

ANNUAL REPORT 2014/15



MANGAUNG METROPOLITAN MUNICIPALITY

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ANNUAL REPORT 2014/2015– MANGAUNG METROPOLITAN MUNICIPALITY

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COMPONENT A: MAYOR’S FOREWORD

During the 2014/15 financial year the city made advances on the implementation of the 8 priority areas which we set ourselves during the beginning of this electoral term. Most notably, the city up scaled its infrastructure investments which directly and indirectly dealt with other areas such as poverty alleviation and development in general. The city’s quest for prudence in its financial dealings got a shot in the arm with 600 Million loan funding for infrastructure development leveraged for the financial years 2013/14 and 2015/16 from the Southern African Development Bank of Southern Africa (DBSA) and Standard Bank. With this funding we were able to invest in various areas of our infrastructure including the construction of two new bulk sanitation infrastructure projects. – North Eastern and Sterkwater Waste Water Treatment Works that are nearing completion. Two reservoirs – Naval Hill (35 million litres) and Long-ridge (45 million litres) have been completed and will support 7 land parcels and Airport Development Node, our flagship projects for economic development in the city. The city has during the year in review invested heavily in the provision of bulk water infrastructure in order to reach broader numbers of beneficiaries. In this instance, the main supply lines, including long ridge, naval hill and Botshabelo were expanded by about 12.2 kilometres instead of the initially planned 10.2km, thus increasing access to water for many more of our people. The universal provision of water extended to 4088 formal stands benefitting at least 12 000 more people and provision of communal taps to 70% of informal settlements. The provision of water to formal stands, also increased the numbers of households with water borne toilets, thus also eradicating VIP/ bucket toilets.

The city has also began a process of venturing into the bond market and in this regard, the city has been awarded the credit rating status by Moody’s investors services including a P-2 short term issuer rating and A3 on long term issuer rating. With the money acquired through this, we shall be able to change the lives of our people going forward by massively creating the much needed infrastructure and the multiplier effects thereof shall indeed change the people’s lives. The other highlights of this past year are:

- Investment of R58 million drawn from the OPEX was made to reconnect, test and remove water meters.
- 178367 formal households had access to a weekly door to door refuse removal in the report period and 37 953 of these were serviced by the SMMEs.
- 26688 informal settlement dwellings had access to refuse removal.
- Public cleansing in informal areas was done with the assistance of 150 beneficiaries of the Expanded Public Works Programme’s (EPWP) Cash for Waste Programme that ended in June 2015.
- 3.701 km of roads paved
- 40.51 km of roads resurfaced
- 1.27 km of storm water drainage is installed.
- 6.1 km of pedestrian walkways constructed
- The city has successfully extended electricity services to broad spectrum of areas such as Khayelisha, Caleb Motshabi, Bloemside 7/Grassland
- 99.9% of formalised households have access to electricity;
- 99.9% of new and upgrading customers are provided with electricity connections;
- 42 high mast installed against the set annual target of 26 high mast lights in informal settlements;
- 94% of indigent households accesses Free Basic Electricity;
- Five hundred and forty five (545) applications for new or existing connections were received, paid for and installed.
- The City embarked on an extensive programme to improve public transportation system through the Integrated Public Transport Network (IPTN) process.
- Installation of CCTV cameras around the Mangaung Metropolitan Municipality targeting the hotspots as identified by law enforcement agencies (SAPS, etc.).
- The introduction and rolling out of the Parking Marshal System in Mangaung to curb double parking in the Central Business district, promote fair rotation of motor vehicles on a parking bay in order to make the City to be economically viable, this is also a revenue enhancement strategy for the municipality.
- 102 Law Enforcement officers are deployed in the three regions (Thaba Nchu, Botshabelo and Bloemfontein. These units work on a four shift system. Their work is a complement of the work that SAPS is already doing in our region
- The City continues in providing drinking water services that is compliant to set water service standard. For this financial year the municipality sustained a drinking water compliance rate of 98, 2 % well above the 97% compliance rate.
- The City continued to provide effective health services in relation to inspection of mortuaries, ascertaining water quality and raising basic hygiene awareness albeit there is a need for improvements in relation inspection of food premises and inspection of dairy farms.
- The City has succeeded in organising cleaning and greening campaigns to raise community awareness and elicited reciprocal civic duty in relation to communities partnering with the municipality in ensuring that the environment is safe and liveable.
- Phase 2 of the Thaba Nchu Regional Park has been completed
- We have a functioning Municipal Public Accounts and Audit Committees which continue to advise the council on pertinent governance matters;

• These activities and many more have ensured that we severely deal with our 8 priority areas, which are:

- 1) Poverty eradication, rural and economic development and job creation;
- 2) Financial sustainability (e.g. revenue enhancement, clean audit);
- 3) Spatial development and the built environment;
- 4) Eradication of bucket system, VIP toilets in Botshabelo, Bloemfontein and Thaba Nchu, focus on the basic services, implementing feasibility study into building a solar plant, safety and security;
- 5) Human Settlement;
- 6) Public Transport;
- 7) Environmental Management and Climate Change;
- 8) Social and community services.

In the coming year, the city shall put more effort in the following indicators which did not necessarily give us the output that we needed:

- ☐ The VIP toilets eradication and bucket eradication programme, which is nearing completion;
- ☐ Fast track the road and storm-water backlogs
- ☐ Continued upgrading of service delivery infrastructure, with main focus being on bucket and VIP toilets eradication;
- ☐ Facilitating housing development in partnership with the provincial department of Human Settlements;
- ☐ Supporting SMMEs development and agricultural enterprises;
- ☐ Look at alternative water supply avenues, including the Gariep pipeline
- ☐ Development and implementation of IGR Strategy and Knowledge Management.

The City has used community meetings, summits, stakeholder workshops, one-hour engagement with the Executive Mayor as platforms to engage communities and kept them abreast of the developments in the City. The City is on course to attaining its set development objectives and will redouble its efforts in the outer years to deliver on its mandate in partnership with other spheres of government and social partners.

(Signed by :)



Executive Mayor

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

The city's status as a metro has been further entrenched during the past financial year. One of the critical requirements of a functioning metro is the capacity to fund some of its key projects on its own with little assistance from other spheres of government. As also indicated in the Executive Mayor's foreword, the city has funded large scale projects using funds that are within its funding mandate, thus moving slightly away from dependency on borrowings. The year 2014/15 has been characterised by massive construction taking place in the city, with new roads infrastructure created, as well as massification of social infrastructure. With an increased capacity to borrow, the city will in years to come continue to change the lives of the people by intervening for the most vulnerable groups with interventions related to both economic and social measures

Our work covering the 8 priority areas, also aligned with both the national and provincial priorities, have ensured that our people get access to their most basic services, including water, economic opportunities and electricity. We have revived roads infrastructure where it was becoming impossible to drive. We have massively paved many areas of the city to ensure free flowing mobility for our people. We have, through different avenues for financing being able to finance all these infrastructure in order to better the lives of the people of Mangaung Metro Municipality. Our work in relation to social services has involved the communities with what affects them most including municipal health and social services as well as our efforts at up scaling the environment within which our citizens are living.

BRIEF OVERVIEW OF THE MANGAUNG METROPOLITAN MUNICIPALITY

The Mangaung Local Municipality (MLM) was established in 2000 with the amalgamation of four former transitional councils, but was in May 2011 elevated from a category "B" municipality to a category "A" metropolitan municipality. This new status presented both challenges and opportunities to the Mangaung Metropolitan Municipality (MMM) and it is against this background that the Municipality is excited to fulfil its Constitutional mandate by focusing on effective and efficient municipal service delivery, growing the economy and empowering its community. The Council of Mangaung adopted in 2011/12 financial year, a comprehensive integrated development plan covering this term of local government (2012 -2016). Critically the comprehensive IDP for the City was embedded and informed by the following eight key development priorities:

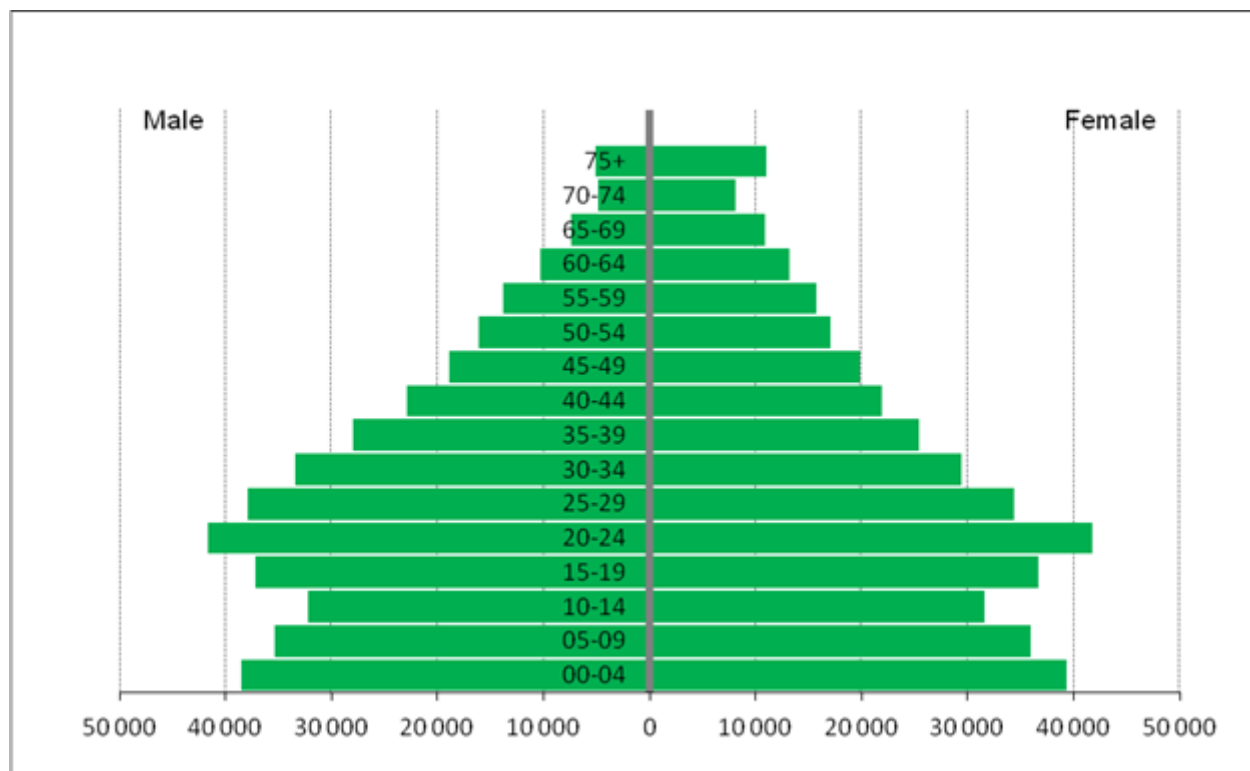
- Poverty eradication, rural and economic development and job creation;
- Financial sustainability e.g. revenue enhancement, clean audit;
- Spatial development and the built environment;
- Eradication of bucket system, VIP toilets in Botshabelo, Mangaung and Thaba Nchu, focus on the basics, building solar farming, power plant feasibility, safety & security;
- Human Settlement;
- Public Transport;
- Environmental Management and Climate change; and
- Social and community services.

This report will express itself to the strides the MMM has been taking in responding to the above in the year under review

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

According to Census 2011, Mangaung had a population of 747 431, of which 83,3% were black African, 11,0% were white, 5,0% were coloured, with other population groups making up the remaining 0,7%. During the period under review (the last 12 months), the population of the Metro has shown negative growth according to IHS global insight, with population now estimated to be 725 245, retaining the second biggest regional population in the province behind Thabo Mofutsanyane (755 049 on average). This however shows population that is in decline by - 22 382 overall.

Figure1.1: Mangaung population pyramid, 2013

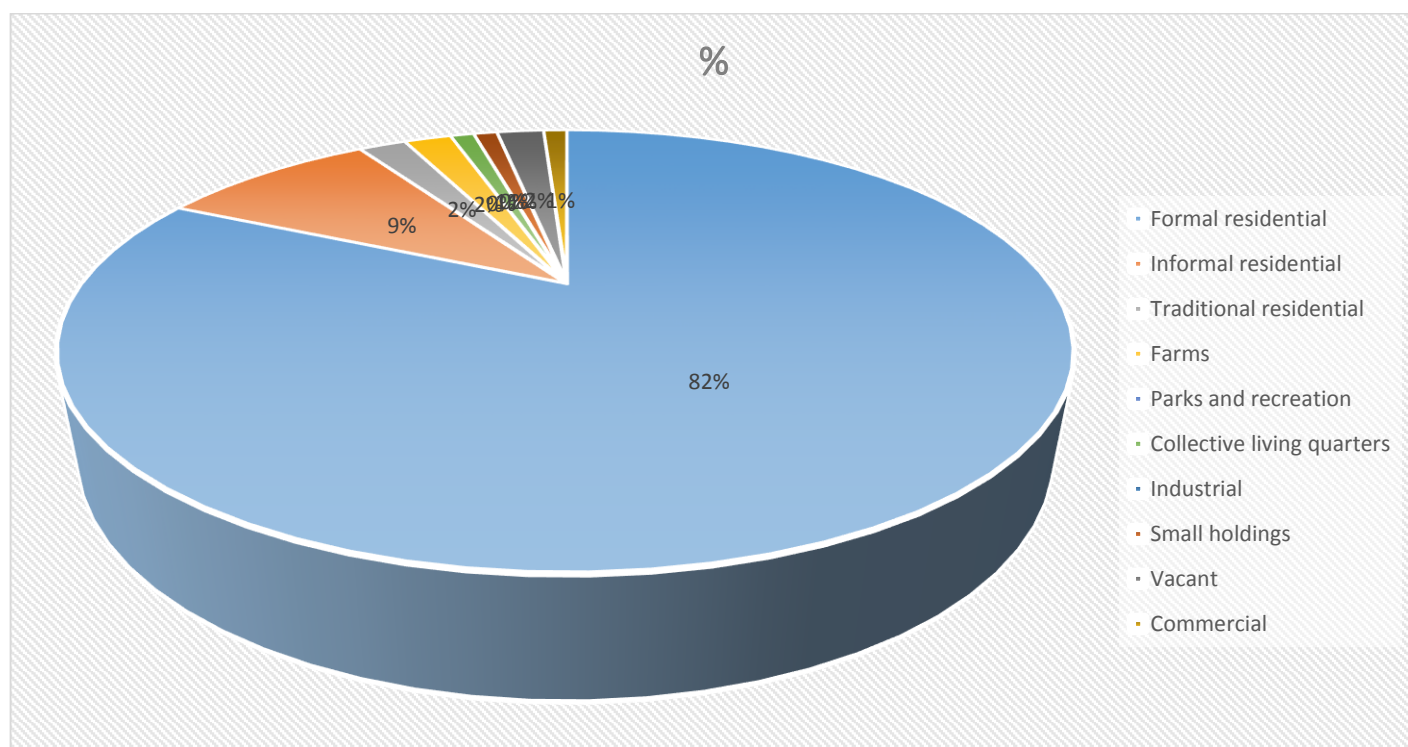


Source: IHS Global Insight, Regional eXplorer, 2014

A population structure is usually shown using a population pyramid, as depicted in figure 1.1 above. Population structure means the 'make up' or composition of a population. Looking at the Mangaung Metro's population pyramid, it is evident that there is a bulge in the area of the 20-24 age groups, with the numbers thereafter reducing fairly steadily as the ages increase, indicative a high dependency ratio. This pyramid shows more females at age ranges above 55 which indicates women are living to older ages than males. A population pyramid that is very triangular, as is the case with the Mangaung Metro, shows a population with a high number of young dependants and a low life expectancy, thus putting a lot of strain on the economically active population. The pyramid narrows toward the top because the death rate is higher among older people than among younger people. Mangaung's population pyramid depicts the characteristics of a developing nation which are: (i) low growth rates, (ii) high birth rate, and (iii) short life expectancy.

In terms of specifics in various localities the population figure for Mangaung is constituted by approximate 58% of the population being based in the Bloemfontein area, which also incorporates the Mangaung Township, 31% being based in Botshabelo and only 11% of the population residing in Thaba Nchu and its rural villages. Essentially therefore Bloemfontein now houses almost two thirds of the entire Mangaung Population. And with the recorded migration patterns in the city, more and more people will be likely to relocate to Bloemfontein area and other areas may experience declining populations.

Figure 1.2: FORMAL AND INFORMAL DWELLINGS IN MANGAUNG



In 2014/15 there were 189 155 formal dwellings in Mangaung, representing 82% of all dwellings in the city as reflected in the chart above. In contradiction to this, there were 20 267 informal residential areas in the city representing only 9% of dwellings in the city. Essentially, the city is highly formalised with the dwellings being represented by non-traditional type of residential areas.

1.2.1 SOCIO ECONOMIC STATUS

Although there is a significant shift in the unemployment rate in Mangaung it remains very high as the table below indicates. The biggest gap is with women and youth particularly black females. This in essence means that as a municipality we must increase our efforts in relation to creation of employment opportunities through amongst others; the EPWP initiatives and other skill development initiatives.

BELOW ARE TABLES RELATED TO SOCIO ECONOMIC STATUS OF THE MMM:

Table 1.2: SOCIO ECONOMIC STATUS

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2014/15	58,820	23.8%	11,4%	64%	85049	16%

Source: IHS Global Insight, Regional eXplorer, 2014 and Stats SA

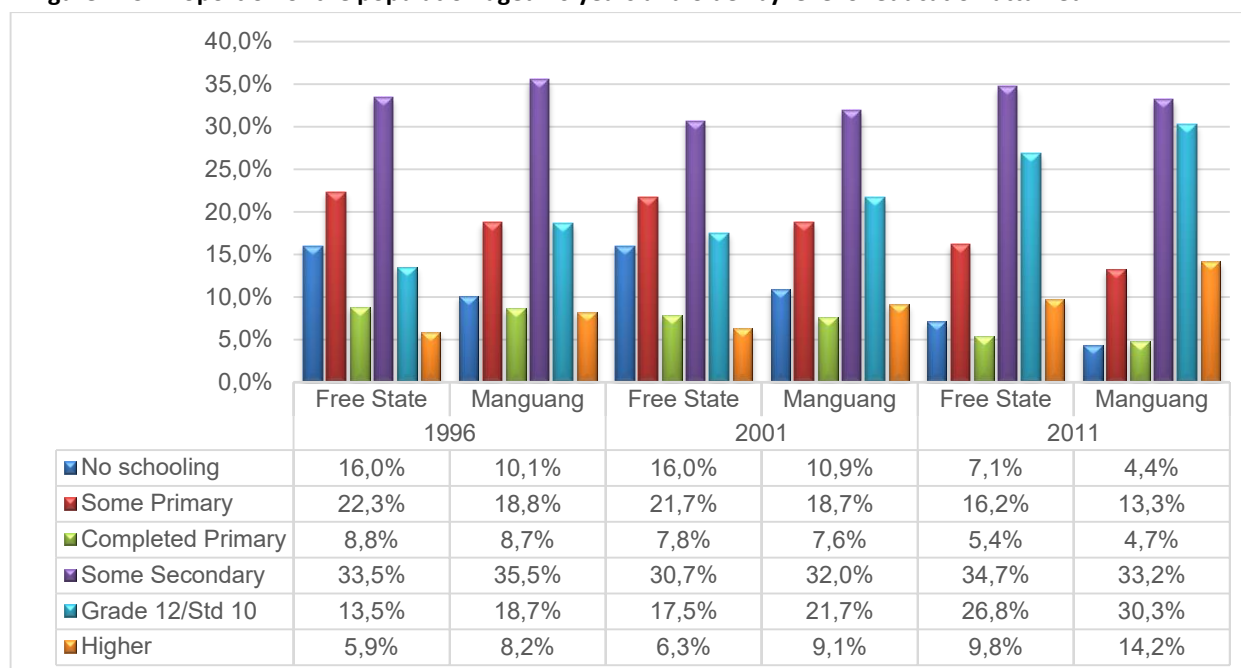
The municipality has ensured that additional 4 088 households have access to sanitation services for the period under review. As things stand, the city has 143 546 households with flush toilets. There is still however 58 650 households still with VIP toilets and 2104 with buckets toilets.

Table 1.3: UNEMPLOYMENT RATES (POPULATION AGED BETWEEN 15 AND 64 YEARS)

	Male	Female	Total
Unemployment rate	23.8%	24.7%	23.8%

There are more employed people in Mangaung than those who are unemployed from the economically active groups, the challenge is that most people are employed in low skilled jobs because of amongst other things, their levels of education as the table below will demonstrate that about 38.0% of the labour force of Mangaung has completed some secondary and 28.2% have completed matric and only 12.7% has post matric qualification

Figure: 1.3: Proportion of the population aged 20 years and older by level of education attained



According to figure 1.3 above, the number of persons with just a primary education and below constituted just above 46% in 1996 in the Free State. The same persons with completed primary and below in the Mangaung Metro constituted 37% plus, which indicates that Mangaung Metro was better off than the Province in terms of this group or level of education. The numbers of the same cohort of completed primary and below for both Free State and Mangaung have drastically improved in 2011, with 28.7% and 22.4% respectively. The percentage of persons with some secondary schooling, but who have not passed matric has remained in mid-thirties for both Free State and Mangaung Metro over the entire review period (33.5% and 35.5% in 1996 and 34.7% and 33.2% in 2011 respectively), indicating mixed results for that section of schooling. The general indication is that people are able to proceed to secondary school, but are unable to complete their studies. The congestion in secondary school in terms of the level of education achieved is a prelude to problems in education system indicated by large dropouts at that level. However, the number of those completing secondary schooling for Free State and Mangaung Metro has increased from 13.5% and 18.7% in 2004 to 26.8% and 30.3% in 2014 respectively; which is an increase of 13.3 percentage points and 11.6 percentage points respectively. In terms of those with some skills, Mangaung Metro had a better advantage over Free State in terms of the number and the percentage of growth (5.9% to 9.8% and 8.2% to 14.2% respectively), is reflective of the economic advantage that Mangaung Metro has over the entire province.

Table 1.4: NATURAL RESOURCES

MAJOR NATURAL RESOURCE	RELEVANCE TO COMMUNITY
Water	Provision of water is very essential to any community
Vast Agricultural land	Given the high unemployment rate, communities still have access to land for agricultural activities
Sunshine	Solar power
Naval Hill	Being developed as a tourist attraction

1.2.2 KEY CHALLENGES AND OPPORTUNITIES FOR THE CITY

1.2.2.1 FINANCE

There city has put in place various plans aimed at ensuring sustainability of its finances. This is reflected in the city's rising revenue performance and the rising status of the city in the broader borrowing markets. It is however on revenue collection that the city has not been doing so well, with the city failing to attain its targets in collectable revenues by about R 21 Billion and the city's targets in and the city falling short by -6,25% in its collection of rental income. The need to enhance the implementation of credit control measure in the City remains with rising service arrears debt.

1.2.2.2 HUMAN SETTLEMENTS

Like most South African municipalities, Mangaung Metro has the characteristic of a segregated and fragmented city. Bloemfontein is the economic bellwether upon which Botshabelo and Thaba-Nchu regions depend. The city has developed in a binary manner with much investment in the northern areas, growing speedily towards the western part of the City, whereas the south-eastern part has been characterised by low-income and low density government subsidised settlements. These characteristic evinces apartheid spatial planning. In an endeavour to overcome this and foster integration, the Metro has determined that a development corridor be initiated along the N8 connecting the three regions.

Stats SA 2011 data suggest that Mangaung received approximately 6 577 non-South African citizens in the previous decade. Similarly, an own study conducted in 2010 indicated that housing backlog in the municipality stood at 53 820, and this number increased to 58 820 in 2011. The demand was mainly found in the affordable (GAP) and rental market. The attendant pressures of urbanisation, migration, population increase and declining economic performance of all factors of production collectively places strenuous demands on the services government provides.

Among instruments to address its housing backlog, has been the acquisition by the Mangaung Metro of Eight (8) strategic land parcels for the implementation of mixed use development to create integrated human settlements. Such an instrument upon which the Metro has predicated its approach is the strategy consisting of a combination of *retail, recreational, residential, and industrial and community facilities*. Collectively, these developments will entail various housing typologies and provide wide tenure options to beneficiaries, such as ownership, rent, and rent-to-buy as well as mortgage loan options within the same geographic space.

1.2.2.3 SOCIAL SERVICES

The City continues to provide effective social services such as fire, emergency and library services, HIV/ AIDS awareness. However, the Department should deal with the following challenges:

- Acquisition of fleet for fire and emergency services;
- Establishing the metro police and obtaining assignment in relation to ambulance services.

1.2.2.4 RELEVANCE OF THE 4 MAJOR NATURAL RESOURCES

Table 1.6: NATURAL RESOURCES

MAJOR NATURAL RESOURCE	RELEVANCE TO COMMUNITY
Water	Provision of water is very essential to any community
Vast Agricultural land	Given the high unemployment rate, communities still have access to land for agricultural activities
Sunshine	Solar power
Naval Hill	Being developed as a tourist attraction

The city has been redeveloping Naval Hill as a precinct for tourism, a second viewing area, landscaping and the building of the Edge Restaurant.

Sunshine in Mangaung is all year round although it is cold in some parts of the year but imperative for the city in the efforts of eradicating the 0.1% electricity backlogs in the city in relation to formal households. Already some new housing developments are fitted with solar energy sources and are working well.

Water as a scarce resource is another imperative natural resource in the city and although there are still huge water backlogs they are largely because of the continuous mushrooming of informal settlements.

There are more than 44 rural villages in the City and all have vast grazing and ploughing land suitable for agricultural activity. Also the periphery of the city is surrounded with farms and, this means that there are serious growth potentials for agricultural development in the city.

1.3 SERVICE DELIVERY OVERVIEW

The city has been able to deliver more than 1492 title deeds to its citizens in the financial year 2014/15 and provided over 1230 housing opportunities. Whilst the number may look below expectations, many of the housing opportunities will bear fruit in financial year 2015/16 as some of the projects initiated will reach culmination.

- The city has successfully provided electricity to broad spectrum of areas including Khayelisha, Caleb Motshabi, Bloemside 7/Grassland
- 99.9% of formalised households have access to electricity;
- 99.9% of new and upgrading customers are provided with electricity connections;
- 42 high mast installed against the set annual target of 26 high mast lights in informal settlement ;
- 94% of indigent households accesses Free Basic Electricity;
- 3.701km of roads paved and 40.51 of roads resurfaced/ rehabilitated
- All registered indigent households have access to Free Basic Water, Free Basic Sanitation, Free Basic Electricity and Free Basic Waste Removal Serves ;
- 4088 additional households serviced with waterborne sanitation;
- 178 367 house-holds with weekly kerb-side waste removal services in formal areas
- 26 688 of informal settlements dwelling have access to refuse removal

1.4 FINANCIAL HEALTH OVERVIEW

The projected revenue in 2014/15 was R 128,388 million, huge jump from the R 7,069 Million in the previous financial year. During the year in question the city upped its revenue collection mechanisms, which resulted in higher projections.

In 2013/14 the municipality recorded maintained the unqualified audit opinion. This was achieved through commitment shown by the Management Team to address the issues raised by the Auditor-General and through the implementation of the audit action plan of the municipality. The following emphasis of matters were noted even though they did not affect the audit opinion were as follows:

- a) Material Losses;
- b) Material Impairment;
- c) Unauthorised expenditure;
- d) Irregular expenditure and;
- e) Service delivery.

Management has developed a detailed action plan to address the emphasis of matter issues and also those matters which remained in the management report.

CHAPTER 2 – GOVERNANCE

INTRODUCTION

Municipalities in South Africa are governed by Municipal Councils. Mangaung Council is therefore the governing body of the Mangaung Metropolitan Municipality and the custodian of its powers, duties and functions, both legislative and administrative. Essentially, the Council performs a legislative and executive role. The Constitution of the Republic of South Africa, 1996, Chapter 7, Section 160 (1) defines the role of the Council as being:

- (making) decisions concerning the exercise of all the powers and the performance of all the functions of the municipality;
- (electing) its chairperson;
- (electing) an executive committee and other committees, subject to national legislation;
- (Employing) personnel that are necessary for the effective performance of its functions.

Municipal Council comprises the governing and decision making body of the Municipality whilst municipal officials and staff focus on implementation. Council determines the direction for the municipality by setting the course and allocating the necessary resources. Council establishes the policies, and municipal staff ensures that those policies are implemented. Decisions made at Council or committee level are often the result of a lot of research, consultation and advice from staff, residents, business people, and interested parties. Often there are competing interests and financial constraints that must be considered.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

The Mangaung Metropolitan Municipality is governed by a council led by an Executive Mayor. All major policy and administrative decisions are presented, resolved and implemented after the approval of Council. The political system in the municipality is functioning well in that all major committees and participatory organs in the Metro are fully functional. The Municipality has a functional oversight committee that meets regularly to consider policy direction and track performance of the municipality, There is a functional audit committee that periodically provide advice to Council. There is a Municipal Public Accounts Committee (MPAC) that continues to interrogate municipal performance and thus assist the municipality to act in the manner that assist service delivery. The annual report is publicized for scrutiny and comment of the public as well.

2.1.1 POLITICAL STRUCTURE OF MMM

1. Executive Mayor: Councillor Thabo Manyoni
2. Deputy Executive Mayor: Councillor Constance Rampai
3. Speaker: Councillor Mxolisi Siyonzana
4. Chief Whip: Councillor Zolile Mangcotywa

Table 2.1: MEMBERS OF THE MAYORAL COMMITTEE

Members of the Mayoral Committee	Responsible Councillor
Finance	Councillor Nthabiseng Mokotjo
Corporate Governance and IDP	Councillor Constance Rampai
Human Settlements	Councillor Xolo Pongolo
Agriculture and Rural Development	Councillor Sabelo Monnakgori
Environmental and Waste Management	Councillor Mmaneheng Tsomela
Economic Development and Spatial Planning	Councillor Papiki Moeng
Health and Social Development	Councillor Maditaba Matsoetlane
Infrastructure and Engineering Services	Councillor Lebogang Masoetsa
Community Safety, Emergency, Transport and Fleet Services	Councillor Moses Sekakanyo
MPAC	Councillor Lulama Titi-Odili

The Mangaung Council is constituted by 97 elected public representatives of which 49 are ward representatives and 48 represent their political parties on a proportional basis. The parties in Council are illustrated in the table below.

Table 2.2: POLITICAL PARTIES REPRESENTED IN THE COUNCIL

Political Parties in Council	Total Seats	Ward Seats	PR Seats
African National Congress	65	38	27
Democratic Alliance	26	11	15
Freedom Front	2	-	2
African People's Convention	1	-	1
Congress of the People	3	-	3

Table 2.3: THE GOVERNANCE STRUCTURE OF MANGAUNG METROPOLITAN MUNICIPALITY

Structure	Responsible for	Oversight Over	Accountable to
Council	Approve policies and budget	Executive Mayor, Mayoral Committee and Audit Committee	Community
Executive Mayor	Policies, budget, outcomes, management and oversight over City Manager	City Manager	Council
City Manager	Outputs and implementation	The administration	Executive Mayor
CFO & EMT	Outputs and implementation	Financial management and operational functions	City Manager

POLITICAL DECISION MAKING

A routing system of matters reserved referred to the Council is followed, namely:

Reports are initiated by the Heads of Departments and submitted to the Corporate Secretariat Sub-Directorate. The reports are covered with a yellow cover page, numbered, headed and registered in the Council Item Register Book to indicate that the reports have been entered as an item into the system. The items are sent to the City Manager for scrutiny. The City Manager engages with the reports, indicates under comments whether the reports are recommended for consideration to the Executive Mayor, signs it and the items are then forwarded to the Executive Mayor for political engagement. The Executive Mayor then under comments on the yellow cover page indicates whether he approves the items, whether the items should be served on an agenda of the relevant Section 80 Committee meeting or whether the items should go to Council, signs the yellow form and sent it back to the Corporate Secretariat Sub-Directorate. The items with the yellow cover page, now fully completed with all the necessary comments and signatures, are then included in the agenda of the next ordinary/special agenda of the Mayoral Committee where all the approved items be placed on the agenda of the Council to serve before the Council for final approval.

Items on the agenda of the ordinary meetings of the Mayoral Committee and the Council are categorized as follows, namely:

- Section A - Items for Consideration
- Section B - Items in terms of Delegated Power
- Section C - Items for Information

Once the Council has decided on a report, it is then a resolution of the Council. The City Manager executes the decision/resolution taken by the Council by issuing execution letters to the relevant Departments.

Decisions/Resolutions taken by the Mangaung Metropolitan Municipal Council: -

MEETING HELD	NUMBER OF RESOLUTIONS
Meetings held: July 2014 – Dec 2015	117 Resolutions
Meetings held: Jan 2015 – Jun 2015	39 Resolutions
	Total Resolutions =156

2.2 ADMINISTRATIVE GOVERNANCE

The administration is headed by the City Manager as the Chief Accounting Officer. The day-to-day management of the Municipality is done by staff under the direction of the City Manager and Heads of Departments. The City Manager and Heads of Departments have broad and general management responsibilities, such as making sure staff is kept abreast on Council's direction, and identifying gaps in service delivery. Together with Council they must monitor progress on set goals and priorities.

TOP ADMINISTRATIVE STRUCTURE

The administration is made up of the following Departments headed by members of the Executive Management Team:

- City Manager
- Head: Corporate Services
- Head: Finance
- Head: Engineering service
- Head: Strategic Services and Projects
- Head: Social Development
- Head: Planning
- CEO: Centlec (entity)
- Deputy Executive Director: Organisational Planning and Performance Management

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS IN THE CITY

The City participates in Intergovernmental Forum at national and provincial level. The municipality participates actively in the Premier Co-ordinating Forum (PCF) and the MECLOGA to raise challenges facing the municipality with other municipalities, provincial government departments and South African Local Government Association (SALGA) Free State Provincial Chapter. Further the city is a member of the Forum of Heads of Departments in the province (FOHOD).

