budgeted for
Other income	805 622	39 180 117	-38 374 495	-97.9%	Sundry income budgeted for did not materialise
Property rates income	8 633 560	5 983 697	2 649 863	44.3%	Increase due to the implementation of the revised valuation roll which was in place for the whole of 2014
Rental of facilities and equipment	111 364	209 768	-98 404	-46.9%	Monatorium placed on rental of equipment
Services charges	14 004 364	18 666 278	-4 661 914	-25.0%	Decrease in consumption. Also see decrease in bulk purchases
Total Revenue	228 175 506	284 020 695			
Expenditure					
Debt impairment	10 659 867	5 660 284	4 999 583	88.3%	Due to the insufficient provision for doubtful debt in the budget. Provision based on prior year balances while the actual long overdue balances increased drastically
Bulk purchases	10 325 878	12 478 320	-2 152 442	-17.2%	Due to decrease in consumption. Refer to decrease in service charges above
Contracted services	7 765 238	9 690 000	-1 924 762	-19.9%	Decrease in the use of consultants
Depreciation and amortisation	13 196 629	9 462 288	3 734 341	39.5%	Increase due to the effect of the depreciation charged on the additional assets that were brought into use during the year - Total additions on which depreciation is calculated amounts to R 21 million
Employee related costs	53 969 138	58 524 961	-4 555 823	-7.8%	Decrease basically due to the fact that not all vacant posts were filled
Finance cost	1 345 982	1 984 517	-638 535	-32.2%	Due to the decrease in the balance owing to DBSA
General expenses	35 087 322	32 665 394	2 421 928	7.4%	Variance not material
Impairment loss	4 089 889	-	4 089 889	100.0%	Effect of detailed asset verification and impairment performed by external consultants
Remuneration of councillors	15 220 576	15 346 000	-125 424	-0.8%	Variance not material
Repairs and maintenance	5 055 616	5 309 000	-253 384	-4.8%	Variance not material
Total Expenditure	156 716 135	151 120 764			
Contributions	-	44 881 368	-44 881 368	-100.0%	Management budgeted to transfer funds from investments to fund certain operating expenses. Funds were not transferred as it was not required
Surplus for the year	71 459 371	177 781 299			

Greater Letaba Municipality

Annual Financial Statements for the year ended 30 June 2014

Unaudited Appendix F

Disclosure of grants subsidies in terms of section 123 of the MFMA

Figures in Rand

Name of Grants	Name of organ of state	Opening Balance	Quarterly Income					Quarterly Expenditure					Unspent portion	Delayed or withheld Yes / No	Comply with condition Yes / No
			Sep 2013	Dec 2013	Mar 2014	Jun 2014	Total	Sep 2013	Dec 2013	Mar 2014	Jun 2014	Total			
Equitable Share Municipal Systems Improvement Grant	DORA	-	61 008 000	48 806 000	36 604 000	-	146 418 000	-	-	-	-	146 418 000	-	No	Yes
Municipal Infrastructure Grant	DORA	161 600	890 000	-	-	-	1 051 600	-	-	25 838	50 695	76 533	975 067	No	Yes
Financial Management Grant	DORA	6 897 921	10 370 000	21 825 000	14 755 000	-	53 847 921	4 899 280	12 367 147	5 975 197	15 743 004	38 984 628	14 863 293	No	Yes
Extended Public Works Program Grant	DORA	24 689	1 550 000	-	-	-	1 574 689	302 772	241 546	250 694	538 165	1 333 177	241 512	No	Yes
	DORA	-	479 000	360 000	359 000	-	1 198 000	522 060	360 910	315 030	-	1 198 000	-	No	Yes
		7 084 210	74 297 000	70 991 000	51 718 000	-	204 090 210	5 724 112	12 969 603	6 566 759	16 331 864	188 010 338	16 079 872		