At national level, the municipality participates in Human Settlements and Cooperative Governance and Traditional Affairs MINMECs which are platforms to provide progress in implementing the Urban Settlement Development Grant (USDG) as well as Back to Basics programme and tease out the impact and outcomes thereof.

The benefit of participating in these structures is highlighted in opportunities to be harnessed by the municipality in fostering strategic partnerships with government departments.

RELATIONSHIP WITH MUNICIPAL ENTITIES

The municipality has established a municipal entity Centlec to provide electricity services to its citizen and manage and maintain public lightning on the behalf of the City. The decisions of Centlec, are taken by a duly constituted Board of Directors and through the business plan and Sale of Business agreement the entity account to the City through the Executive Mayor.

COMPONENT C: OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

As provided for in Legislation the municipality convened a series of meetings using a ward clustering system to involve communities to participate actively in the unfolding planning, monitoring and budgeting processes.

The Municipal Systems Act (MSA) states that the IDP must include a vision for the long-term development of the municipality and development priorities, which must be aligned with national and/or provincial sectoral plans and planning requirements. In terms of the MSA and Municipal Finance Management Act (MFMA), the Municipality has been reviewing its Integrated Development Plan and the organizational scorecard on an annual basis whilst on the other hand compiling the Service Delivery and Budget Implementation Plans for each year.

Annual reports address the performance of the Municipality against its performance measures as outlined in the SDBIP. The SDBIP primarily captures annual delivery agenda of the municipality as spelt out in the Integrated Development Plan and the budget. In sync with the deeply entrenched culture of public participation, the setting of the delivery for the period under review was highly participatory. The participation in the IDP as well as the budget encompassed involvement in the planning for the development and budget allocation including implementation of programmes and projects that require community involvement for them to be sustainable and have the lasting impact.

2.4 PUBLIC MEETINGS

The Mangaung Metropolitan Municipality consult with the public throughout the financial year on IDP and tariffs including annual reports and by laws, The Municipality has 49 wards, and 49 ward committees that are functional. Because of the vast nature of our Municipality we cluster wards to be able to reach a wider audience as possible and consult with our public from November to April on the revised tariffs and IDP priorities. The Municipality publishes its public meetings in local newspapers and radio stations and also on municipal website.

The following is a list of documents published and made available to the public yearly:

- The annual and adjustments budgets and all budget-related documents;
- All budget related policies
- The Annual Report
- All Performance Agreements required in terms of section 56 of the Municipal Systems Act
- All Service Delivery Agreements
- All Municipal Tenders
- All Weekly Quotations of the Municipality
- All quarterly reports tabled in the council in terms of section 52 (d)
- All Vacancies of the Municipality
- Information about Tourism and Places of interest in Mangaung
- Contact Information for all Directorates and Sub-Directorates
- The Integrated Development Plan (IDP)
- The Service Delivery and Budget Implementation Plan (SDBIP)
- Spatial Development Framework (SDF)
- Council Resolutions

WARD COMMITTEES

Ward committees in the Metro serve as an interface between the community and the municipality. They pick up day to day service delivery issues in wards and through the ward councillor they advance those issues for council attention. Ward committees are a single most important institutional arrangement to ensure efficient and result based participatory system

Table 2.4: PUBLIC MEETINGS

Public meetings					
Nature and purpose of the meeting	Dates of event	No of participating councillors	No of participating Municipal councillors	Number of community members attending	Dates and manner of feedback given to community
IDP and budget consultative meetings	Nov – April	All ward councillors of the clusters involved	All ward councillors of the clusters involved, the deputy mayor and the Speaker	Numbers vary from cluster to cluster	Feedback is provided during the second round of the consultations normally in March

Public meetings					
Nature and purpose of the meeting	Dates of event	No of participating councillors	No of participating Municipal councillors	Number of community members attending	Dates and manner of feedback given to community
Annual report	Feb – March	All councillors	All councillors	Numbers vary from cluster to cluster	Feedback is provided during the second round of the consultations normally in March
By laws	As and when they are up for public consumption	Councillors affected	Councillors affected and the relevant MMC	Numbers vary from cluster to cluster	Feedback provided after consultations have been finalised and council has resolved
Tariffs	Nov to April	All ward councillors of the clusters involved	Councillors affected and the relevant MMC	Numbers vary from cluster to cluster	Feedback is provided during the second round of the consultations normally in March
SDF and other sector plans	Nov to April	All ward councillors of the clusters involved	Councillors affected and the relevant MMC	Numbers vary from cluster to cluster	Feedback is provided during the second round of the consultations normally in March

Public engagements in the city provide opportunities for the public to contribute, interrogate and engage municipal priorities. Furthermore, the municipality organise feedback sessions to report back on what communities have been reflecting and how the municipality is responding. The IDP of the municipality also has a section that addresses issues raised by communities and municipal responses.

2.5 IDP PARTICIPATION AND ALIGNMENT

Table 2.5: IDP AND ALIGNMENT

IDP Participation and alignment criteria	Yes/no
Does the municipality have impact, outcome, input, output indicators	Yes
Does the IDP have priorities, objectives, KPI's development strategies?	Yes
Does the IDP have multiyear targets?	Yes
Are the above aligned and can they calculate to a score	Yes
Does the budget align directly to the KPI in the strategic plan?	Yes
Does the IDP KPI align to section 56 managers?	Yes
Do the IDP KPI lead to functional area KPI as per SDBIP	Yes
Were the indicators communicated to the public	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

COMPONENT D: CORPORATIVE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

The Municipal Finance Management Act (MFMA) places an injunction on the municipality to maintain an effective, efficient and transparent system of Risk Management.

It is the Municipality policy to ensure that informed decisions are made with regards to service delivery activities by appropriately identifying and considering both risk and opportunities.

The Risk Management Committee has been established and performs its responsibilities in accordance with its approved Charter and advise management and the Audit Committee on matters related to Risk Management in the City.

To this effect all departments work together in a consistent and integrated manner with the overall objective of reducing risks to acceptable and manageable levels.

The municipality resolved after review that the risks that were identified during the 2012/13 financial year remained the same and relevant for the 2013/2014 financial year, the identified twelve strategic risks were linked to the strategic objectives. The risks were all rated and an action plan was developed to mitigate these risks. Strategic risk maturity progress was then compiled for 2013/14.

- 1) High poverty and unemployment levels in the City;
- 2) Threatened sustainability and financial viability of the City;
- 3) Lack of integrated built environment;
- 4) Inadequate service delivery;
- 5) Inadequate housing opportunities;
- 6) Ineffective public transport system;
- 7) Climate change and environmental degradation;
- 8) Inadequate social and community services;
- 9) Reputation risk
- 10) Fraud and corruption;
- 11) Inadequate Information Technology and Communication
- 12) Inability to assure good governance

The following are challenges in implementing Risk Management:

1. Cost of controlling the risk
2. Risk perceived as add on function

2.7 ANTI FRAUD AND CORRUPTION

The municipality has Fraud Prevention Plan that outlines the municipality's approach to curtailing the likelihood of fraud occurring, its prevention as well as the early detection thereof.

The numerous awareness sessions on fraud related matters were held. Apart from fraud prevention awareness sessions, the city also had information session on code of conduct and ethics.

Anti-Fraud and Corruption Unit investigate all reported allegations of fraud and has issued 22 reports for the year under review. Depending on the outcome of the investigation other cases are further referred to South African Police Services, HAWKS and the South African Revenue Services (SARS), etc

The municipality has established an Audit Committee that is periodically reviewing and advising on internal controls of the municipality. The Audit Committee is administratively supported by the Internal Audit Unit.

Table 2.6: MEETINGS OF THE AUDIT COMMITTEE

Meeting Number	Nature/type of meeting	Date
01/2014-15/32	Special	28 August 2014
02/2014-15/33	Ordinary	30 October 2014
03/2014-15/34	Special	28 November 2014
04/2014-15/35	Ordinary	25 February 2015
05/2014-15/36	Ordinary	12 June 2015
06/2014-15/37	Special	30 June 2015

The municipality also has a functional Internal Audit Unit. This Unit is working in collaboration with both the Risk and Anti-Fraud Units to strengthen municipality's efforts to manage risks and combat fraud and corruption. For the period under review, the Unit has conducted about twenty seven (27) internal audit reviews/investigations and has submitted its findings in the form of internal audit reports to both the Municipal Manager and the Audit Committee for consideration.

Public participation on by – laws development processes was facilitated during the annual review of the IDP and Budget, except for the Parking By-Laws which were conducted in terms of policy on the development and review of policies and by-laws.

2.8 MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL

Table 2.7: MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	24/03/ 2015 and
All current budget-related policies		31/03/ 2015
The previous annual report (2012/2013)	Yes	19 June 2014
The annual report (Year 2013/2014) published/to be published	Yes	05/02/2015
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 2013/2014) and resulting scorecards	Yes	
All service delivery agreements (Year 2013/2014)	No	
All long-term borrowing contracts (Year 2013/2014)	No	
All supply chain management contracts above a prescribed value (give value) for Year 2014/2015	Yes	09 Oct 2014, 24 Oct 2014, 04, 20,25 Nov 2014, 2,819,30 Dec 2014, 26 Jan 2015, 02, 10,12, 20,25 Feb 2015, 16,18,24,26,30 Mar 2015, 1,2,13 April 2015, 6,12,21 May 2015, 3,15,29 June 2015, 6,13,17,23,28 July 2015, 4,7,11,13 Aug 2015, and 3 & 16 Sep 2015
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2012/2013	No	
Contracts agreed in 2013/2014 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in 2013/2014	No	
All monthly reports tabled in the council in terms of section 71 during 2014/2015	Yes	20 Jan 2014, 01 & 13 Feb 2014, 5 & 14 March 2014, 16 May 2014, 18 May 2014, 19 June 2014, 16 July 2014, 13 August 2014, 12 Sep 2014, 10 October 2014, 11 Nov 2014, 3 & 12 Dec 2014, 15 Jan 2015, 5, 6 & 18 Feb 2015, 13 Mar 2015, 20 April 2015, 14 May 2015, 15 June 2015, 17 July 2015, 18 Aug 2015, 17 Sep 2015.

The previous Internet Website and Server has been in place since 2002. Because the server has been utilized for 11 years and outdated, it has been hacked several times until it was damaged beyond repair and the database was ultimately corrupted.

A new Server has been deployed with the latest release of WordPress and SQL. A new Website has been designed and launched on 7 June 2013. All information that needed to be published since 1 January 2013 has been received and published onto the New Internet Website.

The new Website also contains the new structure based on the new organogram of the newly established Mangaung Metropolitan Municipality. All Directorates and Sub-Directorates have been requested to send all relevant information to the Web-Master to be published onto the new

website. The new Internet Website has been designed to be date driven and keep history of all documents and information from date of publishing.

Website Visitor Traffic and Usage Statistics - www.mangaung.co.za

Report Period 1 July 2014 to 30 June 2015

Hits: Total Hits: 8352867, Average Hits per Day: 22884.567; Average hits per visitor: 10.586; Total Reloads : 1287111
Average Reloads per day: 3526.332; Average reloads per visitor : 1.631; Cached reloads per visitor : 1750343

CHAPTER 3 - SERVICE DELIVERY PERFORMANCE

INTRODUCTION

This chapter provides a detailed account of how the City has performed against service delivery objectives, priorities and correspond key performance indicators and measurable targets as captured in the Council approved reviewed IDP and SDBIP for 2014/2015. Critically, a comprehensive report is developed on SDBIP that is hereto attached as Annexure A for ease of reference

For the year under review the City continues to make significant strides in extending access to water and sanitation services, facilitated access to housing, implemented a number of projects to support Small Medium and Micro Enterprises(SMME) and rural development, facilitated the development of Airport Development Node, ensured that indigent households had access to Free Basic Water, Electricity, Sanitation and Refuse removal services and promoted development through prompt processing of development applications, provided efficient environmental health and emergency services and rehabilitated social amenities. Effective maintenance of assets was carried out that included resurfacing roads, rehabilitation of roads, storm-water canals, catch pits and pedestrian paving, electricity service infrastructure (network and streetlights)

The City has through its municipal entity; CENTLEC has ensured that all formal households have access to electricity services.

COMPONENT A: BASIC SERVICES

3.1 WATER PROVISION

Table 3.1: WATER SERVICE DELIVERY LEVELS

	Households	Percentages
Water: (above min level)		
Piped (tap) water inside dwelling/institution	106819	45.0%
Piped (tap) water inside yard	94156	40.0%
Piped (tap) water on community stand: distance less than 200m from dwelling/institution	23743	10.0%
<i>Minimum Service Level And Above sub-total</i>	224 718	95%
Water: (below min level)		
Piped (tap) water on community stand: distance between 200m and 500m from dwelling/institution	4403	2.0%
Piped (tap) water on community stand: distance between 500m and 1000m (1km) from dwelling /institution	1330	0.6%
Piped (tap) water on community stand: distance greater than 1000m (1km) from dwelling/institution	591	0.3%
No access to piped (tap) water	811	2.1%
<i>Below Minimum Service Level And Above sub-total</i>	11246	5%
Total	235 964	100%

Table 3.2: HOUSEHOLDS-WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM

Households-Water Service Delivery Levels below the minimum		
	2013/14	2014/15
Formal and informal residential		
Total households	11 246	25165
Proportion of households below minimum service level	4.9%	5.7%

Table 3.3: WATER AND SANITATION SERVICE POLICY OBJECTIVES TAKEN FROM IDP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Eradicate water services backlog	Expand bulk water infrastructure	Length of main water supply line installed	Completion certificate of the water supply line	Expand main water supply lines (12,1 km on Longridge, Naval Hill and Botshabelo)	Expand main water supply lines (10,2 km on Longridge, Naval Hill and Botshabelo - % completed)	9.89 km of Longridge, Naval Hill and Botshabelo water supply lines completed	-3.1	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Stands provided with water connections	Number of Formal stands provided with water connections	Number of Formal stands with water connections (7500 stands*)	Formal stands provided with water connections (1500 stands)	Formal stands provided with water connections (4500 stands completed)	4088 formal stands provided with water connections	-412	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		% increase in the number of informal households provided with communal taps (200m radius)	Percentage of informal households provided with communal taps (200m radius)	At least 90% of informal households provided with communal taps (200m radius)	At least 90% of informal households provided with communal taps (200m radius – cumulative % complete)	70% of informal households provided with communal taps	-20%	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of water service points installed for informal settlement dwellers within a 200m radius	Completion certificates of services points	None	24 962 households 2 497 communal standpipes	112 water service points installed for informal settlements dwellers within 200m radius	-24850	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Backlog in the number of consumer units with access to a free basic level of potable water	Indigent register	20 000	30 000 (actual backlog 10 000 indigent for the year) households	43089 indigent households with access to free basic water	+13089	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Reduce level of Non- Revenue Water and improve water security	Replace water meters , and metering of unmetered sites.	Number of water meters (replaced & installed)	Number of meters replaced	16029 meters installed/replaced	4000 meters installed/ replaced	10 337 meters installed/ replaced	+ 6991 meters	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Refurbishment of water supply system: Real loss reduction programme (water)	% reduction in non-revenue water	Completion certificates Job cards Reduction in the amount of resources used to purchase raw water	34.8 mega litres per day	4.8 mega litres per annum (4 MLD leak detection, 0.8MLD pressure management)	7.6mld	-30 mld	
	Refurbishment of water supply systems: Telemetry and Scada	Number of new Pump Station Monitoring equipment installed	Completion certificates	6	6	6	None	None
		Number of new Flow meter Monitoring equipment installed	Completion certificates	30	30 new Flow meter Monitoring equipment installed	0 new Flow meter Monitoring equipment installed	-30	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of new applications (MIS)	Number of new application lodged on MIS; MIS report	5	5 new applications (MIS)	5 new applications (MIS)	None	None
	Replacement/ Refurbishment old water mains in BFN.	Length of water mains replaced	Completion certificates	4.7km	8km	24.8 km water mains replaced	+16.8km water mains replaced	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Replacement/ Refurbishment of valves in BFN, Botshabelo and ThabaNchu, and	Number of valves replaced/refurbished within the water network	Completion certificates		180	424 valves replaced	+244 valves replaced	None
Eradicate sanitation backlogs	Expand bulk sanitation infrastructure	Expansion of NE Waste Water Treatment Work capacity	Completion Certificates	Expand Waste Water Treatment Work capacity (20 MI/day on NE WWTW Ph1	Expand Waste Water Treatment Work capacity (NE WWTW Ph 1&2 and	Phase 2 , 93% complete	-7%	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Expansion of Sterk-Water Waste Water Treatment Work capacity	Completion Certificates	Expand Sterkwater WWTW capacity Phase 1 80 % complete)	Sterkwater WWTW Ph 2: 15 MI/day - % complete)	100% completion of Phase 2 of Sterkwater WWTW	None	None
Provide formal stands with waterborne toilet to eradicate VIP and Pit toilets	Provide formal stands with waterborne toilet to eradicate VIP and pit toilets	Number of formal stands with waterborne toilet to eradicate VIP and pit toilets (7500 formal stands)	Completion Certificates	Provide formal stands with waterborne toilet to eradicate VIP and pit toilets (4500 stands** - % complete)	25% 3 000 VIP and Bucket toilets eradicated	4088 VIP and Bucket toilets eradicated	+1088 VIP and Bucket toilets eradicated	None
		Number of additional households (RDP) provided with sewer connections	Completion certificates	1800 additional households (RDP) provided with sewer connections	1492 additional households (RDP) provided with sewer connections	4088 additional households (RDP) provided with sewer connections	+2596 additional households (RDP) provided with sewer connections	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		Backlog in the provision of basic sanitation services (above RDP standards)	Completion certificates	53 259 households serviced with waterborne sanitation (backlogs eradicated)	3 000 households serviced with waterborne sanitation.	4088 households serviced with waterborne sanitation.	+1088 households serviced with waterborne sanitation.	None

Table 3.4: EMPLOYEES: WATER AND SANITATION

Employees: Water & Sanitation					
Job Level	Year -1	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	1	7	5	2	28.6%
4 – 6	20	95	19	76	80.0%
7 – 9	9	109	35	74	67.9%
10 – 12	26	262	72	190	72.5%
13 – 15	9	116	24	92	79.3%
16 – 18	188	673	468	205	30.5%
Total	253	1262	623	639	50.6%

Table 3.5: FINANCIAL PERFORMANCE WATER SERVICES

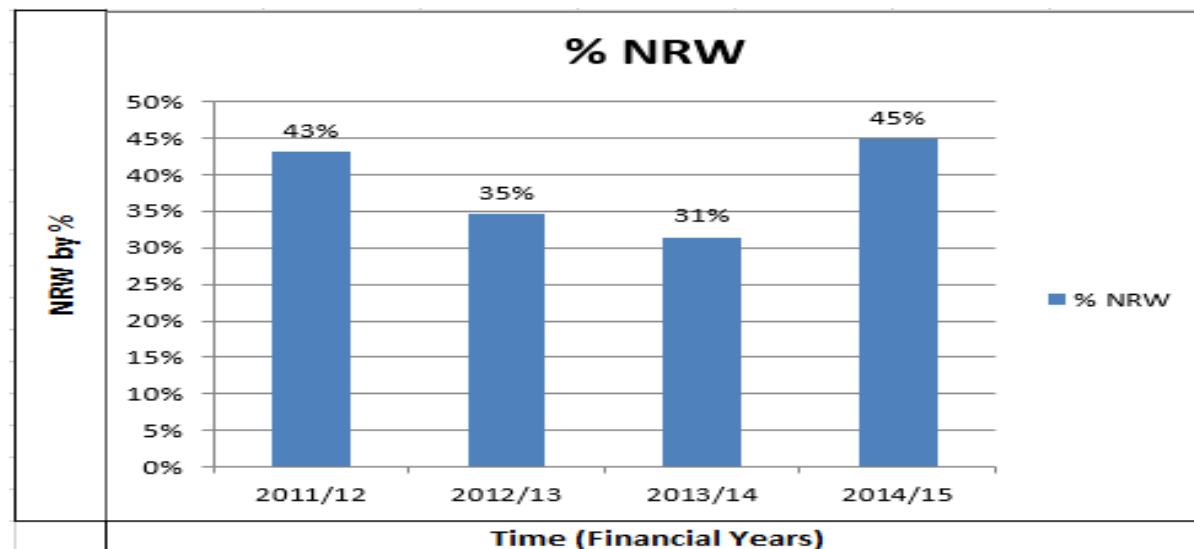
Financial Performance: Water Services					
R'000					
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	(692,278,756)	-756 655 972	-756 655 972	-740 333 009	-16 322 963
Expenditure:					
Employees	66,534,619	63 940 770	63 940 770	71 602 601	-7 661 831
Repairs and Maintenance	55,362,708	49 480 055	50 934 453	44 399 494	6 534 959
Other	497,276,508	620 714 376	604 073 119	668 421 453	-64 348 334
Total Operational Expenditure	619,173,835	734 135 201	718 948 342	784 423 548	-65 475 206
Net Operational Expenditure	(73,104,921)	-22 520 771	-37 707 630	44 090 539	-81 798 169

Table 3.6: CAPITAL EXPENDITURE: WATER SERVICES

Capital Projects	Year 2014/2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Total All	278,720,069	370,309,406	309,765,872	60,543,534
Project A- Water Networks to stands	20 000 000	20 000 000	15 845 981	4 154 981
Project B- Botshabelo and Thaba Nchu Internal Bulk	28 699 069	25 184 854	24 509 108	675 746
Project C- New 45 ML Longridge Supply Line 8.3 km	42 196 000	34 672 870	32 144 048	2 528 822
Project D –Replace pumps Masselspoort	11 825 000	24 434 295	24 429 117	5 178
Project E- Refurbishment of water systems	10 000 000	49 887 102	49 887 102	0

Figure 3.1 below shows the City trends in relation to Non-Revenue (NRW) for the past four financial years. The NRW for the financial year 2014-2015 has increased from 31% to 45%. This situation is abnormal. The cause of this is that the monthly water sales report which was drawn from financial records showed that the municipality has been selling more water than it has purchased. This prompted Engineering Services Directorate to review water balance calculation which reflected less percentage in the two financial years (2012-2013 and 2013-2014). In the 2014-2015 financial year, the annual water sales records which were drawn with high level confidence indicate that the City's NRW is at 45%.

Figure 3.1 MANGAUNG CITY TRENDS IN RELATION TO NON-REVENUE WATER



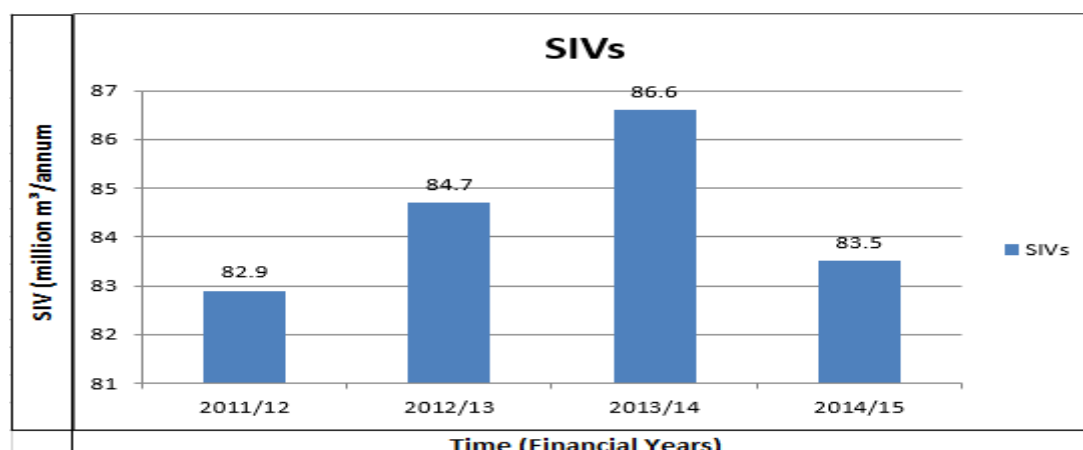
The net effect indicate that the city continues to register encouraging progress in extending water services to its citizens. Attendant bulk water infrastructure such as main water supply lines have been extended to informal settlements through installing 112 communal water stand pipes. In pursuit of reducing non-revenue water:

- A water demand management project was implemented and its set milestones were achieved.
- The city has completed phase two of the North Eastern Waste Water Treatment work that will benefit 45 000 households once completed
- The city has completed 100% civil works for the Sterk Water Waste Treatment Works that will benefit $\pm$ 26 500 households at the Eastern part of Bloemfontein, Vista Park and Hillside View
- 4088 VIP and Bucket Toilets were upgraded into Water Borne Sanitation

Figure 3.2 below shows that the water purchased from BloemWater for the financial year 2014-2015 has decreased from 86.6 to 83.6 million m³/annum. In financial terms, the municipality saved a total of R13 million rand. The system input volume (SIV) reduction was caused by the following activities;

- Active leak detection and repairs
- Implementation of pressure management
- Consumer education and awareness

Figure 3.2 MANGAUNG CITY TRENDS IN RELATION TO SYSTEM INPUT VOLUME REDUCTION



3.2 WASTE WATER (SANITATION)

The municipality has ensured that additional 4 088 additional have access to sanitation services for the period under review. As things stand, the city has 143 546 households with flush toilets. There is still however 58 650 households still with VIP toilets and 2104 with buckets toilets.

Table 3.7: SANITATION DELIVERY LEVELS

SANITATION SERVICE DELIVERY LEVELS	2014/15	
	Households	Percentages
Sanitation/sewerage: (above min level)	143546	60%
Flush toilet (connected to sewerage system)	143546	60%
Flush toilet (with septic tank)	0	
Chemical toilet	0	
Minimum Service Level And Above sub-total	143546	60%
<i>Sanitation/sewerage: (below min level)</i>		
Pit toilet with ventilation (VIP)	58650	24%
Pit toilet without ventilation	0	
Bucket toilet	2104	0.9%
None	0	
Other	0	
Below Minimum Service Level And Above sub-total	60754	
Total	204300	84%

Table 3.8: HOUSEHOLDS – SANITATION SERVICE LEVELS BELOW THE MINIMUM

	2014/15
Formal and informal residential	196973
Total households	171,808
Households below minimum service levels	25165
Proportion of households below minimum service level	0

Table 3.9: FINANCIAL PERFORMANCE SANITATION SERVICES

R'000					
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	-4 085 969	-310 788 521	-285 021 414	-363 835 777	78 814 363
Expenditure:					
Employees	61 717 319	66 622 601	66 622 601	82 731 756	-16 109 155
Repairs and Maintenance	14 112 513	16 949 623	19 499 623	13 163 134	6 336 489
Other	50 014 472	171 149 892	141 463 816	198 125 474	-56 661 658
Total Operational Expenditure	125 844 304	254 722 116	227 586 040	294 020 364	-66 434 324
Net Operational Expenditure	121 758 335	-56 066 405	-57 435 374	-69 815 413	12 380 039

Table 3.10: CAPITAL EXPENDITURE SANITATION SERVICES

Capital Projects	Year 2014/2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Total All	239,002,071	330,694,477	301,978,360	28,716,117
Project A-North Eastern WWTW (15ML/Day) and 1 8Km	30 944 954	50 354 716	48 434 113	1 920 603
Project B-Addition of 10ML to SterkWater WWTW	40 000 000	12 804 516	7 873 816	4 526 184
Project C- Refurbishment of Bloemspruit	20 000 000	20 000 000	19 253 626	746 374

3.3 WASTE MANAGEMENT

178367 formal households have access to a weekly door to door refuse removal in the report period and 37 953 of these were serviced by the SMMEs. 26688 informal settlement dwellings had access to refuse removal. Public cleansing in informal areas was done with the assistance of 150 beneficiaries of the Expanded Public Works Programme's (EPWP) Cash for Waste Programme that ended in June 2015. Although illegal dumping has been a challenge the unit through the office of the Deputy Mayor has been championing a cleaning campaigns called 'Woza Friday' through the municipality. A programme for this campaign was drawn that ensures that priority dumping areas are attended from ward to ward specifically on Fridays and this has assisted in reducing the illegal dumps backlog. The Thaba Nchu landfill site was closed and rehabilitated in the year under review. The Transfer Station in Thaba Nchu was 60% complete at the end of the year under review.

Table 3.11: SOLID WASTE SERVICE DELIVERY LEVELS

Solid Waste Service Delivery Levels	2014/15	
	Households	Percentages
Solid Waste Removal: (minimum level)		
Removed by local authority/private company at least once a week	199465	86
Minimum Service Level And Above sub-total	199465	
Solid Waste Removal: (below minimum level)		
Removed by local authority/private company less often	5590	2.41
Communal refuse dump		
Own refuse dump		
No rubbish disposal		
Other	26866	11.58
Below Minimum Service Level And Above sub-total		
Total	231921	100

Table 3.12: HOUSEHOLDS – SOLID WASTE SERVICES DELIVERY LEVELS

Households-Solid Waste Services Delivery Levels below the minimum	2014/15
Formal residential	
Total households	189155
Households below minimum service levels	10788

Proportion of households below minimum service level	5.7%
Informal residential	
Total households	20267
Households below minimum service levels	5590
Proportion of households below minimum service level	27.58%

Table 3.13: WASTE MANAGEMENT SERVICES POLICY OBJECTIVES TAKEN FROM IDP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/2015	Variance	Corrective Action
Accelerate waste removal	Provide households with weekly kerb-side waste removal services in formal areas	No. of households with weekly kerb-side waste removal services in formal areas	Number of households with weekly kerbside waste removal service	165 464 households with weekly kerb-side waste removal services in formal areas	165 464 households with weekly kerb-side waste removal services in formal areas	178 367 house-holds with weekly kerb-side waste removal services in formal areas	+13903	None
	Informal settlement dwellings with access to refuse removal	Number of informal settlements with access to refuse removal services	Number of informal settlements with access to refuse removal	23 130 informal settlement dwellings with access to refuse removal	36 000 of informal settlements dwelling have access to refuse removal	26 688 of informal settlements dwelling have access to refuse removal	-9312 of informal settlements dwelling have access to refuse removal	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Reduction of weekly kerb side refuse removal backlog to consumer units within 14 days	Reduction of weekly backlog within 07 days after scheduled collection day	100% waste removal backlog eradicated in consumer units within 07 days after scheduled collection day	100% waste removal backlog eradicated in consumer units within 14 days	100% waste removal backlog eradicated in consumer units within 07 days after scheduled collection day	100% waste removal backlog eradicated in consumer units within 07 days after scheduled collection day	None	None
		New landfill site developed	Completion Certificates; Licence permit	New KPI	Initiation of the process for the establishment of a regional landfill site	Not Achieved	regional land fill site not initiated	To be accelerated in the next financial year, with the inclusion of the

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/2015	Variance	Corrective Action
								targets in the 2015/16 SDBIP

Table 3.14: EMPLOYEES: SOLID WASTE MANAGEMENT SERVICES

Employees: Solid Waste Management Services					
Job Level	Year -1 (2013/14)	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0
4 - 6	5	4	4	0	0
7 - 9	7	12	10	2	16
10 - 12	25	26	25	1	3.8
13 - 15	9	94	78	16	17.02
16 - 18	120	366	305	61	16.66
Total	167	503	423	80	15.90

Table 3.15: FINANCIAL PERFORMANCE: SOLID WASTE MANAGEMENT SERVICE

Financial Performance: Solid Waste Management Services					
					R'000
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	-214 963 584	-247 932 403	-173 440 102	-230 159 643	56 719 541
Expenditure:					
Employees	73 339 900	77 927 829	77 927 829	81 549 064	-3 621 235
Repairs and Maintenance	18 601 947	10 309 848	6 359 848	619 627	5 740 221
Other	42 066 463	106 945 797	100 323 949	113 474 148	-13 150 199
Total Operational Expenditure	134 008 310	195 183 474	184 611 626	195 642 839	-11 031 213
Net Operational Expenditure	-80 955 274	-52 748 929	11 171 524	-34 516 805	45 688 329

Table 3.16: CAPITAL EXPENDITURE: WASTE MANAGEMENT SERVICES

Capital projects	Year 2014/2015			
	Budget	Adjustment budget	Actual Expenditure	Variance from adjustment budget
Total all				
Upgrading and construction of Northern Land	3 350 000	4 181 502	4 011 459	170 042
Upgrading and construction of Southern Land	1 500 000	1 674 658	1 593 841	80 816
Upgrading and rehabilitations of Botshabelo	4 700 000	3 982 6074	3 982 605	1.03
Development of transfer station in Thaba Nchu	6 750 000	2 850 000	2 763 563	84 436
Closure of ThabaNchu Landfill Sites	3 550 000	2 557 133	2 519 551	37 581

3.4 ROADS AND STORM WATER

Roads and Storm water infrastructure constitutes an integral part of the country's economy. Chapter 7 of the Constitution of the Republic of South Africa provides a directive to municipalities to provide services to the communities in a sustainable manner. It is also imperative that those services are kept in satisfactory condition at all times. To this end, the Mangaung Metropolitan Municipality has heeded this call by ensuring that:

- 3.701 km of paved road
- 40.51 km of roads resurfaced
- 1.27 km of storm water drainage is installed.
- 6.1 km of pedestrian walkways constructed.

Table 3.17: GRAVEL ROAD INFRASTRUCTURE

Gravel Road Infrastructure				
Kilometres				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded /maintained
Year - 2011/2012	1 186	20	12	1 186
Year - 2012/2013	1 206	25	14	20
Year - 2013/2014	1 231	20	4.67	20
Year - 2014/2015	1 251	3.701	0.810	

Table 3.18: TARRED ROADS INFRASTRUCTURE

Tarred Road Infrastructure					
Kilometres					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year - 2011/2012	1 415		20	5	25
Year - 2012/2013	1 435	0.9	20	20	20
Year - 2013/2014	1 436	4.67	55	20	20
Year - 2014/2015	1 440.67	0.18	36		3

Storm water Infrastructure				
Kilometres				
	Total storm water measures	New storm-water measures	Storm-water measures upgraded	Storm-water measures upgraded
Year - 2011/2012	160	20	12	120
Year - 2012/2013	166	25	14	140
Year - 2013/2014	167	0.97	4.67	110
Year - 2014/2015			1.27	

Table 3.19: ROADS AND STORM WATER SERVICE POLICY OBJECTIVES

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Address roads conditions	Tar gravel roads	Km of gravel roads tarred	Completion certificates for roads tarred	4.67 km	11 km	0.810	-10.19km	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		KMs of paved roads	Completion certificates for roads paved		2.3 km	3.701km	+1.401	None
	Resurfaced roads	Km of roads resurfaced / rehabilitated	Completion certificates for roads resurfaced / rehabilitated	387 754 Sqm	20 km	40.51 km	+20.51 km	None
	Install storm-water drainage	Km of Storm-water drainage installed	Completion certificates for storm-water drainage installed	4.67 km	7 km	1.27	-5.73	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP

Table 3.20: EMPLOYEES: ROAD AND STORM WATER SERVICES

Employees: Roads & Storm-water					
Job Level	Year -1	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	1	4	4		0.0%
4 – 6	11	49	13	36	73.5%
7 – 9	4	78	26	52	66.7%
10 - 12	6	114	55	59	51.8%
13 - 15	0	94	14	80	85.1%
16 – 18	10	405	143	262	64.7%
Total	32	744	255	489	65.7%

Table 3.21: FINANCIAL PERFORMANCE: ROAD AND STORM WATER SERVICE

Financial Performance: Roads and Stormwater					
R'000					
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	0	-1 235 848	-1 235 848	0	-1 235 848
Expenditure:					
Employees	56,798,185	60 715 999	60 715 999	61 380 300	-664 301
Repairs and Maintenance	67,570,934	91 545 899	102 212 662	74 208 687	28 003 975
Other	317,730,909	185 342 443	174 655 680	-419 068 505	-244 412 825
Total Operational Expenditure	442,100,027	337 604 341	337 584 341	-283 479 519	53 904 822
Net Operational Expenditure	442,100,027	338 840 189	338 820 189	-283 479 519	55 340 670

Table 3.22: CAPITAL EXPENDITURE: ROADS AND STORM WATER SERVICE

Capital Projects	Year 2014/2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment Budget
<i>Total All</i>				
Upgrading of streets and Storm-Water: Tsuene Street	5 664 389	9 241 599	9 241 598	1
Resealing of Streets	20 000 000	72 195 354	66 665 211	5 530 143
Rehabilitation of Storm-Water Canals	1 500 000	8 426 733	8 164 567	262 166

3.5 ELECTRICITY PROVISION

Mangaung is committed to achieving its mandate of providing access to electricity to the residents of the Municipality and the Southern Free State Municipalities at large.

The city has successfully provided electricity to the following areas listed below:

- Khayelisha – 526 households connections
- Caleb Motshabi – 1880 households connections

- Bloemside 7/Grassland – 427 households connection
- Ensuring that 99.9% of formalised households have access to electricity;
- Ensuring that 99.9% of new and upgrading customers are provided with electricity connections;
- 42 high mast installed against the set annual target of 26 high mast lights in informal settlement ;
- Ensuring that 94% of indigent households accesses Free Basic Electricity;
- Five hundred and forty five (545) applications for new or existing connections were received, paid for and installed.
- A number of inspections were undertaken to the different distribution centers and substations. This also included the servicing of the 11kV, 33kV and the 132kV circuit breakers. The maintenance of transmission has improved over the past reporting period. These activities were possible with the additional resources from outside the Municipality in a form of contracted service.
- The statement of financial performance shows that own generated revenue from service charges increased by 5.13% (2013/14 – R 57 579 670 [3.19%]) to over R1, 902,688,667 in 2014/15. This increase is mainly attributable to the increase in sale of electricity and prepaid meters sales.
- The municipality's training and development Centre is performing at a satisfactory level. Training is provided for internal and external stakeholders. The section continues to participate in industry wide activities aimed at not only improving the electrical engineering profession but also to protect the integrity of the quality of training offered to the candidates. The following training took place for financial year 2014/15:
 - One hundred and ninety five (195) learners' received on the job training.
 - Two hundred and forty nine (249) learners received institutional training.
 - Sixteen (16) learners successfully passed the trade test examinations and are now qualified electricians.

Table 3.23: ELECTRICITY SERVICE DELIVERY LEVELS

ELECTRICITY SERVICE DELIVERY LEVELS	2014/15	
	Households	Percentages
Energy: (above minimum level)		
Electricity – Non FBE	154 684	86.6%
Minimum Service Level And Above sub-total		
Energy: (below minimum level)		
Other – FBE	23.983	13.4%
Below Minimum Service Level And Above sub-total		
Total	178 670	

Table 3.24: HOUSEHOLDS – ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM: NON – BELOW THE MINIMUM

	2014/15
Formal residential	0
Total households	0
Households below minimum service levels	0
Proportion of households below minimum service level	0
Informal residential	0

Total households	0
Households below minimum service levels	0
Proportion of households below minimum service level	0

Table 3.25: TARIFF GROUPS

Tariff Group: 2014-2015 (Baseline)	Number of Consumers					Total
	MMM	Kopanong	Naledi	Mohokare	Mantsopa	
Inclining block	177 328	9 521	5 418	5 160	2 024	199 451
FLAT RATE BUSINESS	1 342	363	180	219	5	2 109
BULK RESELL 2	27	-	-	-	-	27
BULK RESELL 3	179	-	-	-	-	179
BULK RESIDENTIAL 2 SFS	-	-	1	-	-	1
BULK RESIDENTIAL 3 SFS	-	3	-	-	-	3
BULK RESIDENTIAL 3 SFS	-	-	4	-	-	4
CENTLEC DEPARTMENTAL TOU	2	-	-	-	-	2
COMFLEX - SINGLE PHASE	8	-	-	-	-	8
COMFLEX - THREE PHASE	68	-	-	-	-	68
COMFLEX SFS	-	6	-	-	-	6
COMFLEX SFS	-	-	-	1	-	1
ELEC FLEX 1	4	-	-	-	-	4
ELEC FLEX 2	153	-	-	-	-	153
ELEC FLEX 2 SFS	-	4	-	-	-	4
ELEC FLEX 2 SFS	1	-	-	-	-	1
ELEC FLEX 3	490	-	-	-	-	490
ELEC FLEX 3 SFS	-	17	-	-	-	17
ELEC FLEX 3 SFS	-	-	-	4	-	4
ELEC FLEX 3 SFS	-	-	3	-	-	3
HOME FLEX - SINGLE PHASE	2	-	-	-	-	2
HOME FLEX - THREE PHASE	51	-	-	-	-	51
HOME FLEX - THREE PHASE SFS	-	7	-	-	-	7
SPORT STADIUMS	8	-	-	-	-	8
SPORT STADIUMS SFS	-	1	-	-	-	1
TOTAL	179 663	9 922	5 606	5 384	2 029	202 604
	89%	4,9%	2,8%	2,7%	1%	100%

Table 3.26: ELETRICITY SERVICE POLICY OBJECTIVES TAKEN FROM IDP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
CENTLEC ELECTRICITY To ensure Optimal Service Delivery	Provide 100% access to electricity	Number of sites accessing basic electricity service in Khayelisha	Completion certificates	N/A	500 sites have access to basic electricity services	526 of sites accessing basic electricity service	None	none
		Number of sites accessing basic electricity service in Grassland	Completion certificates	N/A	347 sites have access to basic electricity services	427 of sites accessing basic electricity service	+80	None
		Number of sites accessing basic electricity service in Caleb Motshabi	Completion certificates	N/A	1880 sites have access to basic electricity services	1880 of sites accessing basic electricity service	None	None
		Number of Public connections installed as and when required	Completion certificates	N/A	Number of applications received, paid and installations completed.	545 Public connections installed	8	Continuously engage the applicants to inform CENTLEC on their state of readiness for the connections to be facilitated
	Provide reliable public lighting in areas as required by MMM	Number of high mast lights installed with certificates of compliance	Completion certificates	40 high mast lights Mangaung	26 energized high mast lights with certificate of compliance	42 high mast lights installed	+18	None
	provide a reliable supply of electricity	100% Completed 132/11kV Fichardpark Distribution Centre	Completion certificates	N/A	100% completed distribution Centre commissioned.	A number of inspections were undertaken to the different distribution centers and substations. This also included the servicing of the 11kV, 33kV and	None	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
						the 132kV circuit breakers.		
		100% Completed 132/11kV Cecilia Distribution Centre	Completion Certificate	N/A	100% completed distribution Centre commissioned.	A number of inspections were undertaken to the different distribution centers and substations. This also included the servicing of the 11kV, 33kV and the 132kV circuit breakers.	None	None
		100% Completed Botshabelo: 132kv Eskom connection & extensions to substation	Completion Certificate	N/A	100% completed distribution Centre commissioned.	100% completed distribution centre completed	None	None
		100% Completed BOTSHABELO: 132KV/33/11KV DC SUB	Completion Certificate	N/A	100% completed distribution Centre commissioned	100% completed distribution centre completed	None	None
		Number of distribution Centres visually inspected (I protection equipment once every 6 months.	Inspection report	N/A	Protection of 39 Distribution Centres fully inspected	21 distribution Centres visually inspected	-18	18 DC's were targeted and personnel exceeded expectation by 11.
		Number of primary and secondary substations Visually inspected (all protection equipment)	Inspection report	N/A	Inspect at least once every year 370 substations substations	65 substations inspected	-305	93 SS were targeted but insufficient Personnel and other work load not reflected in this score card prioritised. Adjusted planning will enable 28 panels to be done in Q1 of 2015_16 financial year.

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		Number of routine maintenance and tests performed on all Distribution Centre protection equipment	Maintenance reports	N/A	39 Distribution Centres - 39 Inspections per year	7 Distribution Centres inspected	-32	10 DC's were targeted but insufficient Personnel and other work load not reflected in this score card prioritised. Adjusted planning will enable 3 DC's to be done in Q1 of 2015_16 financial year. All of the panels are in good working order to date.
		Number of routine maintenance and tests performed on all protection equipment situated in primary substations every two years	Maintenance reports	N/A	142 substations in total - 71 sub stations per year	35 routine maintenance and tests performed on all protection equipment situated in primary substations	-36	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of routine maintenance and tests performed on all protection equipment situated in secondary substations every three years	Maintenance reports	N/A	230 substations in total - 77 sub stations per year <i>(468 panels to be tested in substations)</i>	19 routine maintenance and tests performed on all protection equipment situated in secondary substations	-58	20 SS were targeted but insufficient Personnel and other work load not reflected in this score card prioritised. Adjusted planning will enable 5 SS to be done in Q1 of 2015_16 fin year. All of the panels are in good working order to date.
		Number of existing Protection panels and schemes upgraded	Completion certificates	N/A	Distribution Centre protection panels: 12 per year.	6	-6	Protection panels and schemes are in good working order.

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		Percentage evaluation of all existing protection schemes once every 3 years in order to determine if the schemes used are effective and efficient.	Evaluation report		This will be performed on a percentage basis. 100% of network to be completed in a three years cycle	100%	None	None
		Number of l the Rotating Disc kWh meter(s) replaced at least once every 20 years with a calibrated meter(s)	Completion certificates	N/A	2 420 Rotating Disc Meters -replaced	Not achieved	-2 420 Rotating Disc Meters replaced	Awaiting final placement and transfer of staff, before advertisement. Unavailability of meters in the fourth quarter will be addressed in the new financial year.
		Number of l the Electronic kWh meter(s) (prepaid and other) replaced at least once every 10 years with a calibrated meter(s)	Completion certificates	N/A	30 000 Prepaid Electronic Meters -	Not achieved	-30 000 Prepaid Electronic Meters replaced	Awaiting final placement and transfer of staff, before advertisement. Unavailability of meters in the fourth quarter will be addressed in the new financial year.
		Number of routine maintenance performed on all the meter boxes	Maintenance report	N/A	Maintenance performed on 1 800 Meters Boxes - ±	516 meter boxes. Awaiting final placement and transfer of staff, before advertisement	-1284 routine maintenance performed on all the meter boxes	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of routine maintenance on all the meter boards in the meter rooms (blocks of flats/large	Maintenance report	N/A	Maintenance performed on 80 Meters	48	-32 routine maintenance on all the meter boards	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		buildings)performed						
		Percentage of Restoration of supply after unplanned interruptions	Restoration reports	N/A	Restoration: a 100% within a week	2014 complaint 4542 with average restoration time 303 hours and 2015 Complaints 7044 with an average of restoration time of 6 hours per complaint	None	None
To ensure Optimal Service Delivery	To provide a reliable supply of electricity	All registered indigents receive Free Basic Electricity	Indigent register	100% of the registered indigent receive Free basic electricity as per MMM approved list	100% of the registered indigent receive Free basic electricity as per MMM approved list	95%of the registered indigent receive free basic electricity. Indigents receive free basic electricity thus assuring the deliverance in terms of the IDP 2014/2015 program.	-5 % of all registered indigents receiving Free Basic Electricity	Continue to try to get more meter numbers
		Number of Medium Voltage Bulk kWh/kVA Meter Installations inspected	Inspection report	N/A	120 Medium Voltage Bulk kWh/kVA Meter Installations inspected	98 Medium Voltage Bulk kWh/kVA Meter Installations inspected	-22 Medium Voltage Bulk kWh/kVA Meter Installations inspected	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of Low Voltage Bulk kWh/kVA Meter Installations inspected	Inspection report	N/A	440 Low Voltage Bulk kWh/kVA Meter Installations inspected	341 Low Voltage Bulk kWh/kVA Meter Installations inspected	-99 of Low Voltage Bulk kWh/kVA Meter Installations inspected	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of routine checks at least once every 5 years to verify the total integrity of all the	Inspection report	N/A	20 Platinum Bulk Metering Installations - inspected	8 Platinum Bulk Metering Installations - inspected	-12 Platinum Bulk Metering Installations - inspected	Authorization is required for technicians to do switch off at HT sites. In progress.

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		platinum bulk metering installations (key customers) performed						
		Number of routine checks at least once every 10 years to verify the total integrity of all the other bulk kWh/kVA metering installations performed	Inspection report	N/A	40 routine maintenance completed on Bulk Metering Installations	196 routine maintenance completed on Bulk Metering Installations	+156 routine maintenance completed on Bulk Metering Installations	None
		Number of routine earth loop tests performed at least once every 20 years to verify the earth impedance to the source of the power supply at each individual metering installation	Maintenance report	N/A	6800 loop tests on Individual Metering Installations completed	Not achieved.	-6 800 loop tests on Individual Metering Installations completed	This KPI will be discussed at the next technical forum meeting. Will be attended to in the new financial year.
		Replace the bulk kWh/kVA meter(s) at all the 10 MVA _ Medium Voltage Installations at least once every 5 years with a calibrated meter	Completion certificates	N/A	5 Medium Voltage Bulk Installations 10 MVA -	2 Medium Voltage Bulk Installations 10 MVA calibrated	-3 Medium Voltage Bulk Installations	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of Quality of Supply instruments replaced	Completion certificates	N/A	20 Instruments per year	No power quality instruments needed to be replaced as the	-20 Quality of Supply instruments replaced	No power quality instruments needed to be replaced as the

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
						installation date is less than 10yrs.		installation date is less than 10yrs.
		Number of fully functional customer contact centres established in the geographical service areas	Customer contract centres established	Establish four (4) new customer contact centres	Four contract centres established and monitored	2 customer contact Centre's established	-2 customer contact Centre's established	Establish 2 new customer contact centres
		Number of meter reading conducted with a customer with a supply size of less than 50 kVA	Meter reading reports	N/A	Customer with a supply size of less than 50 kVA should be read at least once in every three months.	120 000 meters were read in the financial year. 95%	-5%	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of account queries and disputes responded to within five working days	Account query reports	N/A	account queries that cannot be resolved on first contact, at least 95% of these account queries should be responded to within five working days	All account queries are responded to timeously.	None	None
		Number of credit meter accuracy queries managed		N/A	All Meter accuracy checks shall be performed within 15 working days of the receipt of the prescribed fee.	No requests for accuracy tests were received for FY 2014/15.	None	None
		Access to vending stations for selling of electricity tokens		N/A	Vending stations should sell tokens during normal shopping hours on weekdays, and from 08:00 to 12:00 on weekends and public holidays.	100% of all vending stations are accessible	None	None
		Time taken to reconnect faulty	Job card	N/A	Faulty Prepayment meters should be reconnected within 48	Faulty prepayment meters are continuously been	None	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		Pre-payment meters			working hours of receiving a request and the payment of the reconnection fee	reconnected within 48 working hours of receiving a request and the payment of the reconnection fee.		
		Time taken to issue a notice of planned interruptions	Notices issues	N/A	, At least 48 hours advance notification should be given of any planned interruption.	Notifications are continuously issued within 48 hrs in advance.	None	None
		Time taken to respond to incoming calls	Call logs	N/A	80% of incoming calls should be responded to within 30 seconds	70% of incoming calls should be responded to within 30 seconds	-10%	Call Centre system is at 90% installation phase.
			Call logs	N/A	90% of all incoming calls should be dealt with within 5 min	70% for metering and power failures. System produces incorrect reports for remainder of routers. This shall be addressed via new system.	-20% of all incoming calls should be dealt with within 5 min	New call centre system is being installed. This will produce accurate call logs and technical challenges experienced with the current system will be omitted.
		Percentage of key customers required to fill in customer satisfaction questionnaire	Customer satisfaction questionnaire Customer Satisfaction Report	N/A	At least 10 % of key customers are required to fill in the customer satisfaction questionnaire	Survey was not conducted due to staff constraints.	N/A	New structure still to be implemented
		100% availability of electricity supply to customers essential loads		N/A	100% availability of electricity supply to customers essential loads	90% availability of electricity supply to customers essential loads	-10%	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		100% installation of Automated Meter Reading (AMR) System	Completion Certificate	System migrated to Centlec network	Assess Centlec LAN capacity and upgrade accordingly	The bid is at the evaluation committee.	Assess Centlec LAN capacity and upgrade accordingly	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Roll-out and managing Smart Meters System	Completion certificate	Fully operational control room	All installed meters are visible at the System Master Station	80% meters are visible at the System Master Station	-20%	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		100% GMM system implemented and managed	Completion certificate	System migrated to Centlec network	Ensure that the system is integrated into all affected functions	Not achieved	-100%	Thoroughly follow and implement supply chain management processes.
		Development and implementation of Consolidated customer queries system	Completion certificate	Develop the system	Develop the functional specifications	90%	-10%	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
To ensure Optimal Service Delivery	To provide a reliable supply of electricity	Percentage of new fleet procured as per request from the various departments	Additions to the asset register	100% Completed	Procure new fleet as per request from the various departments	10 vehicles procured for FY 2014/15	None	None

Table 3.27: EMPLOYEES: ELECTRICITY SERVICES

Employees: Centlec (Seconded Only)					
Job Level	Year -1 (2013/14)	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	5	7	5	2	29%
4 – 6	42	119	27	92	77.3%
7 – 9	109	160	24	136	60%
10 - 12	78	155	15	140	90%
13 - 15	34	157	81	76	48%
16 - 18	167	642	197	445	69%
Total	430	1654	349	1305	79%

Table 3.28: FINANCIAL PERFORMANCE: ELECTRICITY SERVICES

Financial Performance: Electricity Services					
					R'000
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	2,068,463,490	2,399,054,621	2,399,054,621	2,124,650,866	- 274,403,755
Expenditure:	1,923,028,472	2,098,784,569	2,100,484,269	2,093,656,552	- 6,827,717
Employees	176,306,132	213,928,379	213,928,379	204,497,710	- 9,430,669
Repairs and Maintenance	70,716,960	119,136,182	120,835,882	117,066,498	- 3,769,384
Other	571,770,508	1,107,000,000	1,107,000,000	588,213,650	- 518,786,350
Total Operational Expenditure	1,104,234,872	658,720,008	658,720,008	1,183,878,694	- 525,158,686
Net Operational Surplus	145,435,018	300,270,052	298,570,352	30,994,314	- 267,576,038

Table 3.29: CAPITAL EXPENDITURE: ELECTRICITY SERVICES

Capital projects	2014/15			
	Budget	Adjustment budget	Actual Expenditure	Variance from adjustment budget
Total all				
ELECTRIFICATION CONNECTIONS DME	11,360,000	21,360,000	21,360,913	913
Fichardpark DC: 132Kv/11/Kv 20MA DC	10,000,000	1,000,000	2,277,764	- 1 277 764
Groenvlei DC: 132kv/11kv 30MVA	-	10,000,000	14,045,424	- 4 045 424
Cecelia DC: 132Kv/11kv 30MVA DC	13,700,000	6,900,000	3,480,798	3 480 798

3.6 HOUSING

Table 3.30: HOUSING

	Formal dwelling	Informal dwelling	Traditional dwelling	Other	Grand Total
Formal residential	172028	14132	1789	1206	189155
Informal residential	5732	13818	206	511	20267
Traditional residential	2885	225	887	61	4058
Farms	4851	353	48	92	5345
Parks and recreation	273	23	3	1	300
Collective living quarters	2912	56	10	16	2994
Industrial	421	192	1	13	627
Small holdings	2307	165	34	35	2542
Vacant	669	3778	56	26	4529
Commercial	2049	5	15	35	2104
Grand Total	194127	32747	3054	1996	231921

Table 3.31: HOUSING SERVICE POLICY OBJECTIVES TAKEN FROM IDP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Address housing backlog	Provide housing opportunities	Number of housing opportunities provided	Units built; Permission to occupy Issued; Title deeds issued	(2923 Q1 ONLY)	4 000 housing opportunities provided	9102	+5102 housing opportunities	
	Incremental Upgrade informal settlements	Number of informal settlements with upgrading plans • Land development process(including security of tenure) • Infrastructure • Top Structure • Socio Economic Amenities	Services plans developed and approved	3 (Q1 ONLY) PLANNING AND SURVEY FINALIZED	8 informal settlements planned	Not achieved	-8 informal settlements planned	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of sites serviced	Services provided	0	490 sites serviced with water at MK Square	Not achieved	-490 sites serviced with water at MK Square	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of informal settlements upgraded (services provided): In Situ	Informal settlement upgraded in Situ	19	1 Informal Settlements upgraded	Not achieved	-1 Informal Settlements upgraded	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		Number of informal settlements upgraded (services provided): Relocated	Informal settlement upgraded (Services provided): Relocated	10	8	Not achieved	-8	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of Title Deeds transferred to eligible beneficiaries	Title Deeds transferred to eligible beneficiaries	6 438 transferred to eligible beneficiaries	2 000	1299 title deeds transferred to eligible beneficiaries	-701 title deeds transferred to eligible beneficiaries	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Households relocated from floodplains and other servitudes	Number of households relocated from floodplains and other servitudes	All households affected		70 households	0	-70 households relocated from flood plains	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Households allocated affordable rental/social housing units	Number of households allocated affordable rental/social housing units	Rental Social Housing Tenants Register4	178 (Q1,Q3,Q4)	350 households	252	-98	None
	Accelerate accreditation to implement national housing programmes	Approved level 2 and 3 accreditation business plan	Level metro accreditation	Level 3 accreditation business plan submitted. approval awaited	Programmes for level 2 granted by Provincial Human Settlements	Not achieved	Programmes for level 2 granted by Provincial Human Settlements	Awaiting completion of implementation protocol service provider has been appointed to facilitate the process
	Households allocated affordable GAP housing	Number of households allocated affordable GAP housing	households allocated affordable GAP housing	-	30 households	Not achieved	-30	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Consumer education provided to Households in Rental housing	Number of households provided consumer education in Rental housing	households provided consumer education in Rental housing	300 household	500 households	2524 households provided consumer education in Rental housing	+2024 households provided consumer education in Rental housing	None
	Consumer education provided to Households in GAP housing	Number of households provided consumer education in GAP housing	households provided with consumer education in GAP housing	200 household households provided with consumer education in GAP housing	500 household households provided with consumer education in GAP housing	2283 households provided with consumer education in GAP housing	+1783 households provided with consumer education in GAP housing	None
	Consumer education provided to Households in Social housing	Number of households provided consumer education in Social housing	households provided consumer education in Social housing	200 household	500 household	339 households provided consumer education in Social housing	-161 households provided consumer education in Social housing	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Property Management Training for rental property officials	Number of rental property officials attended Property Management Training	officials attended Property Management Training	-	10 officials attended Property Management Training	Not achieved	-10 officials attended Property Management Training	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Stakeholder management and engagement in the City rental housing market to improve rent collection	Number of meetings and engagement held with different stakeholders in the City rental housing market	meetings and engagement with different stakeholders in the City rental housing market	2 meetings and engagement with different stakeholders in the City rental housing market	3 meetings and engagement with different stakeholders in the City rental housing market	3 meetings and engagement with different stakeholders in the City rental housing market	None	None
	Conduct comprehensive housing study to determine tenure demand	Number of comprehensive housing demand studies conducted	comprehensive housing demand studies conducted	-	1 comprehensive housing demand studies conducted	1 comprehensive housing demand studies conducted	None	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Promote Inner City High Density mixed use development	Number of Inner City High Density mixed use developments promoted	Inner City High Density mixed use developments promoted		1 Inner City High Density mixed use developments promoted	Not achieved	-1 Inner City High Density mixed use developments promoted	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Promote hostel redevelopment initiatives	Number of hostel redevelopment initiatives promoted	Hostel redevelopment initiatives promoted	-	1	3	+2	None
	Review Strategic Human Settlements Policy documents	Number of Strategic Human Settlements Policy documents reviewed	Reviewed Strategic Human Settlements Policy documents		2 Reviewed Strategic Human Settlements Policy documents	Not achieved	-2 Reviewed Strategic Human Settlements Policy documents	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
Implementation of Seven Land Parcels	Mixed use land development	100% implementation designs of Cecelia Park	Formalization of Cecelia Park	Lodged application for formalisation of Cecelia Park	Concept Designs 100% completed	95 %	-5%	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		100% implementation designs of Brandkop 702	Formalization of Brandkop 702	Lodged application for formalisation of Brandkop 702	Concept Designs 100% completed	95%	-5%	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		80% development of Hillside View phase1	Development of Hillside View	NEW TARGET 2014/2015	80% development of Hillside View Phase 1	18%	-62%	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Sale of Land	Quarterly Advertisement of land for sale	Erven /Land parcels advertised		40 Erven	5	-35 Erven	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP

Table 3.32: EMPLOYEES: HOUSING SERVICES

Job Level	Year 2014/15 posts	Employees	Vacancies (fulltime equivalents	VACANCIES % OF TOTAL
0-3	7 +1(contract)	7	1	12.5%
4-6	85	24	21	47%
10-12	56	29	27	48%
13-15	57	28	29	51%
16-18	56	48	8	14%
Total	307	175	132	43%

Table 3.33: FINANCIAL PERFORMANCE: HOUSING SERVICE

Financial Performance: Housing Services					
R'000					
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	-5 925 944	-53 649 612	-53 649 612	-26 290 876	-27 358 736
Expenditure:					
Employees	49 571 791	58 913 813	58 913 813	60 595 563	-1 681 750
Repairs and Maintenance	1 680 176	1 339 600	1 409 450	1 379 047	30 403
Other	27 074 666	47 382 919	50 941 329	37 866 116	13 075 213
Total Operational Expenditure	78 326 633	107 636 332	111 264 592	99 840 726	11 423 866
Net Operational Expenditure	72 400 689	53 986 720	57 614 980	73 549 850	-15 934 870

Table 3.34: CAPITAL EXPENDITURE: HOUSING SERVICES

Capital Projects	Year 2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Total All	19 264 063	10 629 124	9 945 645	683 479
Informal Settlements (Priority Projects)	19 264 063	10 264 063	9 945 645	318 418

COMMENT ON HOUSING PERFORMANCE OVERALL

The city is succeeding in transferring the title deeds to the eligible beneficiaries and thus enhance security of tenure. Further encouraging progress is registered in raising awareness to prospective beneficiaries on varied housing typologies

COMPONENT B: FREE BASIC SERVICES AND INDIGENT SUPPORT

The Mangaung Metropolitan Municipality has been supporting its indigent households in line with the municipality indigent policy. All residents in the database of the municipality in respect of the above have access to a basket of free basic services

Table 3.35: FREE BASIC SERVICES TO LOW INCOME HOUSEHOLD

Free basic Services to low income Household									
		Number of households :							
		Households earning less than R1,100 per month							
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free basic Refuse	
2014/15	Total	Access	%	access	%	access	%	Access	%
	19099	19099	100%	19099	100%	19099	100%	19099	100%

Table 3.36: FREE BASIC SERVICE POLICY OBJECTIVES TAKEN FROM IDP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
To ensure access to free level of basic water	Provide consumer units provided with access to a free basic level of potable water, by means of an individual HH supply or in informal areas by means of a standpipe within 200m	Consumer units provided with access to a free basic level of potable water, by means of an individual HH supply or in informal areas by means of a standpipe within 200m	Number of consumer units provided with access to a free basic level of potable water, by means of an individual HH supply or in informal areas by means of a standpipe within 200m	All indigent households have access to free basic water supply (39 901 h/hs)	All indigent households have access to free basic water supply	All indigent households have access to free basic water supply	None	None
To ensure access to electricity	Roll out of Free Basic Electricity	Percentage of registered indigent households who have access to free basic electricity (FBE)	Number of households with access to free basic electricity	100% indigent households have access to FBE	100% indigent households have access to FBE	100% indigent households have access to FBE	None	None
Improved lives of the indigent households	Provision of social safety net for the indigent	Keep updated indigent register	Number of household provided with indigent services		All registered indigent households) provided with free basic services	Approved: 20105 Pending: 11701 Total of 30400 entries on the indigent register	None	None

COMPONENT C: PLANNING

The municipality has a fully-fledged planning unit that provides SMME support to small and medium and established business in the city. Key to the objectives of the City is the following: Promotion of Economic opportunities in strategic locations for sustainable development; Establish Accountable and pro-active management of change in land use and to development patterns; Enhancement of Regional Transport Efficiency; Growth of the Economy; and Creation of Job Opportunities and Rural Development

INTRODUCTION TO PLANNING

As part of its strategies for economic development, the Planning Directorate of the City aims to formalise townships along the N8 and other strategic investment nodes in the metro.)

The City embarked on an extensive programme to improve public transportation system through the Integrated Public Transport Network (IPTN) process. Fundamental to the planning process is the Implementation of the Spatial Planning Land Use Management Act (Act 16 of 2013). Through this process the metro will establish a development tribunal to fast track land use applications.

3.7 PLANNING

The current city fabric is characterised by disjointed apartheid city spaces. It is also characterised by inefficient city structure that leads to expensive service levels. In order to overcome these challenges strategic decisions should be made. Key priorities should address the following:

- Densification of the city through infill planning and group housing schemes;
- Elimination of informal settlements and access to proper community services;
- Creation of liveable urban spaces;
- Integration of the city through the creation of economically viable urban transport corridors; and
- Creating economic and social opportunities for all the residents of the city to benefit (e.g. Economic nodes of Botshabelo and Thaba Nchu, Airport Node, *etc.*).

Table 3.37: POLICY OBJECTIVES OF PLANNING TAKEN FROM THE IDP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Establishment of Accountable and Pro Active Management of Change in Land Use and Development patterns	Effective Management of Planning and the Build Environment	Percentage improvement in turnaround times for Land Use Applications	Approved land use applications	35 days	Applications to be tabled to planning room within 35 days of receipt	Applications tabled at planning within 51 days of receipt on average	+16 days of receipts	Planning approval processes to be reviewed Establishment of the municipal Planning Tribunal
		Percentage improvement in turnaround times for processing of Building Plans	Approved building plans	< 500m ² = 20 days > 500m ² = 40 days	< 500m ² = 20 days > 500m ² = 40 days	2173 < 500m ² applications approved within 66 days on average 102 > 500m ² application approved with 136 days on average	+46 days for approving < 500m ² applications +96 days for approving > 500m ² applications	Application processes to be speeded up through the established Municipal Development Tribunal
		No of days taken to effect action from date of identification	Notices issued	855 notices issued	All notices issued within 30 days from date of identification of the transgression	181 Notices issued and 25 cases to court	None	None

Table 3.38: EMPLOYEES: ECONOMIC DEVELOPMENT AND PLANNING SERVICES

Employees: Economic Development & Planning					
Job Level	Year -1	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	11	17	13	4	23.5
4 – 6	154	157	38	119	75.7
7 – 9	38	44	29	15	34
10 – 12	41	48	29	19	39.5
13 – 15	2	3	3	0	0
16 – 18	15	12	9	3	25
Total	261	281	121	160	56.9

Table 3.39: FINANCIAL PERFORMANCE: PLANNING

Financial Performance: Planning Services					
R'000					
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	-5 842 598	-6 523 452	-6 523 452	-6 616 747	93 295
Expenditure:					
Employees	40 551 797	58 859 293	58 859 293	39 651 752	19 207 541
Repairs and Maintenance	1 060	3 341 461	3 326 511	20 238 265	-16 911 754
Other	22 528 727	60 094 867	60 939 938	22 660 185	38 279 753
Total Operational Expenditure	63 081 584	122 295 621	123 125 742	82 550 203	40 575 539
Net Operational Expenditure	57 238 986	115 772 169	116 602 290	75 933 455	40 668 835

Table 3.40: CAPITAL EXPENDITURE: LOCAL ECONOMIC DEVELOPMENT

Capital Projects	Year 2014/2015			
	Budget	Adjustment Budget	Budget	Variance From Adjustment Budget
All	251 415 775	128 900 210	64 202 385	64 697 825
Township Establishment Brandkop 702	17 000 000	10 000 000	9 997 526	2 474
Airport Development Node	90 000 000	40 000 000	26 246 013	13 753 987
IPTN	30 000 000	23 000 000	3 056 050	19 943 950

3.8 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKETING)

Table 3.41: ECONOMIC GROWTH BY SECTOR

Economic Growth by Sector			
Sector	Year 2012	Year 2013	Year 2014
Agriculture	1.4%	1.4%	1.5%
Mining	0.4%	0.4%	0.5%
Manufacturing	4.3%	4.1%	4.1%
Electricity	2.5%	2.3%	2.3%
Construction	2.9%	3.0%	3.0%
Trade	19.6%	18.5%	18.3%
Transport	14.1%	14.1%	14.1%
Finance	21.0%	21.1%	21.5%
Community services	33.3%	34.8%	34.7%

Table 3.42: EMPLOYMENT BY ECONOMIC SECTOR

Economic Employment by Sector			
Jobs			
Sector	Year 2011/12 No.	Year 2013/14 No.	Year 2014/15 No.
Agriculture, forestry and fishing	1.6	2.6	3.9
Mining and quarrying	0.1	0.1	0.1
Manufacturing	7.9	6.9	6.1
Wholesale and retail trade	22.6	22.3	0.7
Finance, property, etc.	10.6	10.3	3.8
Government, community and social services	44.6	46.6	12.4
Infrastructure services	6.7	5.7	5.9

Table 3.43: JOB CREATION

Job creation through EPWP projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year - 2011/2012	45	2452
Year - 2012/2013	36	1247
Year - 2013/2014	40	1687
Year - 2014/2015	16	1074

Table 3.44: LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES TAKEN FROM IDP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Spatial integration	Unlock N8 Nodal development	Implementation of a development node at the Airport intersection	Functional economic and residential node	Release of hectares of land	Completion of Implementation designs	10% Progress of the overall performance for the year	-90% Completion of Implementation designs	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Formalization of the Botshabelo/ Thaba Nchu Economic Node	Township establishment	Concept Designs completed	100% Completion of Implementation Designs	Not achieved	-100% Completion of Implementation Designs	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	7 Land Parcel Development	Formalization of Cecelia Park	Lodged application for formalisation of Cecelia Park	Concept Designs 100% completed	100% Completion of Implementation Designs	95% Completion of Implementation Designs	-5% Completion of Implementation Designs	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Formalization of Brandkop 702	Lodged application for formalisation of Brandkop 702	Concept Designs 100% completed	100% Completion of Implementation Designs	95% Completion of Implementation Designs	-5% Completion of Implementation Designs	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Integrated Public Transport Network (IPTN)	20% implementation of phase 1 of IPTN	Phase 1 of IPTN operational	Conceptual IPTN Plan	20% Implementation designs of Phase 1 of IPTN	5% Progress on the project	-15% Implementation designs of Phase 1 of IPTN	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		100% of detailed designs for Park road Pedestrianisation	Detail designs	None	100% of detailed designs for Park road Pedestrianisation	Inception Concept and Viability progress phases of consultant team has been completed	-100% detailed designs for Park road Pedestrianisation	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
Increase the environmental literacy level of stakeholders	Learners reached through environmental awareness	Number of environmental awareness campaigns conducted	Attendance registers; Meeting notices;	None	20 environment awareness campaigns conducted	0	-20 environment awareness campaigns conducted	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
			Awareness materials developed Pictures and reports					
Establishment of Corporate Geographic Information Services	Effective corporate Geographic Information system	Number of departments provided with GIS services	Functional departmental GIS and generation of maps	System Design completed emanating from User Needs Analysis engagement report.	One (1) department provided with GIS applications and relevant spatial information.	60%	-40%	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
Economic development	Support SMME development	Number of viable and sustainable SMMEs	Performance of GGP	397 SMMEs Supported	100 new SMME's supported	12922	+12822 SMMEs Supported	None
	Inner City Rejuvenation	100% Redevelopment of Hoffman Square	Project Completion Certificates	40% complete	100% Completion of the Redevelopment of Hoffman Square	100% Completion of the Redevelopment of Hoffman Square	None	None
Rural Development		Number of hectares of land proclaimed (township establishment completed)	One township Establishment completed	None	Botshabelo West Extension's Township Establishment opened	Not achieved	Botshabelo West Extension's Township Establishment opened	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Marketing the municipality as premier destination for investment and tourism	No. of marketing events initiated, attended and implemented	Participation at marketing events; Marketing brochures and exhibition developed	8 Events Attended	12 Events attended and implemented	12 events attended	None	None
	Small scale agricultural enterprises	No of small scale agricultural enterprises supported and empowered	Performance of GGP	449	20 small scale agricultural enterprises supported	Not achieved	-20 small scale agricultural enterprises supported	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of agricultural camps fenced at various	Completion Certificates	None	12 agricultural camps fenced	Not achieved	-12 agricultural camps fenced	To be accelerated in the next financial year, with the inclusion of the

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		villages and municipal farms						targets in the 2015/16 SDBIP
		Number of municipal pound established	Completion Certificate	None	1 Municipal Pound	Not achieved	-1 Municipal Pound	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of broilers established	Completion Certificates	None	4 units constructed and established	Not achieved	-4 units constructed and established	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of egg-layers established	Completion Certificates	None	4 units constructed and established	Not achieved	-4 units constructed and established	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of piggeries established	Completion Certificates	None	4 units constructed and established	Not achieved	-4 units constructed and established	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP

Table 3.45: FINANCIAL PERFORMANCE: LOCAL ECONOMIC DEVELOPMENT SERVICES

Financial Performance: Local Economic Development Services					
R'000					
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	-181 324	-506 271	-506 271	-1 580 427	1 074 156
Expenditure:					
Employees	12 211 704	14 410 059	14 410 059	11 783 292	2 626 767
Repairs and Maintenance	962	3 269 441	3 269 441	1 207 500	2 061 941
Other	19 458 026	44 224 558	42 791 536	20 520 816	22 270 720
Total Operational Expenditure	31 670 692	61 904 058	60 471 036	33 511 608	26 959 428
Net Operational Expenditure	31 852 016	61 397 787	59 964 765	31 931 181	28 033 584

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL

The city's land mark nodal developments in Bloemfontein, Botshabelo and ThabaNchu did not happen at the anticipated. Instead of the initially planned 100% of the N8 Development designs, only 10% was attained. The city has however made a significant progress in the formalisation of Celia Park and Brandkop which were both at 95% of designs at the end of the financial year. The city will have to upscale its work in the rural development component for which very little movement happened. It is however in the job creation side that more than anticipated job opportunities were created and thus dealt some blow to unemployment in the city.

COMPONENT D: COMMUNITY AND SOCIAL DEVELOPMENT**3.9 LIBRARIES, ARCHIVES, COMMUNITY FACILITIES; OTHER THEATRES, ZOO**

The municipality in cooperation with the provincial department to Sport, Arts and Culture renders library, arts and culture service to the community, service priorities in this unit are:

1. To promote culture of reading and learning
2. Free access of information resources e.g. book, internet and periodicals
3. Promote arts and cultural programmes

The library service is rendered from nine (9) libraries which include areas like Bloemfontein, Botshabelo and Selosesha. The Thaba Nchu area is serviced by the provincial department. The municipality also reaches artists, drama students, theatrical play groups and *etc.* by having the only Drama Library in South Africa. A strong drive in Library campaigns and Outreach programmes were sustained during the year reaching more participants.

The municipality zoo has the following functions:

- Conservation;
- Recreation;
- Education;
- Research.

The Zoo is primarily responsible for providing for the animals within the collection in the Zoo, and to exhibit the animals in as natural surroundings as is possible, taking into account the minimum norms and standards as set out in various legislation (e.g.: Animals Protection Act, Code for Zoo's and Aquariums (SANBS 10379), *etc.*).

Table 3.46: LIBRARIES; ARCHIVES; COMMUNITY FACILITIES; OTHER

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Improve service delivery by providing recreation facilities and public amenities to all residents of Mangaung	Relocation of the Zoo to Kwaggafontein Game Farm	An open range zoo developed at Kwaggafontein Length of fencing upgraded at Kwaggafontein	Entire Zoo to be relocated	Development of the master Plan	Upgrading of fencing - Kwaggafontein	Completed	None	None
		Km of access roads upgraded at Kwaggafontein			Upgrading of access roads to Kwaggafontein	Not achieved	Access road to Kwaggafontein not upgraded	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		100%of detailed designs for the facility completed			Commence with detailed designs of facility	Not achieved	- non Commencement with detailed designs of facility	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
Promoting a comprehensive Library service	Promote literacy in communities	Number of new library books acquired	new books acquired	2110 New Books	1 000 new children`s books acquired	2477 new children`s books acquired	+1477 new children`s books acquired	None
			new non-fiction books acquired	3289 New Fiction books	2 000 new non- fiction books acquired	2828 new non- fiction books acquired	+828 new non-fiction books acquired	None
			new adult fiction books acquired	4050 Adult Books	1 000 new adult books acquired	2535 new adult books acquired	+1535 new adult books acquired	None
		Number of Library campaigns conducted	Attendance registers	65 Library campaigns	50 library campaigns conducted per annum	94 library campaigns conducted per annum	+44 library campaigns conducted per annum	None
		Number of Library outreach programmes conducted to communities	outreach programmes conducted	814 Outreach programmes	400 outreach programmes conducted	4872 outreach programmes conducted	+4472 outreach programmes conducted	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Improve service delivery by providing recreation facilities and public amenities to all residents of Mangaung	Maintaining Municipal facilities and public amenities	Number of buildings maintained according to maintenance plan	Buildings maintained	20 Building maintenances	15 building maintenances	12 building maintenances	-3 building maintenances	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of building refitted with energy saving bulbs	All buildings refitted with energy saving bulbs	15 buildings refitted with energy saving bulbs	2 buildings refitted with energy saving bulbs	2 buildings refitted with energy saving bulbs	None	None
		Number of new office block in Mangaung	New office block in Mangaung	0 New office block in Mangaung	1 New office block in Mangaung	Not achieved	-1 New office block in Mangaung	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP

Table 3.47: EMPLOYEES: LIBRARIES; ARCHIVES; COMMUNITY FACILITIES; OTHER

Employees: Libraries					
Job Level	Year -1 (2013/14)	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	6	7	6	1	14%
7 – 9	21	29	21	8	27%
10 - 12	3	3	2	1	33%
13 - 15	33	44	33	10	22%
16 - 18	3	3	3	0	0
Total	66	86	65	20	22%

Table 3.48: FINANCIAL PERFORMANCE: LIBRARIES; ARCHIVES; COMMUNITY FACILITIES; OTHER

Financial Performance: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	Year -1 (2013/14)	Year 2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	-2 719	-559 760	-559 760	-1 001 482	441 722
Expenditure:					
Employees	24 571	55 242 478	55 402 478	43 814 295	11 588 183
Repairs and Maintenance	382	1 237 340	740 840	35 114	705 726
Other	4 718	8 834 138	12 520 638	6 698 910	5 821 728
Total Operational Expenditure	29 671	65 313 956	68 663 956	50 548 318	18 115 638
Net Operational Expenditure	26 952	64 754 196	68 104 196	49 546 837	18 557 359

Table 3.49: CAPITAL EXPENDITURE: NATURE RESOURCE MANAGEMENT – ZOO

Capital Projects	Year 2014/2015			
	Budget	Adjustment Budget	Actual Expenditure	Variance From Adjustment Budget
Relocation of Zoo to Kwaggafontein Game Farm	20 905 932	20 905 932	19 305 501	1, 600 431

COMMENT ON THE PERFORMANCE OF LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, OTHER (THEATRES, ZOOS, ETC) OVERALL

The City is doing very well in meeting all its set targets in relation to the promotion of literacy in communities through ensuring access to new library materials, marketing of the library services and implementing library outreach programmes to communities.

The City has succeeded in initiating and supporting arts and cultural programmes by providing platform for them to showcase their talent. We initiated and supported various arts and cultural groups, activities and events in the effort to unearth raw talent in MMM. Local arts and cultural groups are afforded opportunity during the celebrations of the following events. Women's day, Heritage day, Youth day, Moshoeshoe day, International Mother Tongue day, Botshabelo School Art Festival, Mangaung Theatre Production Festival, Youth day, Africa day, Indoni Cultural Carnival. Arts and cultural groups are assisted with free use of facilities for rehearsals, performances and fund raising initiatives.

The City has approved the Relocation of the Zoo, and during the 2014 / 2015 financial year the security fence was erected, as well as a temporary game fence on the Kwaggafontein Game Farm. Furthermore, detailed plans and designs for the bulk services were also compiled during the financial year, as well as commencement of the detailed designs and plans for the facility.

3.10 CEMETERIES AND CREMATORIUMS

The main objective of the cemeteries and crematoria division is to provide sustainable, innovative, affordable cemetery services informed by national guidelines and policies as well as by MMM by- laws and other applicable laws. The primary objective is to provide graves and crematoria in accordance with the cultural requirements of all residents of MMM: The core functions of the division are:

- Provision and allocation of graves for interment purposes
- Safe keeping of cemetery registers
- Maintenance of cemeteries
- Provision of land for future burials

MMM have a total of 18 cemeteries, 12 in Bloemfontein, 3 in Botshabelo and 3 in Thaba Nchu. In Thaba Nchu there are also 45 rural cemeteries that are still under the authority of tribal authorities. There is also one crematorium situated in Bloemfontein which actually caters for the whole of the Free State Province.

Table 3.50: EMPLOYEES: CEMETERIES AND CREMATORIUMS

Employees: Parks and Cemeteries					
Job Level	Year -1 (2013/14)	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	
4 – 6	1	1	1	0	
7 – 9	2	2	2	0	
10 – 12	2	2	1	1	50%
13 – 15	11	11	6	5	45%
16 – 18	59	59	25	34	57%
Total	75	75	35	40	53%

Table 3.51: FINANCIAL PERFORMANCE: CEMETERIES AND CREMATORIUMS

Financial Performance: Cemeteries and Crematoriums					
					R'000
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	2 644	2 549	2549	2 962	413
Expenditure:					
Employees	4 750	6 111	6 111	4 734	1 377
Repairs and Maintenance	1 698	2 537	2 043	1 698	345
Other	5 837	6 430	6 164	3 347	2 817
Total Operational Expenditure	12 285	15 078	14 318	9 781	4 539
Net Operational Expenditure	9 641	12 529	11 769	6 819	4 950

3.11 CHILD CARE, CARE OF THE AGED, SOCIAL PROGRAMMES

The municipality identified its social responsibility to implement and ensure measure to comply with the provision of the Children's Act, 38 of 2005 and the Older Persons Act 13 of 2006, hence the programmes to address our service priorities were developed and implemented. Four priorities in this regard are:

1. Compile a database of ECD centres in the city
2. Work towards reducing a number of crèches not complying with by- laws to zero
3. Invest on training for practitioners catering for children with special needs to promote inclusivity in the ECD centres
4. Ensure elderly shelters are properly regulated and well governed

During the year of reporting after implementing the relevant service delivery programme (i.e. *inspection and certification of centres, training of practitioners and developing of databases*) we ensured healthy and safety environments for children and the aged, as well as higher compliance rate to relevant legislation. Due to unemployment more ECD's are established by women to at least make a living; hence we also engaged them in training and supporting them.

Places for the Elderly forms part of the Health surveillance inspection programme of the City to ensure healthy environments for the Aged. The city started with a health screening programme for the elderly people in cooperation with the medical faculty of the University of Free State to enable us to have a health status of them and thus refer them to Primary Health Care services. Furthermore, recreational programmes were implemented to ensure healthy lifestyles for the elderly (i.e. Golden Games, Sport event for the Elderly)

Table 3.52: SERVICE DELIVERY OBJECTIVES IN THE IDP FOR CHILD CARE

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Improve services to ameliorate the plight of vulnerable groups such as street children, people with disability, the elderly	Wellness programmes for the aged including bio kinetics, healthy life style etc.	Number of wellness programmes for the elderly developed and implemented	outreach Programmes targeting the aged	2 Outreach programme	2 wellness Programmes targeting the aged	7 wellness Programmes targeting the aged	+5 wellness Programmes targeting the aged	None
	Ensure elderly shelters are properly regulated and well governed	Number of elderly shelters inspected	All elderly shelters visited	13 Inspections	20 inspections on elderly shelters	15 inspections on elderly shelters	-5 inspections on elderly shelters	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Work with individual people with disability to address their needs	Number of supporting activities implemented for disabled persons	All organizations/ centres responsible for people with disabilities reached through various organizations	Database compiled 5 Registered Centres identified for support, Hosted Disability Sport Festival	Implement 3 supporting activities to address needs of people with disabilities	4 supporting activities to address needs of people with disabilities	+1 supporting activities to address needs of people with disabilities	None
	Assist Orphans, Child headed households (CHH) and street children	Updated database of child headed households within the municipality	Compilation of database	20 New child Headed Households added and 48 CHHs supported	Update database and ensure sustainability	596	None	None
		Number of children and destitute families supported	Support orphans, street kids, CHHs and destitute families	Supported: = 150 children (- 109 Orphans, - 1 Street child admitted to Eden International Place of safety - 40 Street Kids for a two weeks Camp)	200 children and all destitute families supported	634	+434	none

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
				= 1 family in ThabaNchu (shack burnt down), = 12 blankets distributed				
Promote Early Childhood development (ECD)	Update ECD database	ECD Database updated	All ECDs captured in database	737 ECD's on updated database	On-going updating of database and ensuring that unregistered ECDs are minimised	Database is updated although no additions were made	None	None
	Conduct inspections on ECD premises	Number of inspections conducted on ECDs.	All inspections conducted	228 Inspections conducted	150 inspections conducted	564 inspections conducted	+414 inspections conducted	None

Table 3.53: EMPLOYEES: CHILD CARE; CARE OF THE AGED; SOCIAL PROGRAMMES

	2014/15			
Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 – 3		0		
4 – 6	3	2	1	33%
7 – 9		0		
10 – 12		0		
13 – 15		0		
16 – 18		0		
Total	3	2	1	33%

COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL

The City has succeeded in achieving the following milestones for the year under review by conducted inspections on the elderly shelters and Early Childhood Development Centres.

3.12 BIO DIVERSITY AND LANDSCAPE – PARKS

The main objective of the parks division is to provide a clean, green and healthy environment to the residents of Mangaung. It is responsible for the horticultural maintenance and development of open spaces, parks, traffic islands, buffer zones, sports fields, street trees, city gardens and fire belts

The core functions of the Parks unit are:

- Greening the city- entrances, parks, planting trees
- Maintenance of existing parks
- Maintenance of sports fields
- Development of new parks
- Cemeteries beautification

The main objective of natural resource management is to conserve the natural resources of MMM which consist of 28, 000 hectares, responsible to the development and maintenance of Naval Hill as a tourist attraction for local and international visitors

The core functions of the Nature Resource Management unit are:

- Management of natural open spaces
- Naval Hill nature reserve development
- Eradication of alien plants
- Protection of top –soil/ erosion control
- Management of wild animals in Naval Hill Nature Reserve

Table 3.54: SERVICE DELIVERY OBJECTIVES OF BIO DIVERSITY; LANDSCAPE AND PARKS

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Improve service delivery by providing recreation facilities and public amenities to all residents of Mangaung	Provision of recreational facilities to all residents of Mangaung Create a clean and green environment	100% completion of Phase 2 of Developed Thaba Nchu Regional Park Development	Regional park developed	Phase 1 implementation	1. Completion of Phase 1 (Construction of park) 2. Second (2) Phase of Regional Park development (Bidding and construction)	1. Phase 1 completed 2. Bidding process done, construction started	None	None
		Developed new park in Bloemfontein (Kagisanong)	Park developed	Phase 1 implementation	Completion of Phase 1 (Construction of park)	Park completed	None	None
		Developed new park in Botshabelo (B section)	Park developed	A Contractor has been appointed for the development of the Park	Completion of Phase 1 (Construction of park)	First phase PRACTICAL COMPLETION - achieved -		Second phase FINAL COMPLETION will be achieved by end of September 2015 (Financial year 2015/16)
		Length of Fencing installed at community park in U section (Botshabelo)	Fence installed in community park	None	Fencing of park in U Section (Botshabelo)	The need has changed after input from community via ward councillors and basic service needs were re-prioritized, Waterborne toilet systems instead of fencing.	None	None
	Greening plan planting of trees	Number of trees planted	Trees planted	413	550 Trees Planted	622 Trees Planted	+172 Trees Planted	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Ensure that cemetery is properly secured	Length of Fencing installed at Phahameng cemetery	Fence installed at Phahameng cemetery	None	Fencing of the Phahameng Cemetery	Contractor was appointed by 10 June 2015. 30% work completed by end of 2014/2015 financial year.	None	None

Table 3.55: CAPITAL EXPENDITURE: BIO-DIVERSITY; LANDSCAPE AND PARKS

Capital Projects	Year 2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Upgrading/Development Parks Bloemfontein	4 000 000	3 060 583	3 018 217	42 366
Upgrading/Development Parks Botshabelo B	4 700 000	4 700 000	4 700 000	0
Development Parks Botshabelo		2 900 000	2 164 169	735 831
New Regional Park Thaba Nchu in Selosesha	20 521 228	19 861 228	14 989 517	4 871 711

Table 3.56: FINANCIAL PERFORMANCE BIO DIVERSITY; LANDSCAPE AND PARKS

Operational Budget	Year 2014/15			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue,	-5 507 328	-5 507 328	-6 328 961	821 633
Expenditure:				
Employees	63 230 120	63 230 120	50 217 423	13 012 697
Repairs and Maintenance	8 777 275	8 474 375	6 276 931	2 197 444
Other	61 877 135	67 000 035	41 896 960	25 103 075
Total Operational Expenditure	133 884 530	138 704 530	98 391 314	40 313 216
Net Operational Expenditure	128 377 202	133 197 202	92 062 353	41 134 849

COMMENT ON THE PERFORMANCE BIO DIVERSITY AND LANDSCAPE AND PARKS

The City has planted 550 trees in the period under review. The First phase of the new regional park in Thaba Nchu has been completed as well as neighbourhood parks in Bloemfontein and Botshabelo respectively.

COMPONENT E: ENVIRONMENTAL PROTECTION

3.13 POLLUTION CONTROL

Pollution control initiatives within the municipality are implemented and managed by an integrated approach (waste management, environmental management, environmental health, parks, *etc.*). With regards to the 2 indicators listed we can report that water quality and air pollution programmes are in place. Environmental health practitioners take water samples on a daily basis from the 2 main reservoirs (*Brandkop and Masselspoort*) and on a monthly basis at household points evenly spread amongst all suburbs, our current compliance status is well within the parameters of SANS 241.

We also monitor the quality of air by means of three (3) air quality stations, with the main focus on sulphur dioxide emissions. We can safely report that no incidences in this regard were recorded during this reporting period.

Table 3.57: SERVICE DELIVERY OBJECTIVES FOR POLLUTION CONTROL

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Ensure a waste management literate community in Mangaung Metro Municipality	Provide education and awareness on waste management issues	Number of education and awareness sessions undertaken	Attendance registers Awareness training programmes developed	34 education and awareness sessions undertaken	10 education and awareness sessions undertaken	27 education and awareness sessions undertaken	+17 education and awareness sessions undertaken	None
	Organise clean-up campaigns	Number of clean-up campaigns conducted	Number of clean up campaigns	8 clean up campaigns	4 clean up campaigns	21 clean up campaigns	+17 clean up campaigns	None
Ensure waste is managed in an integrated manner	Permitted Landfill sites comply with legislation	Number of Audits performed at landfill sites(internal and external)	Audit Reports	0	2 internal and 1 external audit performed	1 internal audits and 0 external audits performed	-1 internal audits and -1 external audits performed	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		No of permitted landfill sites maintained and upgraded	Completion certificates	3 permitted landfill sites maintained and upgraded	3 permitted landfill sites upgraded and maintained	3 permitted landfill sites upgraded and maintained	None	None
	Promote reuse, recycling and recovery of waste	% of waste diverted from the landfill sites	Recyclable waste diverted from the landfill sites for re-use, recycling or recovery	New KPI	10% of recyclable waste diverted from the landfill sites for re-use, recycling or recovery at the Buy-back Centre at the ThabaNchu Transfer Station	0%	transfer station not completed	None
Environmental sustainability		Developed Environmental Management and Implementation Plan (IEMP)	EIMP developed and approved	None	Final and adopted EIMP	60% Environmental Management and Implementation Plan	-40% Environmental Management and Implementation Plan	To be accelerated in the next financial year

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		Number of Environmental Impact Assessment conducted on f development applications and correspondence provided to the applicant	EIA reports developed	None	Submitted EIA applications assessed within 30 days All submitted EIA applications assessed	100% of submitted EIA were assessed within 26 days on average	None	None
Promote environmental health	Manage Air Quality	Number of non - compliance of Sulphur Dioxide emissions responded to ensure Air Quality control	All non- compliance attended too within 2 days	No Non compliances	All non -compliance attended too within 2 days	1 - non-compliance attended too within 2 days	None	None
		Number of I Emission Licence applications submitted and processed	All AEL applications handled	4 AEL Applications handled	All AEL applications handled	5 AEL applications handled	None	None
		Developed Air Quality Management Plan (AQMP)	Adopt and Implement AQMP	New KPI	Develop Air Quality By laws	AQMP as adopted by Motheo scrutinized. Communication with internal stakeholders in process.	None	None
	Handling Environmental pollution complaints	Number of environmental pollution related complaints responded to within 48hrs	Environmental pollution related complaints responded to within 48hrs	133 Environmental pollution complaints	All Environmental pollution related complaints responded to within 48hrs	24 complaints responded to within 48 hours	None	none
	Provide Health Education	Number of health and hygiene (H&H) awareness	H&H programmes conducted	6 H&H programmes	10 H&H programmes conducted	72	+62	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		programmes conducted						

Table 3.58: EMPLOYEES: POLLUTION CONTROL

Job Level	Year -1 (2013/14)	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	0			
4 - 6	2	2	1	1	50
7 - 9	17	17	3	14	82
10 - 12	0	0	0		
13 - 15	0	0	0		
16 - 18	0	0	0		
Total	20	19	4	15	78

COMMENTS ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL

The City has succeeded in organising cleaning and greening campaigns to raise community awareness and elicited reciprocal civic duty in relation to communities partnering with the municipality in ensuring that the environment is safe and liveable. Three land fill sites were maintained and all environmental pollution related complaints handled within 48 hours. The city has carried out prompt air quality control measures that resulted in no excess emissions reported. The main challenge is the increase incidents of illegal dumping of refuse and rubble on open spaces, making our environment unsafe and unsightly.

COMPONENT F: HEALTH

3.14 HEALTH INSPECTION, FOOD AND ABBATTOIR

The function of provision of environmental health services within the municipality includes all activities associated with the provision of municipal health services in terms of the National Health Act (No 61 of 2003) but does not take into account of poor health services which reside within the jurisdiction of FS provincial government. Service delivery provision here includes:

1. To ensure consumer protection (*food safety programme, water safety programme*) in accordance with food stuffs (*Cosmetic and Disinfectants Act no 54 of 1972 and SANS 241 for water quality*)
2. To render a microbiological laboratory service for the analysis of water and food stuffs as per legislative requirements (Water Services act and Food Stuff Act)
3. To fulfil the functions of the local trading licence authority by enforcing the Business Act no 71 of 1991.
4. To render a pest and vector control and disinfestations service
5. To ensure the prevention of environmental health pollution by means of surveillance of premises (built environment)
6. The Disposal of dead (inspections of mortuaries and burial of unidentified bodies)

Both the food and water safety programmes were successfully sustained and thus ensured sustainable health and well-being of citizens.

All food premises are inspected and monitored according to our food inspection programme and this yields success in health, hygiene and cleanliness. Our biggest challenge is the mushrooming of tuck shops in residential areas owned by foreigners and mostly illegal which do not comply with health standards. Haphazard operations and investigations did not yield the expected outcome but a multi-sector compliance and monitoring team which includes SAPS and Home Affairs was established to combat non- compliance this programme is sustained.

Table 3.59: SERVICE DELIVERY OBJECTIVES FOR HEALTH INSPECTION, FOOD AND ABBATTOIR

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Update the deliverables in relations to blue drop	Update the deliverables in relations to blue drop	Update the deliverables in relations to blue drop	Update the deliverables in relations to blue drop	Update the deliverables in relations to blue drop	Update the deliverables in relations to blue drop	Update the deliverables in relations to blue drop	None	None
Promote Environmental Health	Inspect food premises	Number of food premise inspections conducted as per provisions of the Foodstuffs, Cosmetics and Disinfectants Act 54 1972	All food premise inspected	16063 Inspections	16 000 food premise inspections	14432 food premise inspections	-1568 food premise inspections	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Inspect dairy farms	Number of food premise inspections conducted as per provisions of the Foodstuffs, Cosmetics and Disinfectants Act 54 1972	All dairy farms inspected	54 Inspections	80 dairy farms inspected	42 dairy farms inspected	-38 dairy farms inspected	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Inspect mortuaries	Number of inspections conducted on all mortuaries as per the provisions of the Public Health act	All mortuaries inspected	33 Inspected	40 mortuaries inspected	42 mortuaries inspected	+2 mortuaries inspected	None
	Inspect medical waste generators	Number of inspection on medical waste generators' premises conducted as per the provisions of the NEMA	All medical generator premises inspected	325 Inspections	110 medical waste generator premises inspected	567 medical waste generator premises inspected	+457 medical waste generator premises inspected	none

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Ensuring health related compliance of buildings	Number of building plans inspected for health related compliance	All Building plans received to be scrutinized	2113 Received and scrutinised	All Building plans received to be scrutinized	2174 Building Plans received, scrutinized for health compliance	None	None
	Conduct drinking and recreational water sampling according SANS to 241	Number of drinking water samples conducted and monitored according SANS to 241	drinking water samples conducted and monitored	1033 Drinking water samples	1 300 drinking water samples	1412 drinking water samples conducted and monitored	+112 drinking water samples conducted and monitored	None
	Surveillance of diseases	Number of samples of recreational water monitored according SANS to 241	recreational water samples	70 Recreational samples	60 recreational water samples	59 recreational water monitored according SANS	-1 recreational water monitored according SANS	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of reported communicable diseases attended to	All communicable diseases reported and attended to	8 Cases reported and attended to	All communicable diseases reported attended to	2 cases reported for period 1 July 2014-30 June 2015	None	None
	Conduct food sampling	Number of food samples taken annually in accordance with the Foodstuffs, Cosmetics and Disinfectants Act 54 1972	food samples taken	706 Food samples	850 food samples taken	803 food samples taken	-43 food samples taken	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of samples taken at all Major Functions as per the received applications in accordance with the Foodstuffs, Cosmetics and Disinfectants Act 54 1972	Samples taken at all major functions where applications have been received	107 samples	All Samples taken at all major functions where applications have been received	133 requests received for Samples taken at all major functions	None	none

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Improved lives of the indigent households	Provision of social safety net for the indigent	Approved and updated indigent register	Indigent register updated	30 400 Entries on Indigent Register	Update indigent register to comply with provisions of policy	Indigent Register were updated to comply with provision of policy.	None	None
	Ensure disposal of dead (burials of unidentified persons)	Number of Burials done within 2 weeks after issuing of the official order	All Burials done within 2 weeks after issuing of the official order	73 Burials	All Burials done within 2 weeks after issuing of the official order	26 requests received	None	None
		Number of the burials of the indigent facilitated within 2 weeks	All indigent burials successfully facilitated within 2 weeks	558 Indigent Burials	All indigent burials successfully facilitated within 2 weeks	952 indigent burials successfully facilitated within 2 weeks.	None	None
Promote HIV /AIDS prevention measures	Prevent new HIV/ AIDS infections	Number of training courses on HIV/AIDS	Training courses to be conducted	23 Courses	12 courses to be conducted	19 Training coursed conducted	+7 training courses conducted	None
		Number of seminars hosted to intensify education and awareness on HIV/AIDS	seminars hosted	8 Seminars	4 Seminars	6 seminars hosted to intensify education and awareness on HIV/AIDS	+2 seminars hosted to intensify education and awareness on HIV/AIDS	None
		Number of condoms distributed	Units of condoms distributed	1850 000 Condoms	1 600 000 Condoms distributed	3 796 200 Condoms distributed	+2 196 200 Condoms distributed	None
		Number of community members encouraged to test and know their status	members of the community tested	1065 Persons tested	300 persons tested	2552 Persons tested	+2252 Persons tested	None
		Number of HIV/Aids Counselling and outreach programmes conducted	HIV/AIDS sessions held	46 Sessions held	25 sessions held	63 sessions held	+38 sessions held	none
		Number of t Home Based Care Organizations and	HBC assisted	45 HBC assisted	45 HBC assisted	76 HBC assisted	+31 HBC assisted	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		OVC (orphan and vulnerable children) assisted, trained, referred to other Government Departments and information dissemination						

Table 3.60: EMPLOYEES: HEALTH INSPECTION

Employees: Environmental Health					
Job Level	Year -1 (2013/14)	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	1	1	50
4 - 6	2	8	4	4	50
7 - 9	21	39	23	16	41
10 - 12	2	5	3	2	40
13 - 15	0	4	3	1	25
16 - 18	5	6	1	5	83
Total	32	64	35	29	45.3

Table 3.61: FINANCIAL PERFORMANCE: HEALTH INSPECTION AND ETC.

Financial Performance: Health Inspection and Etc.					
R'000					
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	-112	-189 630	-189 630	-135 616	-54 014
Expenditure:					
Employees	12 370	13 156 479	13 156 479	10 503 576	2 652 903
Repairs and Maintenance	335	481 240	481 240	8 308	472 932
Other	1 299	1 778 390	1 778 390	1 117 999	660 391
Total Operational Expenditure	14 004	15 416 109	15 416 109	11 629 882	3 786 227
Net Operational Expenditure	13 892	15 226 479	15 226 479	11 494 266	3 732 213

COMMENT ON HEALTH INSPECTION, FOOD AND ABBATTOIR

The City continues in providing drinking water services that is compliant to set water service standard. For this financial year the municipality sustained a drinking water compliance rate of 98, 2 % well above the 97% compliance rate.

The City continued to provide effective health services in relation to inspection of mortuaries, ascertaining water quality and raising basic hygiene awareness *albeit* there is a need for improvements in relation inspection of food premises and inspection of dairy farms.

COMPONENT G: SAFETY AND SECURITY

The objective of the sub directorate is to enhance order and enforce compliance with road traffic rules in the road network of the MMM and to ensure that Mangaung is a safe and secure place to live in, visit and do business in. In order to achieve this, the division aims to prevent and minimize all security risks and threats to municipal property, services and people, crime prevention, enforcement of municipal by- laws and other applicable legislation and the investigation of municipal related crime.

3.15 INTRODUCTION TO POLICING

Installation of CCTV cameras around the Mangaung Metropolitan Municipality targeting the hotspots as identified by law enforcement agencies (SAPS, etc.). This will in future be utilised for traffic violations supplemented by, **speed law enforcement cameras**. The implementation of such measures has resulted in a decline of motor accidents and behavioural change of motorists. Lastly, the introduction and rolling out of the **Parking Marshal System** in Mangaung to curb double parking in the Central Business district, promote fair rotation of motor vehicles on a parking bay in order to make the City to be economically viable, this is also a revenue enhancement strategy for the municipality.

77 Traffic officers and 9 Traffic Wardens deployed in the three regions (Bloemfontein, Thaba Nchu and Botshabelo working on two shifts system, doing speed enforcement, execution of warrants of arrest, general law enforcement, attending to complaints, escorts of funerals and VIP's, attending to accident and community complaints, escorting of political and non-political marches and rerouting of traffic during events e.g. road races, soccer and rugby.

Law Enforcement

102 Law Enforcement officers are deployed in the three regions (Thaba Nchu, Botshabelo and Bloemfontein. These units work on a four shift system. Units comprises of the following: - Operational unit; Shifts; Reaction group; Dog unit; Investigation unit; Administration unit and Social crime prevention unit

Table 3.62: SERVICE DELIVERY OBJECTIVES FOR SAFETY AND SECURITY

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Law enforcement measures Law enforcement measures	Establishment of metro police	An established metro police	Metro police established	New KPI	Develop strategy and process plan for establishment of Metro Police	Not achieved	Develop strategy and process plan for establishment of Metro Police	Project for Process of Development strategy and process plan to establishment of Metro Police will be extended into the new financial year 2015/16. Terms of Reference for scope of work must be written in order to appoint Consultant.
	Enforcement of the By-Laws	Number of e Street Trading operation conducted per annum.	Street trading operations conducted	30 Street trading operations	12 Street Trading Operations conducted per annum	19 Street Trading Operations conducted per annum	+7 Street Trading Operations conducted per annum	None
Evolve institutional excellence through a thoroughgoing institutional re-engineering, effective leadership and effective long range development planning	Ensure safe and secure environment to residents of Mangaung	Number of crime awareness campaigns conducted within the municipality	Crime awareness campaigns operations conducted	16 Crime prevention operations	12 Crime prevention activities conducted targeting known hotspots	20 Crime prevention activities conducted targeting known hotspots	+8 Crime prevention activities conducted targeting known hotspots	None
		Number of road safety campaigns conducted	road safety campaigns conducted	12 safety campaigns conducted	12 safety campaigns conducted	6 safety campaigns conducted	-6 safety campaigns conducted	To be accelerated in the next financial year, with the inclusion of the

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
								targets in the 2015/16 SDBIP
		Number of road blocks conducted in high risk areas	road blocks conducted in high risk areas	26 road blocks conducted in high risk areas	72 road blocks conducted in high risk areas	19 road blocks conducted in high risk areas	-53 road blocks conducted in high risk areas	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
To create a safe and secure road environment for all road users	Implement operational programmes to reduce speeding violations	Number of notices issued for speeding transgression per annum	speed fines issued	121 796 Notices issued	100 000 Notices issued to speeding transgressors per annum	138 598 Notices issued to speeding transgressors	+38 598 Notices issued to speeding transgressors	None
To create a safe and secure road environment for all road users	Implement operational programmes to reduce the number of un-roadworthy vehicles	Number of notices issued to motorists driving un-roadworthy vehicles within MMM	Notices issued to Motorists driving un-roadworthy vehicles	3480 Notices issued	2 500 Notices issued to motorists driving un-roadworthy vehicles	7 329 Notices issued to motorists driving un-roadworthy vehicles	+4829 Notices issued to motorists driving un-roadworthy vehicles	None
To create a safe and secure road environment for all road users	Implement operational programmes to reduce seat belt violations	Number of notices issued to motorists not wearing seatbelts	notices issued to motorists not wearing seatbelts	2957 Notices issued	2 200 Notices issued to motorists not wearing seat belts	6 403 Notices issued to motorists not wearing seat belts	+4203 Notices issued to motorists not wearing seat belts	None
To create a safe and secure road environment for all road users	Implement operational programmes to reduce cell phone violations	Number of notices issued to motorists using cell phones	notices issued to motorists using cell phones	745 Notices issued	600 Notices issued to motorists using cell phones	1427 Notices issued to motorists using cell phones	+827 Notices issued to motorists using cell phones	None
To create a safe and secure road environment for all road users	To track offenders with outstanding Warrants of arrests	Number of warrant of arrests executed	Warrants of arrest executed	1096 warrants	1000 warrant of arrest to be executed	1749	+749	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
To reduce crime in the municipal area	Enhance enforcement of the by-laws through the use of the CCTV cameras	Number of CCTV cameras identified incidents attended to within 25 minutes	All incidents identified by CCTV cameras attendant	43 Identified incidents	7 out of 10 CCTV identified incidents attended to within 25 minutes	10 out of 10	+3 CCTV identified incidents attended to within 25 minutes	None

Table 3.63: EMPLOYEES: POLICE OFFICERS/TRAFFIC AND SECURITY OFFICERS

Employees: Traffic & Law Enforcement					
Job Level	Year -1 (2013/14)	Year 2014/15			
Police Administrators	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	1	1	1	0	0
4 – 6	10	10	10	0	0
7 – 9	41	93	41	52	55%
10 – 12	111	249	111	138	55%
13 – 15	72	26	26	0	0
16 – 18	3	8	3	5	62%
Total	269	385	192	193	50%

Table 3.64: FINANCIAL PERFORMANCE: POLICE/TRAFFIC AND SECURITY

Operational Budget	Year -2014/2015			
	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue,	-9 505 035	-9 473 513	-139 965 937	130 492 424
Expenditure:				
Employees	82 069 973	85 369 973	74 584 663	10 785 310
Repairs and Maintenance	6 159 932	19 299 953	16 720 546	2 579 407
Other	44 246 006	60 443 396	39 714 879	20 728 517
Total Operational Expenditure	132 475 911	165 113 322	131 020 088	34 093 234
Net Operational Expenditure	122 970 876	155 639 809	-8 945 849	164 585 658

Table 3.65: CAPITAL EXPENDITURE: POLICE/TRAFFIC AND SECURITY

Capital Projects	Year 2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Installation of CCTV cameras	1 680 000	2 185 900	2 073 172	112 728
Traffic Law Enforcement cameras (fixed)	1 000 000	750 000	614 494	135 506
Law Enforcement Cameras (Digital Cameras)	1 500 000	500 000	499 773	227

OVERALL PERFORMANCE OF SAFETY AND SECURITY

The city has conducted street trading operations and crime prevention activities targeting known hotspots to ensure compliance to municipal by-laws and contribute towards reducing incidents of crime. The city has also met its targets in relation to issuance of notices on varied traffic violations.

3.16 FIRE

The Fire and Rescue Services aims to prevent fires. Focus is thus placed on fire prevention and public education / awareness with emergency response being the last line of defence.

During the period under review 2091 inspections were conducted at premises to which the general public has access. The aim of these inspections is to ensure compliance with statutory fire safety measures. During the same period 448 Health Care Workers were trained in basic fire safety and evacuation procedures. Focus was also placed on public fire safety awareness with a total of 18 campaigns being conducted. The Fire and Rescue Service also participated in the Bloem Show. Twenty six (26) Fire Safety awareness contact sessions were conducted with commerce and industry institutions resulting in 433 persons being exposed to fire safety in the work place.

Table 3.66: METROPOLITAN FIRE SERVICE DATA

Metropolitan Fire Service Data			
Details	Year 2013/14	Year 2014/15	
	Actual No.	Estimate No.	Actual No.
Total fires attended in the year	999	1 100	915
Total of other incidents attended in the year	303	300	284
Average turnout time - urban areas	11 minutes	12	10 minutes
Average turnout time - rural areas	18 minutes	19 minutes	18 minutes
Fire fighters in post at year end	109	109	112
Total fire appliances at year end	26	26	26
Average number of appliance off the road during the year	5	6	5

Table 3.67: FIRE SERVICE POLICY OBJECTIVES TAKEN FROM THE IDP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2012/13	Annual Target 2013/14	Actual Performance 2013/14	Variance	Corrective Action
To provide pre-hospital emergency medical services to people in MMM area of jurisdiction	Rendering of ambulance service in accordance with national norms	Assigned ambulance service to MMM by the provincial department Health	Fully operational ambulance service rendered by MMM	No response to request submitted to MEC for Health received	Conclusion of Service Level agreement with FSPG subject to assigning of function to MMM	Not achieved	Conclusion of Service Level agreement with FSPG subject to assigning of function to MMM	Assignment of function to MMM by MEC Health still being awaited
To limit the number of fire deaths resulting from accidental fires in residential buildings	Delivery of Operational Fire and Rescue Services in the entire MMM area complying to SANS 10090	Number of fire and rescue emergency responded to in compliance with SANS 10090 in respect of:- Weight of response Turn out time	Fire and Rescue calls attended benchmarked against SANS 10090	8.9 out of 10	7.5 out of 10 Rescue calls attended	8.5 out of 10 Rescue calls attended	+1	None
	Delivery of a pro-active Fire Safety Service to MMM through regular inspections and scrutiny of building plans	Number of fire safety inspections at High Risk Premises to determine level of compliance with statutory fire safety measures and approved building plans	Fire safety inspections at high risk premises	127 Inspections	90inspections	113 Inspections	+23 Inspections	None
	Delivery of a pro-active Fire Safety Service to MMM through regular inspections and scrutiny of building plans	Number of fire safety inspections at Moderate Risk Premises to determine level of compliance with statutory fire safety measures and	Fire safety inspections at moderate risk premises	290 Inspections	250 Inspection	256 Inspections	+6 Inspections	none

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2012/13	Annual Target 2013/14	Actual Performance 2013/14	Variance	Corrective Action
	scrutiny of building plans	approved building plans						
		Number of fire safety inspections at Low Risk Premises to determine level of compliance with statutory fire safety measures and approved building plans	Fire safety inspections at low risk premises	1870 Inspections	1800 Inspection	1722 Inspections	-78 Inspections	None
	Delivery of a proactive Fire Safety Service to MMM through regular inspections and scrutiny of building plans	Number of building plans submitted that are scrutinized for compliance with statutory fire safety measures within 5 working days after receipt of the plans	Approved building plans	10 out of 10 Approved building plans	8 out of 10 Approved building plans	10 out of 10 Approved building plans	+2	None
	Delivery of a proactive Fire Safety Service to MMM through regular inspections and scrutiny of building plans	Number of Fire Safety Compliance Certificates inspections conducted within 2 working days after receipt of request.	Fire Safety Compliance Certificate inspections	9.4 out of 10	7 out of 10	9.8 out of 10	+2.8	None
	Educating key target groups such as health care workers, learners at school and vulnerable	Number of fire safety public awareness contact sessions with MMM Commerce and Industry Institutions	Fire safety public awareness contact sessions	19 Public awareness contact sessions	6 Public awareness contact sessions	26 Public awareness contact sessions	+20 Public awareness contact sessions	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2012/13	Annual Target 2013/14	Actual Performance 2013/14	Variance	Corrective Action
	members of the community in fire safety and disaster management Educating key target groups such as health care workers, learners at school and vulnerable members of the community in fire safety and disaster management	Number of Health Care Facility staff members trained in fire safety and evacuation procedures	Health care facility staff members trained	201 Staff members trained	250 Staff members trained	448 Staff members trained	+198 Staff members trained	None
	Educating key target groups such as health care workers, learners at school and vulnerable members of the community in fire safety and disaster management	Number of public outreach events aimed at creating public awareness in respect of Fire safety	Public outreach events conducted	7 Outreach events	6 Outreach event	18 Outreach events	+12 Outreach events	None
	Provide formal fire training persons from the industrial and commercial community that	Number of persons from the industrial and commercial community trained in fire safety	Persons from the industrial and commercial community trained	160 Persons trained	200 Persons trained	433 Persons trained	+233 Persons trained	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2012/13	Annual Target 2013/14	Actual Performance 2013/14	Variance	Corrective Action
	Skills enhancement and maintenance of Fire Fighting staff	Number of training courses in relation to the fire Fighting and/or rescue and/or hazardous materials presented	Training courses presented to Fire and Rescue staff	3 Training courses presented	3 Training courses presented	3 Training courses presented	None	None
To limit the number of fire deaths resulting from accidental fires in residential buildings	Responding to emergencies.	1 Fire Station established in the South-Eastern Area (Ward 45-46)	Fire Station established	Design completed and Bids for construction invited	1 Fire Station	Construction commenced late	-1 Fire Station	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP

Table 3.68: EMPLOYEES: FIRE SERVICES

Employees: Fire Services					
Job Level	Year -1 (2013/14)	Year 2014/15			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
0 – 3	1	1	1	0	0%
4 – 6	4	8	4	4	50%
7 – 9	23	69	31	38	55%
10 – 12	109	169	112	57	34%
13 – 15	0	6	0	6	100%
16 – 18	8	17	9	8	47%
Total	145	270	157	113	42%

Table 3.69: FINANCIAL PERFORMANCE: FIRE SERVICES

Financial Performance Year: Fire Services					
R'000					
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	-578	-718 220	-718 220	-604 165	-114 055
Expenditure:					
Fire fighters	40,091	59 012 473	59 794 813	46 723 322	13 071 491
Repairs and Maintenance	464	664 500	664 500	316 859	347 641
Other	2,713	5 246 951	5 246 951	1 952 496	3 294 455
Total Operational Expenditure	43,269	64 923 924	65 706 264	48 992 677	16 713 587
Net Operational Expenditure	42 690	64 205 704	64 988 044	48 388 511	16 599 533

CAPITAL EXPENDITURE: FIRE SERVICES

Capital Projects	Year 2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
New Southern Region Fire Station	-	2 697 496	2 200 530	496 966

COMMENT ON THE PERFORMANCE OF FIRE SERVICE OVERALL

The City continues to provide effective fire service and all the set performance target were met for the period under review. Construction of an additional fire station in the south eastern area has progressed well and this will have a positive knock on effect on our rescue to fire incidences.

3.17 DISASTER MANAGEMENT

The Disaster Management sub directorate is performing its functions and duties in accordance with the Disaster Management Act 2005 (57/2002).MMM launched and established a Disaster Management Centre that will be the focal point for all disaster related management activities. The building was opened by the Executive Mayor in August 2014 and is effectively rendering a critical service to the community relating to call receiving and dispatching emergency resources to all types of emergency and disaster incidents. The centre is making use of an Intelligence

Information Management System (IIMS) to capture all information. Call Centre Operators are deployed 24/7 on a shift system. The top 3 service delivery priorities are:

- a) Enhance emergency preparedness
- b) Ensure prompt and appropriate response to emergency incidents
- c) Ensure prompt and appropriate post incident recovery

Checklists and measurements were implemented to ensure compliance with standards set to ensure service delivery. Disaster Management staff are involved in public education programmes to enhance community resilience against disasters and negative effects thereof. The City is in its strides to comply with National Legislation relating to risk reduction and response and has complied and completed the following:

- Disaster Management Plan
- Disaster Management Framework
- Risk and Vulnerability Assessment

Table 3.70: SERVICE DELIVERY OBJECTIVES FOR DISTASTER MANAGEMENT

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2012/13	Annual Target 2013/14	Actual Performance 2013/14	Variance	Corrective Action
Prevent or reduce losses that occur due to natural or man-made disaster through preparedness, mitigation, response and recovery	Preventing Disasters Preventing Disasters Preventing Disasters Compilation of City wide Disaster Management plan	Percentage of JOC attendance at public events	JOC attendance at public events	100 %	90%	100%	+10	None
		Number of fire and rescue calls to which resources were dispatched within 3 minutes.	Call logs	9.2 Out of 10	8 out of 10	9.0	+1	None
		Number [percentage] of callers polled indicating their satisfaction with the service rendered by the Control Centre.	Customer satisfaction survey report	10 out of 10	9 out of 10	10 out of 10	+1	None
		Disaster Management plan for MMM	Completed Disaster Management plan for MMM	Draft submitted to HoD Social Services	Disaster Management Plan approved by Council	Non required	Non required	Non required

Table 3.71: EMPLOYEES DISASTER MANAGEMENT

Employees: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc.					
Job Level	Year -1 (2013/14)	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	1	1	0	0%
4 – 6	2	7	2	5	71%
7 – 9	18	28	16	12	42%
10 – 12	1	46	1	45	97%
13 – 15	0	0	0	0	
16 – 18	0	0	0	0	
Total	21	82	20	62	75%

Table 3.72: FINANCIAL PERFORMANCE DISASTER MANAGEMENT

Financial Performance: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc.					
R'000					
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	8 102	12 465 096	12 505 096	8 674 400	3 830 696
Repairs and Maintenance	55	1 233 453	1 233 453	66 142	1 167 311
Other	560	672 373	872 373	251 220	621 153
Total Operational Expenditure	8 717	14 370 922	14 610 922	8 991 762	5 619 160
Net Operational Expenditure	8 717	14 370 922	14 610 922	8 991 762	5 619 160

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT OVERALL

The City is performing well in relation to disaster management services and the set measurable performance targets are being met. Ninety two (92%) of calls received are dispatched within 3 minutes this is well above the 80% target, enhancing emergency services to respond quickly to incidents.

COMPONENT H: SPORTS AND RECREATION

3.18 INTRODUCTION TO SPORT

Mangaung Metropolitan Municipality has set itself a lofty ideal of being a “Sporting Mecca” through supporting sport development. The SRSA has undertaken to deal only with recognized legitimate structures and people interested in sport need to belong to such a structure. The City has the responsibility of initiating programmes. Delivery of sport is the competency of the various federations, and delivering mass based sport is the function of Government.

Table 3.73: SERVICE DELIVERY OBJECTIVES FOR SPORTS AND RECREATION

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Promote arts and cultural programmes	Promote cultural programmes	Number of arts and cultural programmes supported and implemented	Programmes	5 Supported, 1 Implemented	Implement or support 8 cultural programmes	29 Arts and Cultural programmes supported	+21 Arts and Cultural programmes supported	None
	Ensure compliance with Initiation Schools policy	Number of all known Initiation Schools inspected, to ensure compliance with the Initiation Schools Public Policy	Initiation schools to be inspected	109 Schools	All known initiation schools inspected	All known initiation schools were inspected	None	None
	Researched heritage sites and record on SAHIS data base	Number of Heritage sites, monuments, and public art researched and recorded on the SAHIS data base	Develop and update City's database	None	Inspection of 20 existing heritage sites	21 Heritage sites inspected	+1 Heritage sites inspected	None

Table 3.74: EMPLOYEES: SPORT

Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 – 3	0	0	0	0
4 – 6	1	2	2	0
7 – 9	0	0	0	0
10 – 12	3	5	5	0
13 – 15		0	0	0
16 – 18		0	0	0
Total	4	7	7	0

Table 3.75: FINANCIAL PERFORMANCE SPORTS AND RECREATION

Financial Performance: Sport and Recreation					
R'000					
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	-583 706	-	-	-658 617	-658 617
Expenditure:					
Employees	3 054 840	4 125 596	4 125 596	2 582 944	1 542 652
Repairs and Maintenance	582 180	595 170	15 170	254	14 917
Other	1 217 242	1 142 011	2 722 011	2 088 674	633 337
Total Operational Expenditure	4 854 262	5 862 777	6 862 777	4 671 871	2 190 906
Net Operational Expenditure	4 270 556	5 862 777	6 862 777	4 013 254	2 849 523

COMMENT ON THE PERFORMANCE OF SPORT

The City is on course on in promoting and supporting sports development in the City. The following sporting code and programmes were implemented and supported;

- **Volleyball Association** as the regional body, to find, develop, and groom talent within Mangaung Metro, to motion a sustained volleyball league and coordinate
- **Table Tennis Championships** is held annually at Caleb Motshabi Sport Centre, the tournament is organized by MMM. The tournament has produced exceptional players, who have gone to represent the province and SA internationally. Senior players like Letshego Molahloe and Itumeleng Seleke, both 19 are currently playing at National Level. Molahloe is on a University of Pretoria High performance Centre scholarship through sport.
- **Soccer Development Tournament**- SA Sport Federation and MMM Sport, Art & Culture division hosted the Championships for young stars from Botshabelo, Thaba Nchu and Bloemfontein at Selossha Stadium in Thaba Nchu on the 31st May 2015. The following u/17 soccer players have been signed by Bolton Wanderers from England:
 - Piral Mondli - u/17 from BFN
 - Thabang Thotole -u/16 from BFN
 - Two u/19 teams were promoted to SAB Regional League and they are; Chelsea FC from Ipopeng in BFN and United Rovers from Phase 4, BFN.
- The City in conjunction **Boitumelomg Special School for intellectually impaired children** held a 7km fun walk on the 30 May 2014, the aim was to celebrate disability and create awareness about intellectually impaired children while also removing the stigma about these children.
- The City in conjunction with **SA Deaf Sport Federation** held a National Top 8 Club Deaf Tournament for Soccer and Netball on the 9th August 2014 at Caleb Sport Centre. A total number of 340 players participated in this tournament

- **Mangaung Kasi Wheel Chair Race**- The aim was to raise awareness for people with disabilities and encourage them to participate in sport. This initiative has contributed positively for people with disabilities
- The City together with **Mangaung Cricket academy** has formed a partnership for the holistic approach and development of Cricket in Mangaung. The aim is to:
 - Promote excellence in Cricket
 - Create opportunities for participation of Girl-child people, previously disadvantaged communities
 - Build a skills base in sport through education and training
 - Establish a holistic and sustainable sport development programmes
 - Promote moral regeneration and instil a sense of national pride amongst youth.
- Six (6) boys were selected to go on trials for the Southern Free State Team, out of six, three(3) were boys are now playing in the Southern Free State Team.
- Tefo Klaasen (30) from Mangaung Cricket Academy was selected to represent the country in the Blind Cricket World Cup that held in Cape Town.
- **Golden Games**- The aim of Golden Games is to encouraging active ageing while improving integration between population groups that have historically not had a chance to interact i.e. Blacks, Coloured, Whites and Asians. The Golden Games provided opportunities to recruit older persons to the many social and relief programmes offered by the government.
- **OR Tambo Games**- The Mangaung Metro team successfully defended its OR Tambo Games title to emerge as the overall champs of the OR Tambo Games, three years in a row.
- **Wrestling Development**- The aim of the event was to introduce our black kids into the sporting codes, and encourage participation while improving integration between population groups that have historically not had a chance to interact i.e. Blacks, Coloured, Whites and Asians. The programme is ongoing.
- **Macufe half Marathon & big Walk**- the objective of the race was to:
 - Encourage healthy life style
 - Enhance and promote social cohesion
 - Promote nation building
 - Enhance the Macufe Programme
 - Celebrate 20 years of freedom
- Partnership with **Free State Softball Confederation**-The main objective was to provide softball opportunities for all Mangaung citizens through outcome based development
- programme, delivery and promotion of the sport of softball both domestically and internationally. Also to become competitive at all levels of the game against SA
- City partnering with **Ba2cada**- the tournament has managed to give exposure to aspiring players and commentators are given opportunities to showcase their talents at a professional level.
- **Rugby development Programme**- Transformation in Rugby is no longer a moral issue, it is a strategic necessity as this sport is still widely known and viewed as “white sport” Effective structures and development programs thus need to be supported and established to rectify this situation
- The City has partnered with Cheetah Kidz development organization in these initiatives. There are currently two hundred and fifty (250) boys enrolled in this programme and they are making a progress and enjoying the games
- **Aerobics** hosted together with the external stakeholders in October
- Softball hosted together with the external stakeholders during the MACUFE Month in October.
- **MACUFE Oldies Celebrations** where elderly clubs were invited to the Boikuchho Old Age for the celebrations and SABC was part of the LOC for the Event.
- **Sports Against Crime** in conjunction with SAPS BloemSpruit to make awareness and combat crime in our communities.
- **Sport Meet Gospel in partnership with Ba2cada, annual Easter event at Botshabelo**
- **Badminton Development Clinics** – the aim is to introduce the sport to the previously disadvantaged communities.
- **Mangaung Youth Games**- in conjunction with sport council and sport federations, the annual event which includes the regions of Mangaung with all active sporting codes.
- A total number of 29 sports programmes have been implemented and 12 sporting codes supported

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION TO CORPORATE POLICY OFFICES

The unit is intended among other things to provide the following services:

- Effective and efficient HR management services to all directorates with the MMM
- Render labour relations support and programmes for employees and management of the municipality ☐ Support the workforce through the rendering of efficient occupational health and employee wellness ☐ Safety and loss control management
- Manage MMM facilities
- Provide ICT service to MMM
- Provide an integrated Human resource Development service

3.19 EXECUTIVE AND COUNCIL

The Council of the City is vested with the legislative and executive authority for the municipality. The executive discharges oversight responsibility on the behalf of Council and oversee the performance of the municipality.

The top strategic priorities were:

- a) Entrenching performance management mechanisms *via* the Integrated Development Plan (IDP) and the Service Delivery Budget Implementation Plan (SDBIP) to facilitate accountability;
- b) Discharging oversight responsibilities – convening council and committees of councils; and
- c) Entrenching knowledge management practices to position the municipality as a learning organisation.

Table 3.76: SERVICE DELIVERY OBJECTIVES OF EXECUTIVE AND COUNCIL

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Provide strategic leadership and planning with well-defined targets aligned to the budget Strengthening International relations	Provide strategic leadership, involvement and planning Liaison with foreign diplomats	Reviewed 2015/16 Integrated Development Planning, SDBIP and business plans	2015/16 Reviewed IDP approved by council	Approved IDP 2014/15	Review IDP and SDF for 2015/16	Reviewed IDP and SDF for 2015/16	None	None
		Service delivery and budget implementation plan (SDBIP) compiled annually	1 SDBIP developed and approved	Approved SDBIP 2013/14	2014/15 SDBIP developed and approved by the Executive Mayor 28 days after the approval of the IDP and budget	2014/15 SDBIP developed and approved by the Executive Mayor 28 days after the approval of the IDP and budget	None	None
		Mid-year budget and performance assessment report developed	mid-year performance report approved	2014/15 mid-year budget and performance assessment report developed and approved by Council I and submitted to Provincial and National Treasury	2014/15 mid-year budget and performance assessment report	2014/15 mid-year budget and performance assessment report	None	None
		Number of MOUs entered into with other cities	MOU with BRICS Cities and African city	Initiated discussions with Sol Plaatjie and	2 MOU's with BRICS Cities , 1 European city and 1African city	Number of MOUs entered into with other cities	12 MOU's with BRICS Cities , - 1 European city and -- 1African city	Initiated discussions with Sol Plaatjie and
	Acquisition and retention of donor funding to support programmes	Number of Donor funding agreement entered into.	Donor funding agreements entered into	Ghent Partnership revised	1 additional Donor funding sourced	Funds received from Gent.		
Strengthening Intergovernmental Relations	Start collaborating on planning of projects	Number of Cooperation agreements entered into.	Cooperation agreements entered into.	Nil	2 MoU's with provincial departments and Tertiary Institutions	Collaborated with FS DESTEA in hosting China Week	- 2 MOUs	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
strengthen and reactivate the knowledge management programme in the city	develop a knowledge management action plan	Knowledge Management Strategy developed and updated	Approved Knowledge Management Strategy and workshop on knowledge management conducted	Knowledge Management Strategy and action plan developed in 2006	Implementation of a knowledge management action plan	Not achieved	Implementation of a knowledge management action plan	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Enhancing interface with Citizen	Number of Case Studies developed	Case studies developed	Nil	2 case studies	Not achieved	-2 case studies	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		A customer satisfaction survey conducted	Customer satisfaction survey Report	Nil	1 customer satisfaction survey	Not Achieved	-1 customer satisfaction survey	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
Strengthen community involvement to participate in the affairs of the municipality and influence resource allocation	Enhance public participation in the affairs of the municipality	Number of clustered ward based plans approved by council	Develop and approve clustered wards base plans	Nil	11 clustered wards base plan	Not Achieved	-11 clustered wards base plan	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Number of officials trained in CBP	Trained officials in CBP	Nil	20 officials trained in CBP training	-20 officials trained in CBP training	20 officials trained in CBP training	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
Provision of efficient corporate secretariat to Council,	Efficient and functional committee management system	Migration from manual document circulation to electronic document	Functional share point system	Start-up program of staggered approach, i.e. agenda circulated in two ways electronically and manually	(ICT to install wireless system in the Council Chamber)	Marked reduction in printing costs compared to 14/15 year as electronic distribution is		

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
MAYCO, Council committees and management		management system (share point system)			Gradual phase-in of electronic system: Council	gradually implemented.		
Improve internal governance systems	Synergy and interdepartmental coordination	Provide efficient secretarial service	Council taking decisions based on qualitative provision of information by administration	14 Council meetings, 12 MAYCO meetings, 36 Bid committees, 15 section 80 committees, 16 MPAC meetings & 2 other section 79; 40 EMT meetings	Meetings held as per schedule (9 Council meetings scheduled)	Meetings held as per schedule (9 Council meetings scheduled)	None	None
	Tracking of decisions	Decisions of Council are implemented	Electronic tracking system in place	274 Execution letters issued to Directorates	100% tracking of council decisions	ALL COUNCIL DECISIONS TRACKED TO DIRECTORATES. TARGET OF 100% ACHIEVED	None	None
Improve and Strengthen management of Records and Archives	Full compliance to national and provincial legislation including adherence to archives and records policy	Records and Archives Implementation plan in place and adhered to by all directorates	Implementation of e-filling across the municipality		Compliance to the Records Implementation plan	Achieved	None	None
	Establish and link operational modules throughout the municipality	Uniformity in document management system	functional operational modules	Total of 546 Orbit users from 298 users	254 additional Orbit users	Not achieved	-254 additional Orbit users	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP

COMMENT ON THE OVERALL PERFORMANCE OF THE EXECUTIVE AND COUNCIL

3.20 FINANCIAL SERVICES

Table 3.77: DEBT RECOVERY

Debt Recovery			
Details of the types of account raised and recovered	2014/15 in R'000		
	Budget for the year	Actual accounts billed in year	Proportion of accounts value billed that were collected%
Property Rates	903 089 386	871 212 410	706 817 046,12
Electricity	2 128 549 910	1 897 155 212	
Water	677 957 521	659 249 301	534 850 787,53
Sanitation	214 649 178	292 452 701	237 267 687,97
Refuse	80 475 112	137 422 901	111 491 580,97
Other		30 987	11 961 854,77
Total	4 004 721 107	3 857 523 512	1 602 388 957,36

Table 3.78: SERVICE DELIVERY OBJECTIVES OF FINANCE IN THE IDP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Improve revenue collection	Payment of traffic fines	Number of Fines successfully finalised and payment received	Section 71 report	17032 Traffic fines paid	20 000 Traffic fines paid	23 633 Traffic fines paid	+3 633 Traffic fines paid	None
Revenue Enhancement	Review of revenue agreements	Percentage review of sundry and commercial property lease agreements	Lease agreements reviewed		40% Lease agreements reviewed	15% Lease agreements reviewed	-25% Lease agreements reviewed	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Percentage Increase rental housing revenue collection	collection of rental housing revenue	42%	40% increase in revenue collection	43 % increase in revenue collection	-16 % increase in revenue collection	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
Improve customer satisfaction	Improve billing system	Number of customers receiving accurate bills	Monthly billings statistics	85%	Reduce the interim meter readings to 15% (excluding faulty meters)	Over the year the targets were set higher and higher and the fourth quarter ended at 17 % which translated into 83 % of the water accounts are actual readings,	+2	None
		Percentage of consumer accounts details on the system accurate	Reduction in the number of returned undelivered accounts	86% of consumer accounts	95% of consumer accounts are issued to correct addresses	73%	-22%	None
		Percentage of consumer accounts details on the system accurate	Reduction in the number of returned undelivered accounts		Update to 70% of customer details on the financial system	40% of customer details on the financial system	-30% of customer details on the financial system	Most residents in the affected areas namely Phase 4, 5 and 6 do not have postal boxes or pigeons holes

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Improve revenue collection	Percentage improvement in Collection rate	Collection statistical	93%	94%	94%	None	None
Prudent fiscal management	Quality and frequent financial reporting	% operation and capital expenditures against the budget (from 80%)	Section 71 report	±86%	95%	55% Opex 43% Rev Total= 98%	+3	None
	Implement clean audit initiatives	100% implementation of f Audit Action Plan to address issues raised by the Auditors	Audit Report	Qualified audit report	Financially Unqualified audit report	Financially Unqualified audit report	None	None
	To ensure procurement processes which complies fully with the SCM policy	Number of SCM implementation reports submitted to the Mayor and Council.	SCM quarterly reports submitted to the Mayor and Council	Four (4) SCM quarterly Reports submitted to the Mayor and Council.	Four (4) SCM quarterly Reports to be submitted to the Mayor and Council.	4 SCM quarterly Reports to be submitted to the Mayor and Council.	None	None
		Reduce irregular expenditure for the Directorate Report irregular expenditure	Quarterly reports Irregular expenditure registers	Irregular expenditure registers for 12 months period.	Irregular expenditure registers for 12 months period.	7 Irregular expenditure registers for 12 months period.	None	None
Prudent fiscal management	Cost Coverage (NKPI)	Cost Coverage (NKPI)	Section 71	>3.61 months	> 3 months	1.77 months	-1.23 Months	Avoidance of year-end cost spike effect.
Prudent fiscal management	Develop and review out-dated procedure manuals in the directorate	100% Implementation of Procedure Manuals and improvement in internal controls	Procedure Manual	SCM manuals developed	100% Implementation of Procedure Manuals and improvement in internal controls	Comprehensive procedure Manual for entire Revenue Management Sub-Directorate developed	None	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		Number of employees undergoing training programmes to comply with Minimum Competency Regulations	Attendance registers; Certificates acquired	90 employees are currently enrolled in the Municipal Finance Management Programme.	All enrolled employees	90 employees enrolled on MFMP to comply with the Minimum Competency Regulations	None	None
Revenue Enhancement	Collect all collectable revenue and Leverage alternative sources of funding	Amount of externally sourced funds Increasing revenue base by accounting for unaccounted services	Section 71 report	N/A	R 321 million	R 300 million has been secured, Debt agreements were signed with DBSA and Standard Bank. The Rating Agency was appointed.	-R21 million	None
Revenue Enhancement	Identification of additional revenue streams	Developed and implemented revenue enhancement strategies	Section 71 reports;	Implementation of the short term revenue enhancement strategies	Implementation of the medium to long term revenue enhancement strategies	Revenue enhancement strategy is being implemented. Finance Road Shows were held. Businesses with outstanding balances are litigated.	None	None
		100% Implementation of Operation "Pay-up" Strategy	Hearings Conducted Presentation made; Attendance registers	Draft Operation "Pay-up" Strategy Developed	Implementation of Operation "Pay-up" Strategy	Report on Debt Collection submitted to Council	None	None
	Recovery/ collection of Rental Income	Percentage recovery of rental income	Section 71 reported	22%	50% recovery of rental income	34% recovery of rental income	-16 recovery of rental income	Housing must indicate to finance when to stop billing as payments are not made. Commercial rentals: Evictions or implementation of the

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
								Debt and Credit control policy.
Revenue Enhancement	Implementation of interim valuation roll based on the site and any improvements made	Compilation of Interim Valuation roll	Compiled interim Valuation Roll	Four (4) supplementary valuation rolls implemented	Implementation of at least one (1) supplementary valuation roll in order to incorporate new developments in the existing valuation roll	4 supplementary rolls implemented	+3 supplementary rolls implemented	N/A
Develop an effective asset management programme	Develop a Fixed Asset Register which records all municipal Assets	Fixed Asset Register is compiled and updated monthly	Fixed Asset Register	Immovable and Movable assets - 100% compliance with applicable accounting standards	100% compliance with applicable accounting standards	- Movable assets procured on CAPEX budget updated on Hardcat - Movable assets procured on Opex identified and followed-up - Infrastructure projects unbundled	Additions on OPEX not accounted for on Hardcat	Additions not on CAPEX to be captured on Hardcat during July 2015
	Develop an Asset Management Policy and Procedure Manual to cover the acquisition, maintenance and disposal of assets	Asset Management procedure is compiled in line with legislation and council policy	Asset Management Procedure Manual	Development and implementation	Annual review of Asset Management Policy and procedure manual	- Asset management policy revised for submission to Council during August 2015 - SAM methodology finalised for submission to Council during August 2015	None	None
	Periodic physical asset counts and impairment tests	Report on the annual asset count submitted to council	Fixed Asset Register	At least one complete count of all movable and immovable assets	At least one complete count of all movable and immovable assets	- RUL and Impairment workshops conducted - Registers amended accordingly - Movable assets at all accessible locations verified	- 8000 movable assets not scanned during verification process	- Differences to be followed up during July and August 2015
				Ad hoc asset counts of selected locations	Ad hoc asset counts of selected locations	Offices verified on a sample basis in BF,		

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
						Civic theatre and Gabriel Dichabe building		

Table 3.79: EMPLOYEES FINANCIAL SERVICES

Employees: Financial Services					
Job Level	Year -1	Year 2014/15			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 – 3	14	7	7	0	0
4 – 6	45	99	55	44	44.4
7 – 9	62	132	127	65	49.2
10 – 12	89	130	95	35	26.9
13 – 15	9	4	3	1	25
16 – 18	21	23	13	10	43.4
Total	240	278	300	155	55.75

Table 3.80: FINANCIAL PERFORMANCE: FINANCIAL SERVICES

Financial Performance: Financial Services					
R'000					
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	-131 075 155	-140 220 638	-140 187 248	-177 359 428	37 172 180
Expenditure:					
Employees	82 129 268	99 260 991	99 260 991	92 387 012	6 873 979
Repairs and Maintenance	934 354	3 231 139	441 139	3 395 437	-2 954 298
Other	70 734 776	101 574 665	107 460 665	119 413 794	-11 953 129
Total Operational Expenditure	153 798 399	204 066 795	207 162 795	215 196 244	-8 033 449
Net Operational Expenditure	22 723 244	63 846 157	66 975 547	37 836 815	29 138 732

Table 3.81: CAPITAL EXPENDITURE FINANCE

Capital Projects	2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Total All	5 075 000	6 275 000	5957 125	317 875
Rates Revamp	1 575 000	343 160	136 663	206 497
Asset Management System	3 000 000	3 775 000	3 774 813	187

3.21 HUMAN RESOURCES SERVICES

The strategic objective of human resource management is to lead, manage and direct human resource functions within the MMM through the following:

- Labour relations
- Occupational health and wellness
- HR benefits
- Work study

- e) Job evaluation
- f) Payroll Management
- g) Safety and loss control
- h) HR Systems
- i) Individual performance Management
- j) Employment

Table 3.82: EMPLOYEES HUMAN RESOURCES SERVICES

Employees: Human Resource Services					
Job Level	Year -1 (2013/14)	Year 2014/15			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	4	3	2	1	33%
4 - 6	25	35	26	9	25%
7 - 9	20	26	23	3	11%
10 - 12	21	23	17	6	26%
13 - 15	0	2	1	1	50%
16 - 18	4	2	1	1	50%
Total	74	91	70	21	23%

Table 3.83: FINANCIAL PERFORMANCE: HUMAN RESOURCE SERVICES

Financial Performance: Human Resource Services					
R'000					
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	-1 804 517	-2 066 531	-1 745 208	-1 965 254	220 046
Expenditure:					
Employees	31 863 208	29 920 703	29 920 703	25 451 674	4 469 029
Repairs and Maintenance	1 715	28 695	11 695	-	11 695
Other	178 881	1 600 243	2 011 243	1 122 861	888 382
Total Operational Expenditure	32 043 805	31 549 641	31 943 641	26 574 535	5 369 106
Net Operational Expenditure	33 848 322	29 483 110	30 198 433	24 609 281	5 589 152

Table 3.84: SERVICE DELIVERY OBJECTIVES FROM THE IDP HUMAN RESOURCES

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Improved labour relations management	% labour disputes resolved internally	Reduction of labour disputes	Development of communication model to strengthen relations with organised labour		Strategic Employee Relations Management	Not achieved	Strategic Employee Relations Management	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Foster good relationship with organised labour and conclude all outstanding labour disputes	Number of consultative meetings held with organised labour	Meetings with organised labour	4 meetings	12 meetings	15 meetings	+3 meetings	None
			Training on labour legislation and HR Management		40 officials trained in labour relations	Not achieved	-40 officials trained in labour relations	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
	Retention of skills	Identification of critical positions and development of critical positions	critical positions and development of critical positions identified	None	5 critical position identified and knowledge transfer plan developed	Not achieved	5 critical position identified and knowledge transfer plan developed	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Development of career planning and pathing	To develop career plans and paths for all occupations	Draft Career Pathing policy is in place	Approved and implemented career pathing policy	Draft Policy is developed	Approved and implemented career pathing policy	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Work Place Skills Plan	Conducting a skills needs analysis	Conducting an skills audit		Skills audit report	Not Achieved	Skills audit report	To be accelerated in the next financial year, with the inclusion of the targets in the 2015/16 SDBIP
		Compilation of a work skills plan	Compiling a work place skills plan by July each year	Submitted WSP for 2014/15 financial year	Approved work skills plan	Approved work skills plan	None	None
		Compiling an annual implementation report by January each year	WSP annual implementation report	80% implementation of the workplace skills plan	Work skills plan implementation report	ATR Submitted to LGSETA on 28 April 2015	None	None
		Providing Accredited training courses in line with skills needs identified within WSP	Employees trained (Reported by means of a monthly report)	5 training programmes approved by LGSETA	12 Training Programmes Implemented	18 Training Programmes Implemented	+6 Training Programmes Implemented	None
		Providing learner-ships approved by LGSETA	learner-ships approved and funded by LGSETA	None	4 learner-ships approved and funded by LGSETA	8 learner-ships approved and funded by LGSETA	+4 learner-ships approved and funded by LGSETA	None
	Institutional transformation and re-design	Placement and re-design of organisation structure	Functional organogram in place	Top Structure reviewed and approved by Council	Review of organisational structure to access effectiveness	Reviewed organisational structure	None	None

COMMENT ON PERFORMANCE OF HUMAN RESOURCES SERVICES OVERALL

The City has succeeded in restoring and improving labour relations. Workplace Skills Development Plan has been developed, ratified by labour and subsequently approved by the Local Government Sector Education Training Authority (LGSETA). In pursuit of developing its Human Capital, the City has implemented 80% of its workplace skills plan. Five (5) training programmes approved by LGSETA have been implemented.

The City has not succeeded in meeting set performance targets in relation to convening of LLF and reduction of labour disputes. A number of policies related to HR such as succession planning, career development have been developed but have not being implemented as yet as they have not served before the Local Labour Forum (LLF). The City has not also met is targets in relation to providing learnerships approved by LGSETA.

3.22 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

Table 3.85: SERVICE DELIVERY OBJECTIVES OF ICT ROM IDP

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Enhance IT governance and strategy and formulate governance plans and strategies, as well as accompanying policies and procedures, to concurrently enable the municipality to achieve its strategic vision, support audit requirements, manage risk, and exhibit responsible financial management	Develop and monitor an IT Governance Maturity Model	100% implementation of formal IT Governance Maturity Model	Monthly status report	ITGMM has been developed as part of the ICT Strategy document.	100% implementation of ITGMM	Completed as part of IT Strategy	None	None
	Development of an overall IT Strategy	Overall IT Strategy developed	Monthly status report	IT Strategy developed and approved	100% implementation of IT Strategy	On-going	None	None
	Development of IT Master Systems Plan	ITMSP Developed and monitored	Monthly status report	ITMSP developed and approved as part of the IT Strategy	Implementation of ITMSP	IT Strategy still adequate	None	None
	Review of IT Policy Framework and Business Continuity Plan	Number of IT Policies reviewed to be in line with IT Strategy and ITMSP	Policies and BCP approved	IT Password Control Policy and Cellular Phone Policy developed and approved	4 ICT policies reviewed	User Access Management Policy Draft revised	-4 ICT policies reviewed	to be presented to ICT STEerCo before being submitted for approval
	Proper record keeping of all ICT and related equipment, systems and software	IT related equipment, systems and software procured and utilized as outlined in ITMSP	Assets recorded on Assets database regarding assets information and user.	Manage Engine Service Desk Plus application procured.	100% deployment of Service Desk Plus application	On-going	None	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Redevelopment of MMM Intranet	100% fully fledged and updated intranet	Fully fledged and updated intranet	MMM Intranet redeveloped and launched. Updates are made as needed	On-going monitoring of Intranet traffic as well as on-going maintenance and upgrading of site as and when required	On-going	None	None
	Analysis of all current information systems used by MMM	Audited information systems to determine redundancy and obsolescence	Redundancy and obsolescence determined by the information system	eVenus system in the process of being migrated to SOLAR. Other systems to be migrated to additional SOLAR modules have been identified. Traffic system replaced	On-going monitoring of all MMM information systems	On-going	None	None
	Upgrade current Internet/e-mail/system lines	Number of municipal buildings that are Wi-Fi enabled	All municipal buildings enabled with Wi-Fi.	Completed.	On-going monitoring of bandwidth for possible upgrades	Supplier approved	On-going monitoring of bandwidth for possible upgrades	Implementation to begin only after supplier has submitted all contractually obligated documents
	Replacement of obsolete servers	Stable operation of newly procured servers	Expansion of server capacity	Completed as part of SOLAR migration project. Triangle solution with 3 x different server sites have been built.	% increase in server capacity	Completed	None	None
	Finalising of Bram Fischer telephone system	New VoIP system operational	On-going monitoring of telephone system	99% Complete. Currently awaiting on Telkom to perform final cut-over	New telephone system fully operational	Supplier approved	New telephone system fully operational	Implementation to begin only after supplier has submitted all contractually obligated documents
	Maintain 2-hour turnaround time on support calls	Service desk reports indicating turnaround time	Maintain 2-hour turnaround time on support calls	On-going process	Maintain 2-hour turnaround time on support calls	On-going	None	None

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Develop system for software license management	Software license management system in place	System to be reviewed and licenses to be procured and managed effectively	Manage Engine Service Desk Plus application procured.	100% implementation of license management system	On-going	None	None

Table 3.86: EMPLOYEES: ICT SERVICES

Employees: ICT Services					
Job Level	Year -1 (2013/14)	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	12	25	12	13	52%
7 - 9	26	50	24	26	52%
10 - 12	16	14	8	6	42%
13 - 15	4	0	0	0	0%
16 - 18	2	2	2	0	0%
Total	61	92	47	45	48%

Table 3.87: FINANCIAL PERFORMANCE: ICT

Financial Performance: ICT Services					
R'000					
Details	30/06/2014	30/06/2015			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Adjustment Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees	18 365 839	23 526 770	23 526 770	19 319 151	4 207 619
Repairs and Maintenance	901 526	1 550 000	1 040 000	2 389 886	-1 349 886
Other	35 990 491	65 050 717	73 560 717	46 650 214	26 910 503
Total Operational Expenditure	55 257 856	90 127 487	98 127 487	68 359 250	29 768 237
Net Operational Expenditure	55 257 856	90 127 487	98 127 487	68 359 250	29 768 237

Table 3.88: CAPITAL EXPENDITURE ICT SERVICES

Capital Projects	Year 2014/15			
	Budget	Adjustment Budget	Actual Expenditure	Variance from adjustment budget
Desktop and Laptops	R2 500 000	R3 000 000	R2 319 061	R680 939
Enviro Racks	R1 400 000	R400 000	R0	R400 000
HP Network Switch for Server	R0	R1 234 071	R1 234 070	R0
VMWare Comm Vault	R0	R1 049 132	R1 049 131	1
Evenus migration to SOLAR	R0	R7 500 000	R7 398 287	R101 713

3.23 LEGAL, RISK MANAGEMENT AND INTERNAL AUDIT SERVICES

Table 3.89: PRINCIPLES, AIMS AND OBJECTIVES:

LITIGATION			BY-LAWS		CONTRACTS		
Civil	Criminal	Labour	Revised	Newly Developed	Procurement	Non Procurement	Lease Agreements
131	8	42	10	12	726	163	385

Table 3.90: SERVICE DELIVERY OBJECTIVES FOR LEGAL, RISK MANAGEMENT AND INTERNAL AUDIT SERVICES

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Maintaining strong and effective oversight structures Functional Internal Audit Activity,	Establishment of effective, functioning Audit Committee consisting of knowledgeable persons	Audit Committee fully operational and meeting at least 4 times annually	Fully operational Audit Committee	Six (6) meetings held	At least four (4) meetings held	6	+2	None
	Establishment of effective, functioning Municipal Public Accounts Committee consisting of knowledgeable persons	Municipal Public Accounts fully operational and meeting at least 4 times annually	Fully functional Municipal Public Accounts committee		At least four (4) meetings held	12) meetings held	+8) meetings held	None
	Fully capacitated Internal Audit Activity consisting of competent and knowledgeable staff	Functional Internal audit activity operating according to the IIA Standards and approved risk based three year rolling strategic audit plan	Fully staffed and functional internal audit activity	Twenty four (24) Audit Projects completed.	100% implementation of the approved internal audit plan	100% implementation of the approved internal audit plan.	None	None
Compliance to good governance through Enterprise Wide Risk Management	Pro Active Risk Management governance framework and processes	Reviewed and implemented Risk Management Policy, Strategy, implementation plan	Reduce and Manage Risks to acceptable appetite	0	Approved strategy,, policy and implementation plan of Risk Management and action plan	Reviewed Approved strategy, policy and implementation plan of Risk Management and action plan		
		Number of strategic and operational risk registers reviewed	Reviewed strategic and operational risk register	One Strategic Register	8 registers reviewed (1 strategic and 7 departments)	8 Operational Register Reviewed		

IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance 2013/14	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Effective Anti-Fraud and Corruption prevention and response	Review , development and Implementation of Policy, Strategy, whistle Blowing and Prevention Plan	Zero tolerance to Fraud and Corruption	14 cases reported	12 reports developed and approved on all reported allegations of fraud and corruption incidences	12 reports developed and approved on all reported allegations of fraud and corruption incidences		
		Percentage increase in the number of concluded cases on irregular, fruitless and wasteful expenditure			100% investigations of all reported cases of irregular, fruitless and wasteful expenditure	100% investigations of all reported cases of irregular, fruitless and wasteful expenditure		

Table 3.91: EMPLOYEES LEGAL SERVICES

Legal Services					
Job Level	Year -1	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	-
4 - 6	6	5	4	1	25%
7 - 9	8	6	5	1	20%
10 - 12	1	2	2	0	-
13 - 15	0	0	0	0	-
16 - 18	0	0	0	0	-
Total	16	16	12	2	17%

COMMENT ON THE PERFORMANCE OF LEGAL, RISK MANAGEMENT AND INTERNAL AUDIT SERVICES OVERALL

The municipality has established a functional Internal Audit Unit in terms of section 165(1) of the Municipal Finance Management Act, 56 Of 2003 (MFMA). To this end, the unit has carried out its functions as outlined in its Charter and section 165(2) of the MFMA. For the 2014/15 financial year, the Unit has completed all its planned audit assignments and issued twenty seven (27) Internal Audit reports on areas audited. As a support function and secretariat service to the municipality's Audit Committee, the Unit has ensured that all planned Audit Committee meeting for the 2014/15 financial year takes place and reports of the Audit Committee are tabled in Council. The following achievements of the city are also worth noting:

- The Metro has developed and approved 12 reports on all reported allegations of fraud and corruption incidences
- The Metro has undertaken 100% investigations on all reported cases of irregular, fruitless and wasteful expenditure

ANNEXURE A: COMPREHENSIVE REPORT ON SDBIP 2014/15

EXECUTIVE SUMMARY OF REPORT

1. This report lays out performance against the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for the period of 2014/15 financial year, i.e. 01 July 2014 to 30 June 2015. Performance is accounted based on the delivery of projects and/or services in the IDP and SDBIP for which the Mangaung Council is responsible.
2. The Service Delivery and Budget Implementation Plan (SDBIP) for 2014/15 identifies **290** performance measures with key projects and/or services that need to be implemented during the financial year. Each department has its number of performance measures to be implemented as depicted below:

Departments	Performance Measures 2014/15
Planning and Economic Development	23
Engineering Services	81
Strategic Projects	10
Social Service	79
Finance	20
Human Settlement	25
OCM	18
Corporate Services	34
Total	290

PURPOSE OF THE REPORT

3. This report on service delivery and budget implementation sets out performance against the Municipality's Integrated Development Plan as well as Service Delivery and Budget Implementation Plan for the period of the 2014/15 financial year, i.e. 01 July 2014 to 30 June 2015.

BACKGROUND

4. The Integrated Development Plan is the key strategic, inclusive, and responsive performance driven document for the Municipality which extends over a five-year period. The Integrated Development Plan is focused on delivering the Council's eight delivery agenda points or strategic objectives, namely
 - a) *poverty reduction,*
 - b) *job creation, rural and economic development;*
 - c) *financial sustainability;*
 - d) *spatial development and the built environment;*
 - e) *eradication of bucket system, VIP toilets in Mangaung, Botshabelo and Thaba Nchu, roads, ageing infrastructure, focus on the basics; human settlements;*
 - f) *public transport;*
 - g) *environmental management and climate change; and*
 - h) *Social and community services.*
7. The Integrated Development Plan 2014/15 identifies projects and services which contribute to the achievement of the Municipality's objectives over the remaining term of Council. These projects and services are delivered using the approved SDBIP, which has been used successfully to improve performance in the previous financial years in strategic areas of Council's work.

The Integrated Development Plan also contains a series of performance targets, projects and services, and measures to monitor the success in delivering improved outcomes for residents and stakeholders in Mangaung municipal area.

6.5 QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS

6.5.1 PLANNING

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA								
Municipal KPA		Poverty eradication, rural and economic development and job creation						
		Public transport						
		Environmental Management						
		Spatial development and the built environment						
IDP Objective	Strategies	KPI	Unit of Measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Establishment of Accountable and Pro Active Management of Change in Land Use and Development patterns	Effective Management of Planning and the Build Environment	Percentage improvement in turnaround times for Land Use Applications	Approved land use applications	35 days	Applications to be tabled to planning room within 35 days of receipt	51 days of receipt	-16 days of receipts	Planning approval processes to be reviewed
		Percentage improvement in turnaround times for processing of Building Plans	Approved building plans	< 500m² = 20 days > 500m² = 40 days	< 500m² = 20 days > 500m² = 40 days	1872 78	None	Establishment of the municipal Planning Tribunal
		No of days taken to effect action from date of identification	Notices issued	855 notices issued	All notices issued within 30 days from date of identification of the transgression	161 Notices issued and 25 cases to court	None	None
Economic development	Support SMME development	Number of viable and sustainable SMMEs	Performance of GGP	397 SMMEs Supported	100 new SMME's supported	12922	+12822	None
	Inner City Rejuvenation	100% Redevelopment of Hoffman Square	Project Completion Certificates	40% complete	100% Completion of the Redevelopment of Hoffman Square	100% Completion of the Redevelopment of Hoffman Square	None	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA								
Municipal KPA		Poverty eradication, rural and economic development and job creation						
		Public transport						
		Environmental Management						
		Spatial development and the built environment						
IDP Objective	Strategies	KPI	Unit of Measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		Number of hectares of land proclaimed (<i>township establishment completed</i>)	One township Establishment completed	None	Botshabelo West Extension's Township Establishment opened	Not achieved	Botshabelo West Extension's Township Establishment opened	To be accelerated in the next financial year
	Marketing the municipality as premier destination for investment and tourism	No. of marketing events initiated, attended and implemented	Participation at marketing events; Marketing brochures and exhibition developed	8 Events Attended	12 Events attended and implemented	12 events attended	None	None
Rural Development	Small scale agricultural enterprises	No of small scale agricultural enterprises supported and empowered	Performance of GGP	449	20 small scale agricultural enterprises supported	Not achieved	-20 small scale agricultural enterprises supported	To be accelerated in the next financial year
		Number of agricultural camps fenced at various villages and municipal farms	Completion Certificates	None	12 agricultural camps fenced	Not achieved	-12 agricultural camps fenced	To be accelerated in the next financial year
		Number of municipal pound established	Completion Certificate	None	1 Municipal Pound	Not achieved	-1 Municipal Pound	To be accelerated in the next financial year

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA								
Municipal KPA		Poverty eradication, rural and economic development and job creation						
		Public transport						
		Environmental Management						
		Spatial development and the built environment						
IDP Objective	Strategies	KPI	Unit of Measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		Number of broilers established	Completion Certificates	None	4 units constructed and established	Not achieved	-4 units constructed and established	To be accelerated in the next financial year
		Number of egg-layers established	Completion Certificates	None	4 units constructed and established	Not achieved	-4 units constructed and established	To be accelerated in the next financial year
		Number of piggeries established	Completion Certificates	None	4 units constructed and established	Not achieved	-4 units constructed and established	To be accelerated in the next financial year
Establishment of Corporate Geographic Information Services	Effective corporate Geographic Information system	Number of departments provided with GIS services	Functional departmental GIS and generation of maps	System Design completed emanating from User Needs Analysis engagement report.	One (1) department provided with GIS applications and relevant spatial information.	60%	-40%	To be accelerated in the next financial year
Spatial integration	Unlock N8 Nodal development	Implementation of a development node at the Airport intersection	Functional economic and residential node	Release of hectares of land	Completion of Implementation designs	10% Progress of the overall performance for the year	-90%	To be accelerated in the next financial year
		Formalization of the Botshabelo/ Thaba Nchu Economic Node	Township establishment	Concept Designs completed	100% Completion of Implementation Designs	Not achieved	-100%	To be accelerated in the next financial year

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA								
Municipal KPA		Poverty eradication, rural and economic development and job creation						
		Public transport						
		Environmental Management						
		Spatial development and the built environment						
IDP Objective	Strategies	KPI	Unit of Measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	7 Land Parcel Development	Formalization of Cecelia Park	Lodged application for formalisation of Cecelia Park	Concept Designs 100% completed	100% Completion of Implementation Designs	95% completion of designs	-5%	To be accelerated in the next financial year
		Formalization of Brandkop 702	Lodged application for formalisation of Brandkop 702	Concept Designs 100% completed	100% Completion of Implementation Designs	95% completion of designs	-5%	To be accelerated in the next financial year
	Integrated Public Transport Network (IPTN)	20% implementation of phase 1 of IPTN	Phase 1 of IPTN operational	Conceptual IPTN Plan	20% Implementation designs of Phase 1 of IPTN	5% Progress on the project	-15%	To be accelerated in the next financial year
		100% of detailed designs for Park road Pedestrianisation	Detail designs	None	100% of detailed designs for Park road Pedestrianisation	Inception Concept and Viability progress phases of consultant team has been completed	-100%	To be accelerated in the next financial year
Environmental sustainability		Developed Environmental Management and Implementation Plan (IEMP)	EIMP developed and approved	None	Final and adopted EIMP	60%	-40%	To be accelerated in the next financial year
		Number of Environmental Impact Assessment conducted on f development applications and	EIA reports developed	None	Submitted EIA applications assessed within 30 days All submitted EIA applications assessed	100%	None	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS				PERFORMANCE TARGETS	
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA								
Municipal KPA		Poverty eradication, rural and economic development and job creation						
		Public transport						
		Environmental Management						
		Spatial development and the built environment						
IDP Objective	Strategies	KPI	Unit of Measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		correspondence provided to the applicant						
Increase the environmental literacy level of stakeholders	Learners reached through environmental awareness	Number of environmental awareness campaigns conducted	Attendance registers; Meeting notices; Awareness materials developed Pictures and reports	None	20 environment awareness campaigns conducted	0	-20	To be accelerated in the next financial year

6.5.2 ENGINEERING SERVICES

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Jobs creation	Create jobs using the Expanded Public Works Programme	Total number of jobs generated by the investment, both direct and induced, formal, informal and self-employed	Reports of contractors	1687	3373	1834	-1539	
		Number of women (and comparable pay) and disadvantaged groups employed	Reports of contractors	573	1248	720	-528	
	Skills upgrading, training provided	Number of people trained through construction projects of the municipality	Reports of contractors	150	200	79	-121	
Address roads conditions	Tar gravel roads	Km of gravel roads tarred	Completion certificates for roads tarred	10 km	11 km	0.18km	-10.82km	To be accelerated in the next financial year
		KMs of paved roads	Completion certificates for roads paved		2.3 km	3.701km	+1.401	None
	Resurfaced roads	Km of roads resurfaced / rehabilitated	Completion certificates for roads resurfaced / rehabilitated	387 754 Sqm	20 km	36.16	+16.16km	None
	Install storm-water drainage	Km of Storm-water drainage installed	Completion certificates for storm-water drainage installed	45.63 km	7 km	1.27	-5.73	To be accelerated in the next financial year

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Eradicate water services backlog	Expand bulk water infrastructure	Length of main water supply line installed	Completion certificate of the water supply line	Expand main water supply lines (12,1 km on Longridge, Naval Hill and Botshabelo)	Expand main water supply lines (10,2 km on Longridge, Naval Hill and Botshabelo - % completed)	12,1 km of Longridge, Naval Hill and Botshabelo water supply lines completed	+ 2.1	None
	Stands provided with water connections	Number of Formal stands provided with water connections	Number of Formal stands with water connections (7500 stands*)	Formal stands provided with water connections (1500 stands)	Formal stands provided with water connections (4500 stands** - % completed)	4088	-412	To be accelerated in the next financial year
		% increase in the number of informal households provided with communal taps (200m radius)	Percentage of informal households provided with communal taps (200m radius)	At least 90% of informal households provided with communal taps (200m radius)	At least 90% of informal households provided with communal taps (200m radius – cumulative % complete)	70%	-20%	to accelerated in the next financial year
		Number of water service points installed for informal settlement dwellers within a 200m radius	Completion certificates of services points	None	24 962 households 2 497 communal standpipes	131	-24831	To be accelerated in the next financial year
		Backlog in the number of consumer units with access to a free basic level of potable water	Indigent register	20 000	30 000 (actual backlog 10 000 indigent for the year) households	43089	+13089	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Update the deliverables in relations to blue drop	compliance with drinking water quality standards	% improved on blue drop status	Blue Drop Certification > 95%	86% performance assessment obtained	Upgrading of Masselspoort Treatment Plant.	Update the deliverables in relations to blue drop	None	None
Reduce level of Non- Revenue Water and improve water security	Replace water meters s, and metering of unmetered sites.	Number of water meters (replaced & installed)	Number of meters replaced	16029 meters installed/replaced	4000 meters	3346 meters	-654 meters	To be accelerated in the next financial year
	Refurbishment of water supply systems: Real loss Reduction Programme (Water)	% reduction in non-revenue water	Completion certificates Job cards Reduction in the amount of resources used to purchase raw water	34.8 mega litres per day	768.4 mega litres per annum (732ml/d leak detection, 36.4ml/d pressure management)	7.6mld	None	
	Refurbishment of water supply systems: Telemetry and Scada	Number of new Pump Station Monitoring equipment installed	Completion certificates	6	6	6	None	None
		Number of new Flow meter Monitoring equipment installed	Completion certificates	30	30	10	-20	To be accelerated in the next financial year
		Number of new applications (MIS)	Number of new application lodged on MIS; MIS report	5	5	5	None	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Replacement/ Refurbishment old water mains in BFN.	Length of water mains replaced	Completion certificates	4.7km	8km	20.9Km	+12.9km	None
	Replacement/ Refurbishment of valves in BFN, Botshabelo and ThabaNchu, and	Number of valves replaced/refurbished within the water network	Completion certificates		180	271	+91	None
Eradicate sanitation backlogs	Expand bulk sanitation infrastructure	Expansion of NE Waste Water Treatment Work capacity	Completion Certificates	Expand Waste Water Treatment Work capacity (20 Ml/day on NE WWTW Ph1 &	Expand Waste Water Treatment Work capacity (NE WWTW Ph 1&2 and	100% completion of NE WWTW Phase 1 and 2	None	None
		Expansion of Sterk-Water Waste Water Treatment Work capacity	Completion Certificates	Expand Sterkwater WWTW capacity Phase 1 80 % complete)	Sterkwater WWTW Ph 2: 15 Ml/day - % complete)	100% completion of Phase 2 of Sterkwater WWTW	None	None
Provide formal stands with waterborne toilet to eradicate VIP and Pit toilets	Provide formal stands with waterborne toilet to eradicate VIP and pit toilets	Number of formal stands with waterborne toilet to eradicate VIP and pit toilets (7500 formal stands)	Completion Certificates	Provide formal stands with waterborne toilet to eradicate VIP and pit toilets (4500 stands** - % complete)	25% 3 000 VIP and Bucket toilets eradicated	4088 VIP and Bucket toilets eradicated	+1088 VIP and Bucket toilets eradicated	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		Number of additional households (RDP) provided with sewer connections	Completion certificates	1800 additional households (RDP) provided with sewer connections	1492 additional households (RDP) provided with sewer connections	4088 additional households (RDP) provided with sewer connections	+2596 additional households (RDP) provided with sewer connections	None
		Backlog in the provision of basic sanitation services (above RDP standards)	Completion certificates	53 259 households serviced with waterborne sanitation (backlogs eradicated)	3 000 households serviced with waterborne sanitation.	4088 households serviced with waterborne sanitation.	+1088 households serviced with waterborne sanitation.	None
Accelerate waste removal	Provide households with weekly kerb-side waste removal services in formal areas	No. of households with weekly kerb-side waste removal services in formal areas	Number of households with weekly kerbside waste removal service	165 464 households with weekly kerb-side waste removal services in formal areas	165 464 households with weekly kerb-side waste removal services in formal areas	178 367 house-holds with weekly kerb-side waste removal services in formal areas	+13903	None
	Informal settlement dwellings with access to refuse removal	Number of informal settlements with access to refuse removal services	Number of informal settlements with access to refuse removal	23 130 informal settlement dwellings with access to refuse removal	36 000 of informal settlements dwelling have access to refuse removal	26 688 of informal settlements dwelling have access to refuse removal	-9312 of informal settlements dwelling have access to refuse removal	To be accelerated in the next financial year
	Reduction of weekly kerb side refuse removal backlog to consumer units within 14 days	Reduction of weekly backlog within 07 days after scheduled collection day	100% waste removal backlog eradicated in consumer units within 07 days after scheduled collection day	100% waste removal backlog eradicated in consumer units within 14 days	100% waste removal backlog eradicated in consumer units within 07 days after scheduled collection day	100% waste removal backlog eradicated in consumer units within 07 days after scheduled collection day	None	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Ensure a waste management literate community in Mangaung Metro Municipality	Provide education and awareness on waste management issues	Number of education and awareness sessions undertaken	Attendance registers Awareness training programmes developed	34 education and awareness sessions undertaken	10 education and awareness sessions undertaken	27	+17	None
	Organise clean- up campaigns	Number of clean- up campaigns conducted	Number of clean up campaigns	8 clean up campaigns	4 clean up campaigns	21	+17	None
Ensure waste is managed in an integrated manner	Permitted Landfill sites comply with legislation	Number of Audits performed at landfill sites(internal and external)	Audit Reports	0	2 internal and 1 external audit performed	1 internal audits and 0 external audits performed	-1 internal audits and -1 external audits performed	To be accelerated in the next financial year
		No of permitted landfill sites maintained and upgraded	Completion certificates	3 permitted landfill sites maintained and upgraded	3 permitted landfill sites upgraded and maintained	3 permitted landfill sites upgraded and maintained	none	None
	Promote reuse, recycling and recovery of waste	% of waste diverted from the landfill sites	Recyclable waste diverted from the landfill sites for re-use, recycling or recovery	New KPI	10% of recyclable waste diverted from the landfill sites for re-use, recycling or recovery at the Buy-back Centre at the Thaba Nchu Transfer Station	0%	10% of recyclable waste diverted from the landfill sites for re-use, recycling or recovery at the Buy-back Centre at the Thaba Nchu Transfer Station	To be accelerated in the next financial year

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		New landfill site developed	Completion Certificates; Licence permit	New KPI	2. Initiation of the process for the establishment of a regional landfill site	land acquisition process has been started	Establishment of a regional land fill site	To be accelerated in the next financial year
		100% Transfer station developed in Thaba Nchu	Completion Certificates; Licence permit	New KPI	1.Construction of a transfer station in Thaba 'Nchu	60% of the project is complete	-40% construction of a transfer station in Thaba Nchu	To be accelerated in the next financial year
CENTLEC ELECTRICITY To ensure Optimal Service Delivery	Provide 100% access to electricity	Number of sites accessing basic electricity service in Khayelitsha	Completion certificates	N/A	500 sites have access to basic electricity services	526	None	none
		Number of sites accessing basic electricity service in Grassland	Completion certificates	N/A	347 sites have access to basic electricity services	427	+80	None
		Number of sites accessing basic electricity service in Caleb Motshabi	Completion certificates	N/A	1880 sites have access to basic electricity services	1880	None	None
		Number of Public connections	Completion certificates	N/A	Number of applications received, paid and	545	8	Continuously engage the applicants to inform CENTLEC on their state of readiness for the

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		installed as and when required			installations completed.			connections to be facilitated
	Provide reliable public lighting in areas as required by MMM	Number of high mast lights installed with certificates of compliance	Completion certificates	40 high mast lights Mangaung	26 energized high mast lights with certificate of compliance	42	+18	None
	provide a reliable supply of electricity	100% Completed 132/11kV Fichardpark Distribution Centre	Completion certificates	N/A	100% completed distribution Centre commissioned.	A number of inspections were undertaken to the different distribution centers and substations. This also included the servicing of the 11kV, 33kV and the 132kV circuit breakers.	None	None
		100% Completed 132/11kV Cecilia Distribution Centre	Completion Certificate	N/A	100% completed distribution Centre commissioned.	A number of inspections were undertaken to the different distribution centers and substations. This also included the servicing of the 11kV, 33kV and the 132kV circuit breakers.	None	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		100% Completed Botshabelo: 132kv Eskom connection &extensions to substation	Completion Certificate	N/A	100% completed distribution Centre commissioned.	A number of inspections were undertaken to the different distribution centers and substations. This also included the servicing of the 11kV, 33kV and the 132kV circuit breakers.	None	None
		100% Completed BOTSHABELO: 132KV/33/11KV DC SUB	Completion Certificate	N/A	100% completed distribution Centre commissioned	A number of inspections were undertaken to the different distribution centers and substations. This also included the servicing of the 11kV, 33kV and the 132kV circuit breakers.	None	None
		Number of distribution Centres visually inspected (I protection equipment once every 6 months.	Inspection report	N/A	Protection of 39 Distribution Centres fully inspected	21	-18	18 DC's were targeted and personnel exceeded expectation by 11.
		Number of primary and secondary substations Visually inspected (all protection equipment)	Inspection report	N/A	Inspect at least once every year 370 substations substations	65	-305	93 SS were targeted but insufficient Personnel and other work load not reflected in this score card prioritised. Adjusted planning will enable 28 panels to be

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
								done in Q1 of 2015_16 financial year.
		Number of routine maintenance and tests performed on all Distribution Centre protection equipment	Maintenance reports	N/A	39 Distribution Centres - 39 Inspections per year	7	-32	10 DC's were targeted but insufficient Personnel and other work load not reflected in this score card prioritised. Adjusted planning will enable 3 DC's to be done in Q1 of 2015_16 financial year. All of the panels are in good working order to date.
		Number of routine maintenance and tests performed on all Distribution Centre protection equipment	Maintenance reports	N/A	39 Distribution Centres - 39 Inspections per year	7	-32	10 DC's were targeted but insufficient Personnel and other work load not reflected in this score card prioritised. Adjusted planning will enable 3 DC's to be done in Q1 of 2015_16 financial year. All of the panels are in good working order to date.
		Number of routine maintenance and tests performed on all protection equipment situated in primary	Maintenance reports	N/A	142 substations in total - 71 sub stations per year	35	-36	To be expedited in next FY

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		substations every two years						
		Number of routine maintenance and tests performed on all protection equipment situated in secondary substations every three years	Maintenance reports	N/A	230 substations in total - 77 sub stations per year (468 panels to be tested in substations)	19	-58	20 SS were targeted but insufficient Personnel and other work load not reflected in this score card prioritised. Adjusted planning will enable 5 SS to be done in Q1 of 2015_16 fin year. All of the panels are in good working order to date.
		Number of existing Protection panels and schemes upgraded	Completion certificates	N/A	Distribution Centre protection panels: 12 per year.	6	-6	Protection panels and schemes are in good working order.
		Percentage evaluation of all existing protection schemes once every 3 years in order to determine if the schemes used are effective and efficient.	Evaluation report		This will be performed on a percentage basis. 100% of network to be completed in a three years cycle	100%	None	None
		Number of l the Rotating Disc kWh meter(s) replaced at least once every 20 years with a	Completion certificates	N/A	2 420 Rotating Disc Meters - replaced	Not achieved	-2 420 Rotating Disc Meters replaced	Awaiting final placement and transfer of staff, before advertisement. Unavailability of meters in the fourth quarter will be addressed in the new financial year.

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		calibrated meter(s)						
		Number of l the Electronic kWh meter(s) (prepaid and other) replaced at least once every 10 years with a calibrated meter(s)	Completion certificates	N/A	30 000 Prepaid Electronic Meters -	Not achieved	-30 000 Prepaid Electronic Meters -	Awaiting final placement and transfer of staff, before advertisement. Unavailability of meters in the fourth quarter will be addressed in the new financial year.
		Number of routine maintenance performed on all the meter boxes	Maintenance report	N/A	Maintenance performed on 1 800 Meters Boxes - ±	516 meter boxes. Awaiting final placement and transfer of staff, before advertisement	-1284	To be accelerated in the next financial year
		Number of routine maintenance on all the meter boards in the meter rooms (blocks of flats/large buildings)performed	Maintenance report	N/A	Maintenance performed on 80 Meters	48	-32	To be accelerated in the next financial year
		Percentage of Restoration of supply after unplanned interruptions	Restoration reports	N/A	Restoration: a 100% within a week	2014 complaint 4542 with average restoration time 303 hours and 2015 Complaints 7044 with an average of restoration time of 6 hours per complaint	None	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
To ensure Optimal Service Delivery	To provide a reliable supply of electricity	All registered indigents receive Free Basic Electricity	Indigent register	100% of the registered indigent receive Free basic electricity as per MMM approved list	100% of the registered indigent receive Free basic electricity as per MMM approved list	95%of the registered indigent receive free basic electricity. Indigents receive free basic electricity thus assuring the deliverance in terms of the IDP 2014/2015 program.	-5 %	Continue to try to get more meter numbers
		Number of Medium Voltage Bulk kWh/kVA Meter Installations inspected	Inspection report	N/A	120 Medium Voltage Bulk kWh/kVA Meter Installations inspected	98 Medium Voltage Bulk kWh/kVA Meter Installations inspected	-22	To be accelerated in the next financial year
		Number of Low Voltage Bulk kWh/kVA Meter Installations inspected	Inspection report	N/A	440 Low Voltage Bulk kWh/kVA Meter Installations inspected	341 Low Voltage Bulk kWh/kVA Meter Installations inspected	-99	To be accelerated in the next financial year
		Number of routine checks at least once every 5 years to verify the total integrity of all the platinum bulk metering installations (key customers) performed	Inspection report	N/A	20 Platinum Bulk Metering Installations - inspected	8 Platinum Bulk Metering Installations - inspected	-12	Authorization is required for technicians to do switch off at HT sites. In progress.
		Number of routine checks at least once every 10 years to verify the total integrity of all the other	Inspection report	N/A	40 routine maintenance completed on Bulk Metering Installations	196 routine maintenance completed on Bulk Metering Installations	+156	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		bulk kWh/kVA metering installations performed						
		Number of routine earth loop tests performed at least once every 20 years to verify the earth impedance to the source of the power supply at each individual metering installation	Maintenance report	N/A	6800 loop tests on Individual Metering Installations completed	Not achieved.	-6 800	This KPI will be discussed at the next technical forum meeting. Will be attended to in the new financial year.
		Replace the bulk kWh/kVA meter(s) at all the 10 MVA _ Medium Voltage Installations at least once every 5 years with a calibrated meter	Completion certificates	N/A	5 Medium Voltage Bulk Installations 10 MVA -	2 Medium Voltage Bulk Installations 10 MVA calibrated	-3	To be accelerated in the next financial year
		Number of Quality of Supply instruments replaced	Completion certificates	N/A	20 Instruments per year	No power quality instruments needed to be replaced as the installation date is less than 10yrs.	-20	No power quality instruments needed to be replaced as the installation date is less than 10yrs.
		Number of fully functional customer contact centres	Customer contract centres established	Establish four (4) new customer contact centres	Four contract centres established and monitored	2 customer contact Centre's established	-2	Establish 2 new customer contact centres

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		established in the geographical service areas						
		Number of meter reading conducted with a customer with a supply size of less than 50 kVA	Meter reading reports	N/A	Customer with a supply size of less than 50 kVA should be read at least once in every three months.	120 000 meters were read in the financial year. 95%	-5%	To be accelerated in the next financial year
		Number of account queries and disputes responded to within five working days	Account query reports	N/A	account queries that cannot be resolved on first contact, at least 95% of these account queries should be responded to within five working days	All account queries are responded to timeously.	None	None
		Number of credit meter accuracy queries managed		N/A	All Meter accuracy checks shall be performed within 15 working days of the receipt of the prescribed fee.	No requests for accuracy tests were received for FY 2014/15.	None	None
		Access to vending stations for selling of electricity tokens		N/A	Vending stations should sell tokens during normal shopping hours on weekdays, and from 08:00 to 12:00 on	100% of all vending stations are accessible	None	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
					weekends and public holidays.			
		Time taken to reconnect faulty Pre-payment meters	Job card	N/A	Faulty Prepayment meters should be reconnected within 48 working hours of receiving a request and the payment of the reconnection fee	Faulty prepayment meters are continuously been reconnected within 48 working hours of receiving a request and the payment of the reconnection fee.	None	None
		Time taken to issue a notice of planned interruptions	Notices issues	N/A	, At least 48 hours advance notification should be given of any planned interruption.	Notifications are continuously issued within 48 hrs in advance.	None	None
		Time taken to respond to incoming calls	Call logs	N/A	80% of incoming calls should be responded to within 30 seconds	70% of incoming calls should be responded to within 30 seconds	-10%	Call Centre system is at 90% installation phase.
			Call logs	N/A	90% of all incoming calls should be dealt with within 5 min	70% for metering and power failures. System produces incorrect reports for remainder of routers. This shall be addressed via new system.	-20%	New call centre system is being installed. This will produce accurate call logs and technical challenges experienced with the current system will be omitted.
		Percentage of key customers required to fill in customer satisfaction questionnaire	Customer satisfaction questionnaire Customer Satisfaction Report	N/A	At least 10 % of key customers are required to fill in the customer satisfaction questionnaire	Survey was not conducted due to staff constraints.	N/A	New structure still to be implemented

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
Municipal KPA		Eradication of bucket system, VIP toilets in Bots, Mangaung and TN, focus on the basics, building solar farming, power plant feasibility study, safety & security						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		100% availability of electricity supply to customers essential loads		N/A	100% availability of electricity supply to customers essential loads	90% availability of electricity supply to customers essential loads	-10%	To be accelerated in the next financial year
		100% installation of Automated Meter Reading (AMR) System	Completion Certificate	System migrated to Centlec network	Assess Centlec LAN capacity and upgrade accordingly	The bid is at the evaluation committee.	Assess Centlec LAN capacity and upgrade accordingly	To be accelerated in the next financial year
		Roll-out and managing Smart Meters System	Completion certificate	Fully operational control room	All installed meters are visible at the System Master Station	80% meters are visible at the System Master Station	-20%	To be accelerated in the next financial year
		100% GMM system implemented and managed	Completion certificate	System migrated to Centlec network	Ensure that the system is integrated into all affected functions	Not achieved	-100%	Thoroughly follow and implement supply chain management processes.
		Development and implementation of Consolidated customer queries system	Completion certificate	Develop the system	Develop the functional specifications	90%	-10%	To be accelerated in the next financial year
To ensure Optimal Service Delivery .	To provide a reliable supply of electricity	Percentage of new fleet procured as per request from the various departments	Additions to the asset register	100% Completed	Procure new fleet as per request from the various departments	10 vehicles procured for FY 2014/15	None	None

6.5.3 STRATEGIC PROJECTS AND SERVICE DELIVERY REGULATIONS

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
Municipal KPA		Municipal Transformation and Good Governance						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Filling of budgeted positions through placement and recruitment	Number of post filled as per approved and funded staff establishment	Approved staff establishment	20%	Filling of vacant funded and approved positions	100%	None	None
	Service delivery regulatory, monitoring and evaluation	Developed Monitoring and evaluation toolkit on service delivery	Approved Monitoring and evaluation toolkit on service delivery	0	Monitoring System implemented at all regions	0%	Monitoring System implemented at all regions	
	Development, management and custodian of all grant funding	Compiled Built Environment Performance Plan(BEPP 2015/16)	BEPP 2015/16 approved by Council	Approved BEPP 2014/15	Final BEPP2015/16	Not achieved	Final BEPP2015/16	
		100%Compliance to grant conditions (USDG & NDG)	Compliance report developed and transmitted to transferring departments	100%	100%	100%	None	None
		Percentage spending of Grant expenditure on the approved projects	Close out reports and developed compliance reports	70%	95.0%	77%	-18%	
	Implementatio n of key	100% Implementation of	Report approved by Council	0	Completed design plan as per NDPG framework	100%	None	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
Municipal KPA		Municipal Transformation and Good Governance						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	strategic projects	NDPG funded project	Compliance reports					
		100% establishment of National Training Centre programme	Completion Certificates	0	Detailed for the National Training Centre	50%		
		100% administrative oversight of Municipal Entity	Compliance reports	Draft Service Delivery Agreement with Centlec	Approved 5 year business plan	100%	None	None
	Execute and/or manage strategic events of Council	Number of key Strategic Events as allocated, on need basis, by the Executive Mayor and City manager managed and executed successfully	Reports	Hosting of 2014 CHAN	100% implementation of key Strategic Events	100%	None	None
		Number of projects done in partnership with provincial SACR	100% compliance to agreed programme of action	Revival of the Civic Theatre	Delivery as per signed programme of action	90%		

6.5.4 SOCIAL SERVICES

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
MTAS Indicator		Promote awareness and education on environmental issues						
Municipal KPA		Social and community services						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Promoting a comprehensive Library service	Promote literacy in communities	Number of new library books acquired	new books acquired	2110 New Books	1 000 new children`s books acquired	2477	+1477	None
			new non-fiction books acquired	3289 New Fiction books	2 000 new non-fiction books acquired	2828	+828	None
			new adult fiction books acquired	4050 Adult Books	1 000 new adult books acquired	2535	+1535	None
		Number of Library campaigns conducted	Attendance registers	65 Library campaigns	50 library campaigns conducted per annum	94	+44	None
		Number of Library outreach programmes conducted to communities	outreach programmes conducted	814 Outreach programmes	400 outreach programmes conducted	4872	+4472	None
Promote arts and cultural programmes	Promote cultural programmes	Number of arts and cultural programmes supported and implemented	programmes	5 Supported, 1 Implemented	Implement or support 8 cultural programmes	29	+21	None

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system						
National KPA		Basic Service Delivery							
MTAS Indicator		Promote awareness and education on environmental issues							
Municipal KPA		Social and community services							
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action	
	Researched heritage sites and record on SAHIS data base	Number of Heritage sites, monuments, and public art researched and recorded on the SAHIS data base	Develop and update City's database	None	Inspection of 20 existing heritage sites	21	+1	None	
	Ensure compliance with Initiation Schools policy	Number of all known Initiation Schools inspected, to ensure compliance with the Initiation Schools Public Policy	Initiation schools to be inspected	109 Schools	All known initiation schools inspected	All known initiation schools were inspected	None	None	
Promote HIV /AIDS prevention measures	Prevent new HIV/ AIDS infections	Number of training courses on HIV/AIDS	Training courses to be conducted	23 Courses	12 courses to be conducted	19	+7	None	
		Number of seminars hosted to intensify education and awareness on HIV/AIDS	seminars hosted	8 Seminars	4 Seminars	6	+2	None	
		Number of condoms distributed	Units of condoms distributed	1850 000 Condoms	1 600 000 Condoms distributed	3 796 200	+2 196 200	None	
		Number of community members encouraged to test	members of the community tested	1065 Persons tested	300 persons tested	2552	+2252	None	

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system						
National KPA		Basic Service Delivery							
MTAS Indicator		Promote awareness and education on environmental issues							
Municipal KPA		Social and community services							
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action	
		and know their status							
		Number of HIV/Aids Counselling and outreach programmes conducted	HIV/AIDS sessions held	46 Sessions held	25 sessions held	63	+38	none	
		Number of t Home Based Care Organizations and OVC (orphan and vulnerable children) assisted, trained, referred to other Government Departments and information dissemination	HBC assisted	45 HBC assisted	45 HBC assisted	76	+31	None	
Promote Early Childhood development (ECD)	Update ECD database	ECD Database updated	All ECDs captured in database	737 ECD's on updated database	On-going updating of database and ensuring that unregistered ECDs are minimised	Database is updated although no additions were made	None	None	
	Conduct inspections on ECD premises	Number of inspections conducted on ECDs.	All inspections conducted	228 Inspections conducted	150 inspections conducted	564	+414	None	
Promote Environmental Health	Inspect food premises	Number of t food premise inspections	All food premise inspected	16063 Inspections	16 000 food premise inspections	14432	-1568	To be accelerated in the next financial year	

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
MTAS Indicator		Promote awareness and education on environmental issues						
Municipal KPA		Social and community services						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		conducted as per provisions of the Foodstuffs, Cosmetics and Disinfectants Act 54 1972						
	Inspect dairy farms	Number of food premise inspections conducted as per provisions of the Foodstuffs, Cosmetics and Disinfectants Act 54 1972	All dairy farms inspected	54 Inspections	80 dairy farms inspected	42	-38	To be accelerated in the next financial year
	Inspect mortuaries	Number of inspections conducted on all mortuaries as per the provisions of the Public Health act	All mortuaries inspected	33 Inspected	40 mortuaries inspected	42	+2	None
	Inspect medical waste generators	Number of inspection on medical waste generators' premises conducted as per the provisions of the NEMA	All medical generator premises inspected	325 Inspections	110 medical waste generator premises inspected	567	+457	none

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system						
National KPA		Basic Service Delivery							
MTAS Indicator		Promote awareness and education on environmental issues							
Municipal KPA		Social and community services							
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action	
	Ensuring health related compliance of buildings	Number of building plans inspected for health related compliance	All Building plans received to be scrutinized	2113 Received and scrutinised	All Building plans received to be scrutinized	2174 Building Plans received, scrutinized for health compliance	None	None	
	Conduct drinking and recreational water sampling according SANS to 241	Number of drinking water samples conducted and monitored according SANS to 241	drinking water samples conducted and monitored	1033 Drinking water samples	1 300 drinking water samples	1412	+112	None	
		Number of samples of recreational water monitored according SANS to 241	recreational water samples	70 Recreational samples	60 recreational water samples	59	-1	To be accelerated in the next financial year	
	Surveillance of diseases	Number of reported communicable diseases attended to	All communicable diseases reported and attended to	8 Cases reported and attended to	All communicable diseases reported attended to	2 cases reported for period 1 July 2014-30 June 2015	None	None	
	Conduct food sampling	Number of food samples taken annually in accordance with the Foodstuffs, Cosmetics and Disinfectants Act 54 1972	food samples taken	706 Food samples	850 food samples taken	803	-43	To be accelerated in the next financial year	

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system						
National KPA		Basic Service Delivery							
MTAS Indicator		Promote awareness and education on environmental issues							
Municipal KPA		Social and community services							
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action	
		Number of samples taken at all Major Functions as per the received applications in accordance with the Foodstuffs, Cosmetics and Disinfectants Act 54 1972	Samples taken at all major functions where applications have been received	107 samples	All Samples taken at all major functions where applications have been received	133 requests received for Samples taken at all major functions	None	none	
	Ensure disposal of dead (burials of unidentified persons)	Number of Burials done within 2 weeks after issuing of the official order	All Burials done within 2 weeks after issuing of the official order	73 Burials	All Burials done within 2 weeks after issuing of the official order	26 requests received	None	None	
	Manage Air Quality	Number of non - compliance of Sulphur Dioxide emissions responded to ensure Air Quality control	All non- compliance attended too within 2 days	No Non compliances	All non -compliance attended too within 2 days	1 - non-compliance attended too within 2 days	None	None	
		Number of I Emission Licence applications submitted and processed	All AEL applications handled	4 AEI Applications handled	All AEL applications handled	5 AEL applications handled	None	None	
		Developed Air Quality Management Plan (AQMP)	Adopt and Implement AQMP	New KPI	Develop Air Quality By laws	AQMP as adopted by Motheo scrutinized. Communication with internal stakeholders in process.	None	None	

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system						
National KPA		Basic Service Delivery							
MTAS Indicator		Promote awareness and education on environmental issues							
Municipal KPA		Social and community services							
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action	
	Handling Environmental pollution complaints	Number of environmental pollution related complaints responded to within 48hrs	Environmental pollution related complaints responded to within 48hrs	133 Environmental pollution complaints	All Environmental pollution related complaints responded to within 48hrs	24 complaints responded to within 48 hours	None	none	
	Provide Health Education	Number of health and hygiene (H&H) awareness programmes conducted	H&H programmes conducted	6 H&H programmes	10 H&H programmes conducted	72	+62	None	
Improved lives of the indigent households	Provision of social safety net for the indigent	Approved and updated indigent register	Indigent register updated	30 400 Entries on Indigent Register	Update indigent register to comply with provisions of policy	Indigent Register were updated to comply with provision of policy.	None	None	
		Number of the burials of the indigent facilitated within 2 weeks	All indigent burials successfully facilitated within 2 weeks	558 Indigent Burials	All indigent burials successfully facilitated within 2 weeks	952 indigent burials successfully facilitated within 2 weeks.	None	None	
Improve services to ameliorate the plight of vulnerable groups such as street children, people with disability, the elderly	Wellness programmes for the aged including bio kinetics, healthy life style etc.	Number of wellness programmes for the elderly developed and implemented	outreach Programmes targeting the aged	2 Outreach programme	2 wellness h Programmes targeting the aged	7	+5	None	

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system						
National KPA		Basic Service Delivery							
MTAS Indicator		Promote awareness and education on environmental issues							
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IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action	
	Ensure elderly shelters are properly regulated and well governed	Number of elderly shelters inspected	All elderly shelters visited	13 Inspections	20 inspections on elderly shelters	15	-5	To be accelerated in the next financial year	
	Work with individual people with disability to address their needs	Number of supporting activities implemented for disabled persons	All organizations/ centres responsible for people with disabilities reached through various organizations	Database compiled 5 Registered Centres identified for support, Hosted Disability Sport Festival	Implement 3 supporting activities to address needs of people with disabilities	4	+1	None	
	Assist Orphans, Child headed households (CHH) and street children	Updated database of child headed households within the municipality	Compilation of database	20 New child Headed Households added and 48 CHHs supported	Update database and ensure sustainability	596	None	None	
		Number of children and destitute families supported	Support orphans, street kids, CHHs and destitute families	Supported: = 150 children (- 109 Orphans, - 1 Street child admitted to Eden International Place of safety - 40 Street Kids for a two weeks Camp) = 1 family in ThabaNchu (shack burnt down), = 12 blankets distributed	200 children and all destitute families supported	634	+434	none	

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system						
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MTAS Indicator		Promote awareness and education on environmental issues							
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IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action	
Empowerment of civic groups to improve good citizenship	Facilitate and support the development of poverty alleviation projects	Number of poverty alleviation projects facilitated and supported	projects facilitated or supported	Database for community projects finalised for all regions	2 Projects supported and ensure sustainability	Implemented Poverty Alleviation Projects: 7 & Poverty Evaluation Projects: 2			
Promote and support sports and recreation in the Metro	Promote and support sports and recreation	Number of sporting code programmes supported	programmes of sporting codes implemented and supported	Hosted 12 programme, 6 supported and 6 implemented	Supporting 7 sports codes activities.	Sport programmes supported: 71 & Sporting activities supported: 76	+69		
To provide pre-hospital emergency medical services to people in MMM area of jurisdiction	Rendering of ambulance service in accordance with national norms	Assigned ambulance service to MMM by the provincial department Health	Fully operational ambulance service rendered by MMM	No response to request submitted to MEC for Health received	Conclusion of Service Level agreement with FSPG subject to assigning of function to MMM	Not achieved	Conclusion of Service Level agreement with FSPG subject to assigning of function to MMM	Assignment of function to MMM by MEC Health still being awaited	
To limit the number of fire deaths resulting from accidental fires in residential buildings	Delivery of Operational Fire and Rescue Services in the entire MMM area complying to SANS 10090	Number of fire and rescue emergency responded to in compliance with SANS 10090 in respect of:- - Weight of response - Turn out time	Fire and Rescue calls attended benchmarked against SANS 10090	8.9 out of 10	7.5 out of 10	8.5 out of 10	+1	None	

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
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Municipal KPA		Social and community services						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Delivery of a pro-active Fire Safety Service to MMM through regular inspections and scrutiny of building plans	Number of fire safety inspections at High Risk Premises to determine level of compliance with statutory fire safety measures and approved building plans	Fire safety inspections at high risk premises	127 Inspections	90inspections	113	+23	None
	Delivery of a pro-active Fire Safety Service to MMM through regular inspections and scrutiny of building plans	Number of fire safety inspections at Moderate Risk Premises to determine level of compliance with statutory fire safety measures and approved building plans	Fire safety inspections at moderate risk premises	290 Inspections	250 Inspection	256	+6	none
	Delivery of a pro-active Fire Safety Service to MMM through regular inspections and scrutiny of building plans	Number of fire safety inspections at Low Risk Premises to determine level of compliance with statutory fire safety measures and approved building plans	Fire safety inspections at low risk premises	1870 Inspections	1800 Inspection	1722	-78	None

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
MTAS Indicator		Promote awareness and education on environmental issues						
Municipal KPA		Social and community services						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Delivery of a pro-active Fire Safety Service to MMM through regular inspections and scrutiny of building plans	Number of building plans submitted that are scrutinized for compliance with statutory fire safety measures within 5 working days after receipt of the plans	Approved building plans	10 out of 10	8 out of 10	10 out of 10	+2	None
	Delivery of a pro-active Fire Safety Service to MMM through regular inspections and scrutiny of building plans	Number of Fire Safety Compliance Certificates inspections conducted within 2 working days after receipt of request.	Fire Safety Compliance Certificate inspections	9.4 out of 10	7 out of 10	9.8 out of 10	+2.8	None
	Educating key target groups such as health care workers, learners at school and vulnerable members of the community in fire safety and disaster management	Number of fire safety public awareness contact sessions with MMM Commerce and Industry Institutions	Fire safety public awareness contact sessions	19 Public awareness contact sessions	6	26	+20	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
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MTAS Indicator		Promote awareness and education on environmental issues						
Municipal KPA		Social and community services						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Educating key target groups such as health care workers, learners at school and vulnerable members of the community in fire safety and disaster management	Number of Health Care Facility staff members trained in fire safety and evacuation procedures	Health care facility staff members trained	201 Staff members trained	250 Staff members trained	448	+198	None
	Educating key target groups such as health care workers, learners at school and vulnerable members of the community in fire safety and disaster management	Number of public outreach events aimed at creating public awareness in respect of Fire safety	Public outreach events conducted	7 Outreach events	6 Outreach event	18	+12	None
	Provide formal fire training persons from the industrial and commercial community that	Number of persons from the industrial and commercial community trained in fire safety	Persons from the industrial and commercial community trained	160 Persons trained	200 Persons trained	433	+233	None

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system						
National KPA		Basic Service Delivery							
MTAS Indicator		Promote awareness and education on environmental issues							
Municipal KPA		Social and community services							
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action	
	Skills enhancement and maintenance of Fire Fighting staff	Number of training courses in relation to the fire Fighting and/or rescue and/or hazardous materials presented	Training courses presented to Fire and Rescue staff	3 Training courses presented	3 Training courses presented	3	None	None	
To limit the number of fire deaths resulting from accidental fires in residential buildings	Responding to emergencies.	1 Fire Station established in the South-Eastern Area (Ward 45-46)	Fire Station established	Design completed and Bids for construction invited	1 Fire Station	Construction commenced late	1 Fire Station	To be accelerated in the next financial year	
Improve revenue collection	Payment of traffic fines	Number of Fines successfully finalised and payment received	Section 71 report	17032 Traffic fines paid	20 000 Traffic fines paid	23 633	+3 633	None	
Law enforcement measures	Establishment of metro police	An established metro police	Metro police established	New KPI	Develop strategy and process plan for establishment of Metro Police	Not achieved	Develop strategy and process plan for establishment of Metro Police	Project for Process of Development strategy and process plan to establishment of Metro Police will be extended into the new financial year 2015/16.Terms of Reference for scope of work must be written in order to appoint Consultant.	

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system						
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MTAS Indicator		Promote awareness and education on environmental issues							
Municipal KPA		Social and community services							
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action	
Law enforcement measures	Enforcement of the By-Laws	Number of e Street Trading operation conducted per annum.	Street trading operations conducted	30 Street trading operations	12 Street Trading Operations conducted per annum	19	+7	None	
Evolve institutional excellence through a thoroughgoing institutional re-engineering, effective leadership and effective long range development planning	Ensure safe and secure environment to residents of Mangaung	Number of crime awareness campaigns conducted within the municipality	Crime awareness campaigns operations conducted	16 Crime prevention operations	12 Crime prevention activities conducted targeting known hotspots	20	+8	None	
		Number of road safety campaigns conducted	road safety campaigns conducted	12 safety campaigns conducted	12 safety campaigns conducted	6	-6	To be accelerated in the next financial year	
		Number of road blocks conducted in high risk areas	road blocks conducted in high risk areas	26 road blocks conducted in high risk areas	72 road blocks conducted in high risk areas	19	-53	To be accelerated in the next financial year	
To create a safe and secure road environment for all road users	Implement operational programmes to reduce speeding violations	Number of notices issued for speeding transgression per annum	speed fines issued	121 796 Notices issued	100 000 Notices issued to speeding transgressors per annum	138 598	+38 598	None	

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
MTAS Indicator		Promote awareness and education on environmental issues						
Municipal KPA		Social and community services						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
To create a safe and secure road environment for all road users	Implement operational programmes to reduce the number of un-roadworthy vehicles	Number of notices issued to motorists driving un-roadworthy vehicles within MMM	Notices issued to Motorists driving un-roadworthy vehicles	3480 Notices issued	2 500 Notices issued to motorists driving un-roadworthy vehicles	7 329	+4829	None
To create a safe and secure road environment for all road users	Implement operational programmes to reduce seat belt violations	Number of notices issued to motorists not wearing seatbelts	notices issued to motorists not wearing seatbelts	2957 Notices issued	2 200 Notices issued to motorists not wearing seat belts	6 403	+4203	None
To create a safe and secure road environment for all road users	Implement operational programmes to reduce cell phone violations	Number of notices issued to motorists using cell phones	notices issued to motorists using cell phones	745 Notices issued	600 Notices issued to motorists using cell phones	1427	+827	None
To create a safe and secure rod environment for all road users	To track offenders with outstanding Warrants of arrests	Number of warrant of arrests executed	Warrants of arrest executed	1096 warrants	1000 warrant of arrest to be executed	1749	+ 749	None
To reduce crime in the municipal area	Enhance enforcement of the by-laws through the use of the CCTV cameras	Number of CCTV cameras identified incidents attended to within 25 minutes	All incidents identified by CCTV cameras attendant	43 Identified incidents	7 out of 10 CCTV identified incidents attended to within 25 minutes	10 out of 10	+3	None

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
MTAS Indicator		Promote awareness and education on environmental issues						
Municipal KPA		Social and community services						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Improve service delivery by providing recreation facilities and public amenities to all residents of Mangaung	Provision of recreational facilities to all residents of Mangaung Create a clean and green environment	100% completion of Phase 2 of Developed Thaba Nchu Regional Park Development	Regional park developed	Phase 1 implementation	1. Completion of Phase 1 (Construction of park) 2. Second (2) Phase of Regional Park development (Bidding and construction)	1. Phase 1 completed 2. Bidding process done, construction started	None	None
		Developed new park in Bloemfontein (Kagisanong)	Park developed	Phase 1 implementation	Completion of Phase 1 (Construction of park)	Park completed	None	None
		Developed new park in Botshabelo (B section)	Park developed	A Contractor has been appointed for the development of the Park	Completion of Phase 1 (Construction of park)	First phase PRACTICAL COMPLETION - achieved -		Second phase FINAL COMPLETION will be achieved by end of September 2015 (Financial year 2015/16)
		Length of Fencing installed at community park in U section (Botshabelo)	Fence installed in community park	None	Fencing of park in U Section (Botshabelo)	The need has changed after input from community via ward councillors and basic service needs were re-prioritized, Waterborne toilet systems instead of fencing.	Fencing of park in U Section (Botshabelo)	Priority changed given the inputs from community and ward councillors
	Greening plan planting of trees	Number of trees planted	Trees planted	413	550 Trees Planted	622	+172	None

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system						
National KPA		Basic Service Delivery							
MTAS Indicator		Promote awareness and education on environmental issues							
Municipal KPA		Social and community services							
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action	
	Ensure that cemetery is properly secured	Length of Fencing installed at Phahameng cemetery	Fence installed at Phahameng cemetery	None	Fencing of the Phahameng Cemetery	Contractor was appointed by 10 June 2015. 30% work completed by end of 2014/2015 financial year.	-70% fencing of the Phahameng Cemetery	To be accelerated in next FY	
	Relocation of the Zoo to Kwaggafontein Game Farm	An open range zoo developed at Kwaggafontein Length of fencing upgraded at Kwaggafontein Km of access roads upgraded at Kwaggafontein 100%of detailed designs for the facility completed	Entire Zoo to be relocated	Development of the master Plan	Upgrading of fencing - Kwaggafontein	Completed	None	None	
					Upgrading of access roads to Kwaggafontein	Normal maintenance of roads were done	None	None	
					Commence with detailed designs of facility	Designs were done by - LTE for: Front entrance and Guard House.	-	Ongoing design phase will continue in 2015/2016 financial year	
Prevent or reduce losses that occur due to natural or man-made disaster through preparedness, mitigation, response and recovery	Preventing Disasters	Percentage of JOC attendance at public events	JOC attendance at public events	100 %	90%	100%	+10	None	

ALIGNMENT AND LINKAGE		N o	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Basic Service Delivery						
MTAS Indicator		Promote awareness and education on environmental issues						
Municipal KPA		Social and community services						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Preventing Disasters	Number of fire and rescue calls to which resources were dispatched within 3 minutes.	Call logs	9.2 Out of 10	8 out of 10	9.0	+1	None
	Preventing Disasters	Number [percentage] of callers polled indicating their satisfaction with the service rendered by the Control Centre.	Customer satisfaction survey report	10 out of 10	9 out of 10	10 out of 10	+1	None
	Compilation of City wide Disaster Management plan	Disaster Management plan for MMM	Completed Disaster Management plan for MMM	Draft submitted to HoD Social Services	Disaster Management Plan approved by Council	Non required	Non required	Non required

6.5.5 FINANCE

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
MTAS Indicator		Good Governance Public Participation						
Municipal KPA		Financial Management						
IDP Objective	Strategy	KPI	Units of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Improve customer satisfaction	Improve billing system	Number of customers receiving accurate bills	Monthly billings statistics	85%	Reduce the interim meter readings to 15% (excluding faulty meters)	Over the year the targets were set higher and higher and the fourth quarter ended at 17 % which translated into 83 % of the water accounts are actual readings,	+2	None
		Percentage of consumer accounts details on the system accurate	Reduction in the number of returned undelivered accounts	86% of consumer accounts	95% of consumer accounts are issued to correct addresses	73%	-22%	None
		Percentage of consumer accounts details on the system accurate	Reduction in the number of returned undelivered accounts		Update to 70% of customer details on the financial system	40% of customer details on the financial system	-30% of customer details on the financial system	Most residents in the affected areas namely Phase 4, 5 and 6 do not have postal boxes or pigeons holes
	Improve revenue collection	Percentage improvement in Collection rate	Collection statistical	93%	94%	94%	None	None
Prudent fiscal management	Quality and frequent financial reporting	% operation and capital expenditures against the budget (from 80%)	Section 71 report	±86%	95%	55% Opex 43% Rev Total= 98%	+3	None
	Implement clean audit initiatives	100% implementation of f Audit Action	Audit Report	Qualified audit report	Financially Unqualified audit report	Financially Unqualified audit report	None	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
MTAS Indicator		Good Governance Public Participation						
Municipal KPA		Financial Management						
IDP Objective	Strategy	KPI	Units of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		Plan to address issues raised by the Auditors						
	To ensure procurement processes which complies fully with the SCM policy	Number of SCM implementation reports submitted to the Mayor and Council.	SCM quarterly reports submitted to the Mayor and Council	Four (4) SCM quarterly Reports submitted to the Mayor and Council.	Four (4) SCM quarterly Reports to be submitted to the Mayor and Council.	4 SCM quarterly Reports to be submitted to the Mayor and Council.	None	None
		Reduce irregular expenditure for the Directorate Report irregular expenditure	Quarterly reports Irregular expenditure registers	Irregular expenditure registers for 12 months period.	Irregular expenditure registers for 12 months period.	7 Irregular expenditure registers for 12 months period.	None	None
Prudent fiscal management	Cost Coverage (NKPI)	Cost Coverage (NKPI)	Section 71	>3.61 months	> 3 months	1.77 months	-1.23	Avoidance of year-end cost spike effect.
Prudent fiscal management	Develop and review out-dated procedure manuals in the directorate	100% Implementation of Procedure Manuals and improvement in internal controls	Procedure Manual	SCM manuals developed	100% Implementation of Procedure Manuals and improvement in internal controls	Comprehensive procedure Manual for entire Revenue Management Sub-Directorate developed	None	None
		Number of employees undergoing training	Attendance registers; Certificates acquired	90 employees are currently enrolled in the Municipal Finance Management Programme.	All enrolled employees	90 employees enrolled on MFMP to comply with the Minimum Competency Regulations	None	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
MTAS Indicator		Good Governance Public Participation						
Municipal KPA		Financial Management						
IDP Objective	Strategy	KPI	Units of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		programmes to comply with Minimum Competency Regulations						
Revenue Enhancement	Collect all collectable revenue and Leverage alternative sources of funding	Amount of externally sourced funds Increasing revenue base by accounting for unaccounted services	Section 71 report	N/A	R 321 million	R 300 million has been secured, Debt agreements were signed with DBSA and Standard Bank. The Rating Agency was appointed.	-R21 million	None
Revenue Enhancement	Identification of additional revenue streams	Developed and implemented revenue enhancement strategies	Section 71 reports;	Implementation of the short term revenue enhancement strategies	Implementation of the medium to long term revenue enhancement strategies	Revenue enhancement strategy is being implemented. Finance Road Shows were held. Businesses with outstanding balances are litigated.	None	None
		100% Implementation of Operation “Pay-up” Strategy	Hearings Conducted Presentation made; Attendance registers	Draft Operation “Pay-up” Strategy Developed	Implementation of Operation “Pay-up” Strategy	Report on Debt Collection submitted to Council	None	None
	Recovery/ collection of Rental Income	Percentage recovery of rental income	Section 71 reported	22%	50%	34%	-16	Housing must indicate to finance when to stop billing as payments are not made. Commercial rentals: Evictions or implementation of

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
MTAS Indicator		Good Governance Public Participation						
Municipal KPA		Financial Management						
IDP Objective	Strategy	KPI	Units of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
								the Debt and Credit control policy.
Revenue Enhancement	Implementatio n of interim valuation roll based on the site and any improvements made	Compilation of Interim Valuation roll	Compiled interim Valuation Roll	Four (4) supplementary valuation rolls implemented	Implementation of at least one (1) supplementary valuation roll in order to incorporate new developments in the existing valuation roll	4 supplementary rolls implemented	+3	N/A
Develop an effective asset management programme	Develop a Fixed Asset Register which records all municipal Assets	Fixed Asset Register is compiled and updated monthly	Fixed Asset Register	Immovable and Movable assets -100% compliance with applicable accounting standards	100% compliance with applicable accounting standards	- Movable assets procured on CAPEX budget updated on Hardcat - Movable assets procured on Opex identified and followed-up - Infrastructure projects unbundled	Additions on OPEX not accounted for on Hardcat	Additions not on CAPEX to be captured on Hardcat during July 2015
	Develop an Asset Management Policy and Procedure Manual to cover the acquisition, maintenance and disposal of assets	Asset Management procedure is compiled in line with legislation and council policy	Asset Management Procedure Manual	Development and implementation	Annual review of Asset Management Policy and procedure manual	- Asset management policy revised for submission to Council during August 2015 - SAM methodology finalised for submission to Council during August 2015		
	Periodic physical asset counts and impairment tests	Report on the annual asset count submitted to council	Fixed Asset Register	At least one complete count of all movable and immovable assets	At least one complete count of all movable and immovable assets	- RUL and Impairment workshops conducted - Registers amended accordingly - Movable assets at all	- 8000 movable assets not scanned during verification process	- Differences to be followed up during July and August 2015

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS				PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system						
National KPA		Municipal Institutional Development and Transformation							
MTAS Indicator		Good Governance Public Participation							
Municipal KPA		Financial Management							
IDP Objective	Strategy	KPI	Units of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action	
						accessible locations verified			
				Ad hoc asset counts of selected locations	Ad hoc asset counts of selected locations	Offices verified on a sample basis in BF, Civic theatre and Gabriel Dichabe building			

6.5.6 HUMAN SETTLEMENTS

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
		Good Governance Public Participation						
MTAS Indicator								
Municipal KPA		Human settlements						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Address housing backlog	Provide housing opportunities	Number of housing opportunities provided	Units built; Permission to occupy Issued; Title deeds issued	(2923 Q1 ONLY)	4 000 housing opportunities provided	+2502	-1498 housing opportunities	To partner with Department of Human Settlement
	Incremental Upgrade informal settlements	Number of informal settlements with upgrading plans • Land developer process(including security of tenure) • Infrastructure • Top Structure • Socio Economic Amenities	Services plans developed and approved	3 (Q1 ONLY) PLANNING AND SURVEY FINALIZED	8 informal settlements planned	Not achieved	-8 informal settlements planned	To be accelerated in the next financial year
		Number of sites serviced	Services provided	0	490 sites serviced with water at MK Square	Not achieved	-490 sites serviced with water at MK Square	To be accelerated in the next financial year
		Number of informal settlements upgraded (services provided): In Situ	Informal settlement upgraded in Situ	19	1 Informal Settlements upgraded	Not achieved	-1 Informal Settlements upgraded	To be accelerated in the next financial year
		Number of informal settlements upgraded (services	Informal settlement upgraded (Services	10	8	Not achieved	-8	To be accelerated in the next financial year

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
		Good Governance Public Participation						
MTAS Indicator								
Municipal KPA		Human settlements						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		provided): Relocated	provided): Relocated					
		Number of Title Deeds transferred to eligible beneficiaries	Title Deeds transferred to eligible beneficiaries	7 438 transferred to eligible beneficiaries	2 000	1230	-770	To be accelerated in the next financial year
	Households relocated from floodplains and other servitudes	Number of households relocated from floodplains and other servitudes	All households affected		70 households	48	-22	To be accelerated in the next financial year
	Households allocated affordable rental/social housing units	Number of households allocated affordable rental/social housing units	Rental Social Housing Tenants Register4	178 (Q1,Q3,Q4)	350 households	245	+105	None
	Accelerate accreditation to implement national housing programmes	Approved level 2 and 3 accreditation business plan	Level metro accreditation	Level 3 accreditation business plan submitted. approval awaited	Programmes for level 2 granted by Provincial Human Settlements	Not achieved	Programmes for level 2 granted by Provincial Human Settlements	Awaiting completion of implementation protocol service provider has been appointed to facilitate the process
	Households allocated affordable GAP housing	Number of households allocated affordable GAP housing	households allocated affordable GAP housing	-	30 households	Not achieved	-30	To be accelerated in the next financial year
	Consumer education provided	Number of households provided consumer	households provided consumer	300 household	500 households	2524	+2024	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS				
National Outcome		9	A responsive, accountable, effective and efficient local government system						
National KPA		Municipal Institutional Development and Transformation							
		Good Governance Public Participation							
MTAS Indicator									
Municipal KPA		Human settlements							
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action	
	to Households in Rental housing	education in Rental housing	education in Rental housing						
	Consumer education provided to Households in GAP housing	Number of households provided consumer education in GAP housing	households provided with consumer education in GAP housing	200 household	500 household	2283	+1783	None	
	Consumer education provided to Households in Social housing	Number of households provided consumer education in Social housing	households provided consumer education in Social housing	200 household	500 household	339	-161	To be accelerated in the next financial year	
	Property Management Training for rental property officials	Number of rental property officials attended Property Management Training	officials attended Property Management Training	-	10	Not achieved	-10	To be accelerated in the next financial year	
	Stakeholder management and engagement in the City rental housing market to improve rent collection	Number of meetings and engagement held with different stakeholders in the City rental housing market	meetings and engagement with different stakeholders in the City rental housing market	2	3	3	None	None	
	Conduct comprehensive housing study to determine tenure demand	Number of comprehensive housing demand studies conducted	comprehensive housing demand studies conducted	-	1	1	None	None	

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
		Good Governance Public Participation						
MTAS Indicator								
Municipal KPA		Human settlements						
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Promote Inner City High Density mixed use development	Number of Inner City High Density mixed use developments promoted	Inner City High Density mixed use developments promoted		1	Not achieved	-1	To be accelerated in the next financial year
	Promote hostel redevelopment initiatives	Number of hostel redevelopment initiatives promoted	Hostel redevelopment initiatives promoted	-	1	3	+2	None
	Review Strategic Human Settlements Policy documents	Number of Strategic Human Settlements Policy documents reviewed	Reviewed Strategic Human Settlements Policy documents		2	Not achieved	-2	To be accelerated in the next financial year
Implementatio n of Seven Land Parcels	Mixed use land development	100% implementation designs of Cecelia Park	Formalization of Cecelia Park	Lodged application for formalisation of Cecelia Park	Concept Designs 100% completed	17,5%	-82.5	To be accelerated in the next financial year
		100% implementation designs of Brandkop 702	Formalization of Brandkop 702	Lodged application for formalisation of Brandkop 702	Concept Designs 100% completed	16.25	-83.75	To be accelerated in the next financial year
		80% development of Hillside View phase1	Development of Hillside View	NEW TARGET 2014/2015	80% development of Hillside View Phase 1	18%	-62%	To be accelerated in the next financial year
Revenue Enhancement	Review of revenue agreements	Percentage review of sundry and commercial property lease agreements	Lease agreements reviewed		40% Lease agreements reviewed	15%	-25%	To be accelerated in the next financial year
		Percentage Increase rental	collection of rental housing revenue		40% increase in revenue collection	33.75%	-6.25%	To be accelerated in the next financial year

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS				
National Outcome		9	A responsive, accountable, effective and efficient local government system						
National KPA		Municipal Institutional Development and Transformation							
		Good Governance Public Participation							
MTAS Indicator									
Municipal KPA		Human settlements							
IDP Objective	Strategy	KPI	Unit of measurements	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action	
		housing revenue collection							
	Sale of Land	Quarterly Advertisement of land for sale	Erven /Land parcels advertised		40 Erven	Not achieved	-40 Erven	To be accelerated in the next financial year	

6.5.7 OFFICE OF THE CITY MANAGER

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
		Good Governance Public Participation						
MTAS Indicator		Public participation						
		Governance						
Municipal KPA		Good governance						
IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Provide strategic leadership and planning with well-defined targets aligned to the budget	Provide strategic leadership, involvement and planning	Reviewed 2015/16 Integrated Development Planning, SDBIP and business plans	2015/16 Reviewed IDP approved by council	Approved IDP 2014/15	Review IDP and SDF for 2015/16	Reviewed IDP and SDF for 2015/16	None	None
		Service delivery and budget implementation plan (SDBIP) compiled annually	I SDBIP developed and approved	Approved SDBIP 2013/14	2014/15 SDBIP developed and approved by the Executive Mayor 28 days after the approval of the IDP and budget	2014/15 SDBIP developed and approved by the Executive Mayor 28 days after the approval of the IDP and budget	None	None
		Mid-year budget and performance assessment report developed	mid-year performance report approved	2014/15 mid-year budget and performance assessment report developed and approved by Council I and submitted to Provincial and National Treasury	2014/15 mid-year budget and performance assessment report	2014/15 mid-year budget and performance assessment report	None	None
Strengthening International relations	Liaison with foreign diplomats	Number of MOUs entered into with other cities	MOU with BRICS Cities and African city	Initiated discussions with Sol Plaatjie and	2 MOU's with BRICS Cities , 1 European city and 1African city	Number of MOUs entered into with other cities	Target Not Achieved	Initiated discussions with Sol Plaatjie and

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
		Good Governance Public Participation						
MTAS Indicator		Public participation						
		Governance						
Municipal KPA		Good governance						
IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	Acquisition and retention of donor funding to support programmes	Number of Donor funding agreement entered into.	Donor funding agreements entered into	Ghent Partnership revised	1 additional Donor funding sourced	Funds received from Gent. Youth department to confirm the exact amount.		
Strengthening Intergovernmental Relations	Start collaborating on planning of projects	Number of Cooperation agreements entered into.	Cooperation agreements entered into.	Nil	2 MoU's with provincial departments and Tertiary Institutions	Collaborated with FS DESTEA in hosting China Week	Target not Achieved	To be accelerated in the next financial year
strengthen and reactivate the knowledge management programme in the city	develop a knowledge management action plan	Knowledge Management Strategy developed and updated	Approved Knowledge Management Strategy and workshop on knowledge management conducted	Knowledge Management Strategy and action plan developed in 2006	Implementation of a knowledge management action plan	Not achieved	Implementation of a knowledge management action plan	To be accelerated in the next financial year
		Number of Case Studies developed	Case studies developed	Nil	2 case studies	Not achieved	-2 case studies	To be accelerated in the next financial year
	Enhancing interface with Citizen	A customer satisfaction survey conducted	Customer satisfaction survey Report	Nil	1 customer satisfaction survey	Not Achieved	-1 customer satisfaction survey	To be accelerated in the next financial year
Maintaining strong and effective oversight structures	Establishment of effective, functioning Audit Committee consisting of	Audit Committee fully operational and meeting at least 4 times annually	Fully operational Audit Committee	Six (6) meetings held	At least four (4) meetings held	6	+2	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
		Good Governance Public Participation						
MTAS Indicator		Public participation						
		Governance						
Municipal KPA		Good governance						
IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	knowledgeable persons							
	Establishment of effective, functioning Municipal Public Accounts Committee consisting of knowledgeable persons	Municipal Public Accounts fully operational and meeting at least 4 times annually	Fully functional Municipal Public Accounts committee		At least four (4) meetings held	12	+8	None
Functional Internal Audit Activity,	Fully capacitated Internal Audit Activity consisting of competent and knowledgeable staff	Functional Internal audit activity operating according to the IIA Standards and approved risk based three year rolling strategic audit plan	Fully staffed and functional internal audit activity	Twenty four (24) Audit Projects completed.	100% implementation of the approved internal audit plan	27 Audit Projects completed.	None	None
Compliance to good governance through Enterprise Wide Risk Management	Pro Active Risk Management governance framework and processes	Reviewed and implemented Risk management Policy, Strategy, implementation plan	Reduce and Manage Risks to acceptable appetite	0	Approved strategy,, policy and implementation plan of Risk Management and action plan	Reviewed Approved strategy, policy and implementation plan of Risk Management and action plan		

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS		PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
		Good Governance Public Participation						
MTAS Indicator		Public participation						
		Governance						
Municipal KPA		Good governance						
IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		Number of strategic and operational risk registers reviewed	Reviewed strategic and operational risk register	One Strategic Register	8 registers reviewed (1 strategic and 7 departments)	8 Operational Register Reviewed		
	Effective Anti-Fraud and Corruption prevention and response	Review , development and Implementation of Policy, Strategy, whistle Blowing and Prevention Plan	Zero tolerance to Fraud and Corruption	14 cases reported	12 reports developed and approved on all reported allegations of fraud and corruption incidences	12 reports developed and approved on all reported allegations of fraud and corruption incidences		
		Percentage increase in the number of concluded cases on irregular, fruitless and wasteful expenditure			100% investigations of all reported cases of irregular, fruitless and wasteful expenditure	100% investigations of all reported cases of irregular, fruitless and wasteful expenditure		
Strengthen community involvement to participate in the affairs of the municipality and influence	Enhance public participation in the affairs of the municipality	Number of clustered ward based plans approved by council	Develop and approve clustered wards base plans	Nil	11 clustered wards base plan	Not Achieved	-11 clustered wards base plan	To be accelerated in the next financial year

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system						
National KPA		Municipal Institutional Development and Transformation							
		Good Governance Public Participation							
MTAS Indicator		Public participation							
		Governance							
Municipal KPA		Good governance							
IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action	
resource allocation									
		Number of officials trained in CBP	Trained officials in CBP	Nil	20 officials trained in CBP training	-20 officials trained in CBP training	20 officials trained in CBP training	To be accelerated in the next financial year	

6.5.8 CORPORATE SERVICES

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
		Good Governance Public Participation						
MTAS Indicator		Public participation						
		Governance						
Municipal KPA		Good governance						
IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Enhance IT governance and strategy and formulate governance plans and strategies, as	Develop and monitor an IT Governance Maturity Model	100% implementation of formal IT	Monthly status report	ITGMM has been developed as part of the ICT Strategy document.	100% implementation of ITGMM	Completed as part of IT Strategy	None	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS			
National Outcome		9	A responsive, accountable, effective and efficient local government system						
National KPA		Municipal Institutional Development and Transformation							
		Good Governance Public Participation							
MTAS Indicator		Public participation							
		Governance							
Municipal KPA		Good governance							
IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action	
well as accompanying policies and procedures, to concurrently enable the municipality to achieve its strategic vision, support audit requirements, manage risk, and exhibit responsible financial management		Governance Maturity Model							
	Development of an overall IT Strategy	Overall IT Strategy developed	Monthly status report	IT Strategy developed and approved	100% implementation of IT Strategy	On-going	None	None	
	Development of IT Master Systems Plan	ITMSP Developed and monitored	Monthly status report	ITMSP developed and approved as part of the IT Strategy	Implementation of ITMSP	IT Strategy still adequate	None	None	
	Review of IT Policy Framework and Business Continuity Plan	Number of IT Policies reviewed to be in line with IT Strategy and ITMSP	Policies and BCP approved	IT Password Control Policy and Cellular Phone Policy developed and approved	4 ICT policies reviewed	User Management Draft revised Access Policy	-4 ICT policies reviewed	to be presented to ICT STeerCo before being submitted for approval	
	Proper record keeping of all ICT and related equipment,	IT related equipment, systems and software procured and utilized as outlined in ITMSP	Assets recorded on Assets database regarding assets information and user.	Manage Engine Service Desk Plus application procured.	100% deployment of Service Desk Plus application	On-going	None	None	

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
		Good Governance Public Participation						
MTAS Indicator		Public participation						
		Governance						
Municipal KPA		Good governance						
IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	systems and software							
	Redevelopment of MMM Intranet	100% fully fledged and updated intranet	Fully fledged and updated intranet	MMM Intranet redeveloped and launched. Updates are made as needed	On-going monitoring of Intranet traffic as well as on-going maintenance and upgrading of site as and when required	On-going	None	None
	Analysis of all current information systems used by MMM	Audited information systems to determine redundancy and obsolescence	Redundancy and obsolescence determined by the information system	eVenus system in the process of being migrated to SOLAR. Other systems to be migrated to additional SOLAR modules have been identified. Traffic system replaced	On-going monitoring of all MMM information systems	On-going	None	None
	Upgrade current Internet/e-mail/system lines	Number of municipal buildings that are Wi-Fi enabled	All municipal buildings enabled with Wi-Fi.	Completed.	On-going monitoring of bandwidth for possible upgrades	Supplier approved	On-going monitoring of bandwidth for possible upgrades	Implementation to begin only after supplier has submitted all contractually obligated documents
	Replacement of obsolete servers	Stable operation of newly procured servers	Expansion of server capacity	Completed as part of SOLAR migration project. Triangle solution with 3 x	% increase in server capacity	Completed	None	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
		Good Governance Public Participation						
MTAS Indicator		Public participation						
		Governance						
Municipal KPA		Good governance						
IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
				different server sites have been built.				
	Finalising of Bram Fischer telephone system	New VoIP system operational	On-going monitoring of telephone system	99% Complete. Currently awaiting on Telkom to perform final cut-over	New telephone system fully operational	Supplier approved	New telephone system fully operational	Implementation to begin only after supplier has submitted all contractually obligated documents
	Maintain 2-hour turnaround time on support calls	Service desk reports indicating turnaround time	Maintain 2-hour turnaround time on support calls	On-going process	Maintain 2-hour turnaround time on support calls	On-going	None	None
	Develop system for software license management	Software license management system in place	System to be reviewed and licenses to be procured and managed effectively	Manage Engine Service Desk Plus application procured.	100% implementation of license management system	On-going	None	None
Improved labour relations management	% labour disputes resolved internally	Reduction of labour disputes	Development of communication model to strengthen relations with organised labour		Strategic Employee Relations Management	Not achieved	Strategic Employee Relations Management	To be accelerated in the next financial year
	Foster good relationship with organised labour and conclude all outstanding	Number of consultative meetings held with organised labour	Meetings with organised labour	4 meetings	12 meetings	15	+3	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
		Good Governance Public Participation						
MTAS Indicator		Public participation						
		Governance						
Municipal KPA		Good governance						
IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
	labour disputes							
			Training on labour legislation and HR Management		40 officials trained in labour relations	Not achieved	-40 officials trained in labour relations	To be accelerated in the next financial year
	Retention of skills	Identification of critical positions and development of critical positions	critical positions and development of critical positions identified	None	5 critical position identified and knowledge transfer plan developed	Not achieved	5 critical position identified and knowledge transfer plan developed	To be accelerated in the next financial year
		Development of career planning and pathing	To develop career plans and paths for all occupations	Draft Career Pathing policy is in place	Approved and implemented career pathing policy	Draft Policy is developed	Approved and implemented career pathing policy	To be accelerated in the next financial year
	Work Place Skills Plan	Conducting a skills needs analysis	Conducting an skills audit	--	Skills audit report	Not Achieved	Skills audit report	To be accelerated in the next financial year
		Compilation of a work skills plan	Compiling a work place skills plan by July each year	Submitted WSP for 2014/15 financial year	Approved work skills plan	Submitted	None	None
		Compiling an annual implementation report by January each year	WSP annual implementation report	80% implementation of the workplace skills plan	Work skills plan implementation report	ATR Submitted to LGSETA on 28 April 2015	None	None
		Providing Accredited training courses in line with skills needs	Employees trained (Reported by means of a monthly report)	5 training programmes approved by LGSETA	12 Training Programmes Implemented	18	+6	None

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
		Good Governance Public Participation						
MTAS Indicator		Public participation						
		Governance						
Municipal KPA		Good governance						
IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
		identified within WSP						
		Providing learner-ships approved by LGSETA	learner-ships approved and funded by LGSETA	None	4 learner-ships approved and funded by LGSETA	8	+4	None
	Institutional transformation and re-design	Placement and re-design of organisation structure	Functional organogram in place	Top Structure reviewed and approved by Council	Review of organisational structure to access effectiveness	Completed	None	None
Review of Old Order By-laws & Policies	Update old bylaws and policies with legislation	Number of old order by-laws reviewed	All old order by-laws reviewed	-	Review of 18 by-laws			
Development of New By-Laws	Protect Municipality's interests and keep Municipality complying with legislation	Number of new by-laws developed and approved	New by-laws developed and approved	-	10 new by-laws developed, approved and promulgated			
Provision of efficient corporate secretariat to Council, MAYCO, Council committees and management	Efficient and functional committee management system	Migration from manual document circulation to electronic document management system (share point system)	Functional share point system	Start-up program of staggered approach, i.e. agenda circulated in two ways electronically and manually	(ICT to install wireless system in the Council Chamber) Gradual phase-in of electronic system: Council	Marked reduction in printing costs compared to 14/15 year as electronic distribution is gradually implemented.		

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
		Good Governance Public Participation						
MTAS Indicator		Public participation						
		Governance						
Municipal KPA		Good governance						
IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Improve internal governance systems	Synergy and interdepartmental coordination	Provide efficient secretarial service	Council taking decisions based on qualitative provision of information by administration	14 Council meetings, 12 Mayco meetings, 36 Bid committees, 15 section 80 committees, 16 MPAC meetings & 2 other section 79; 40 EMT meetings	Meetings held as per schedule (9 Council meetings scheduled)	Meetings held as per schedule (9 Council meetings scheduled)	None	None
	Tracking of decisions	Decisions of Council are implemented	Electronic tracking system in place	274 Execution letters issued to Directorates	100% tracking of council decisions	ALL COUNCIL DECISIONS TRACKED TO DIRECTORATES. TARGET OF 100% ACHIEVED	None	None
Improve and Strengthen management of Records and Archives	Full compliance to national and provincial legislation including adherence to archives and records policy	Records and Archives Implementation plan in place and adhered to by all directorates	Implementation of e-filling across the municipality		Compliance to the Records Implementation plan	Achieved	None	None
	Establish and link operational modules throughout the municipality	Uniformity in document management system	functional operational modules	Total of 546 Orbit users from 298 users	254 additional Orbit users	Not achieved	-254	To be accelerated in the next financial year

ALIGNMENT AND LINKAGE		No	OBJECTIVES AND INDICATORS			PERFORMANCE TARGETS		
National Outcome		9	A responsive, accountable, effective and efficient local government system					
National KPA		Municipal Institutional Development and Transformation						
		Good Governance Public Participation						
MTAS Indicator		Public participation						
		Governance						
Municipal KPA		Good governance						
IDP Objective	Strategy	KPI	Unit of Measurement	Past Year Performance (2013/14)	Annual Target 2014/15	Actual Performance 2014/15	Variance	Corrective Action
Improve service delivery by providing recreation facilities and public amenities to all residents of Margaung	Maintaining Municipal facilities and public amenities	Number of buildings maintained according to maintenance plan	Buildings maintained	20	15	12	-3	To be accelerated in the next financial year
		Number of building refitted with energy saving bulbs	All buildings refitted with energy saving bulbs	15	2	2	None	None
		Number of new office block in Margaung	New office block in Margaung	0	1	Not achieved	-1	To be accelerated in the next financial year
Promote and support sports and recreation in the Metro	Upgrade existing sports facilities	Number of sport and social amenities upgraded	Sport and social amenities upgraded	3	7	3	-4	To be accelerated in the next financial year

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONELL

The attainment of a capable and developmental state as envisioned in the National Development Plan (NDP) hinges amongst others on the right quality and quantity of human resources. The delivery of quality enhanced services in a sustainable manner to the broader populace of Mangaung is also influenced by the creation of an adequately balanced and skilled workforce that espouses the ideals of Batho Pele. MMM continually strives for establishing an “appropriately sized” institutions with a balance of skills related to our core functions and administrative support.

The table below reflects

4.1 EMPLOYEE TOTALS, STAFF TURNOVER AND VACANCIES 2013/14

Table 4.1: EMPLOYEES

Description	Year 2014/15	
	Employees	Vacancies
	No.	No.
Water & Sanitation	565	614
Electricity	408	301
Solid Waste	507	231
Housing	187	122
Roads and Storm water	247	414
Planning	96	112
Local Economic Development	19	44
Community & Social Development	543	396
Health& Environmental Health	31	27
Security and Safety	276	374
Sport and Recreation	16	2
Corporate Services and Other	1648	1 206
Totals	4 534	3843

Table 4.2: VACANCY RATE

Designations	Total No Approved Posts	No Vacancies
Municipal Manager	1	0
CFO	1	0
Other S57 Managers (excluding Finance Posts)	8	2
Other S57 Managers (Finance posts)	0	0
Traffic officers	195	91
Fire fighters	169	57
Senior management: Levels 002-003 (excluding Finance Posts)	7	3
Senior management: Levels 002-003 (Finance posts)	8	0
Highly skilled supervision: levels 004-006 (excluding Finance posts)	Not available	Not available
Highly skilled supervision: levels 004-006 (Finance posts)	81	36
Total	470	189

Staff Turnover across the municipality relates to all terminations (dismissals, resignations, retirements, medical terminations etc.) for the period under review.

Table 4.3: STAFF TURN-OVER RATE

Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year - 2014/15	796	193	4.25%

COMPONENT B: MANAGING WORKFORCE

Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

Work force Management within MMM is compliant with all legislative requirements governing the workplace together with collective agreements concluded by the parties at the SALGBC. There is an extensive consultation process with organized labour on issues of mutual interest at the Local Labour Forum.

This is done through Management of the recruitment process, selection and placement of staff; so that the best suited candidates are employed.

Employee benefits including sick leave are administered in terms of applicable labour legislation, Conditions of Service, Collective Agreements and policies by means of an integrated Electronic Human Resource Management System.

Progress made in the development of policies entails the drafting of these policies that are submitted to the EMT, Section 80 Committee and the LLF for consultation.

Table 4.4: HR POLICIES AND PLANS

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
16/03/04	Affirmative Action			See comment under EE
2010	Code of Conduct for employees	100%		Adopted by SALGBC
2010	Disciplinary Code and Procedures	100%		Adopted by SALGBC
2014	Employment Equity	80%		Draft EE Policy and Plan at LLF for consultation with Labour and then approval by Council.
2010	Grievance Procedures	100%		Adopted by SALGBC
2015	Human Resource and Development	80%		Draft completed. To be submitted to EMT, Sec. 80, LLF and Council.
2012	Job Evaluation	90%	100%	SALGA Policy adopted by EMT and Sec. 80.
2010	Leave	100%		Adopted by SALGBC
10/04/13	Occupational Health and Safety	80%	100%	Section 80 Provisionally approved, referred to LLF
04/02/97	Official transport to attend Funerals	100%		Adopted by Council
15/11/13	Official Working Hours and Overtime	100%		Adopted by SALGBC
18/06/07	Organisational Rights	100%		Adopted by SALGBC
22/02/13	Policy for managing the performance of section 56 employees	100%		Adopted by Council
15/12/03	Recruitment, Selection and Appointments	80%	100%	Draft reviewed Policy to be submitted to EMT.
01-Jul-14	Remuneration Scales and Allowances	100%		Adopted by SALGBC except for Sec 57 and General Managers
31/03/15	Work Place Skills Development Pan	100%		Submitted to the LGSETA on 28 April 2015 as per legislative requirement.
17/05/15	Firearm and Operational Procedures Policy	80%		Draft Policy to be submitted to EMT
14 /04/15	Recognition for Prior Learning (RPL)	80%		Draft Policy at LLF Sub-Committee
27/05/15	Organizational Design Policy	80%		Draft Policy to be submitted to EMT
14/04/15	Internship and Experiential Training Policy	80%		Draft Policy at LLF Sub-Committee
27/05/15	Career Planning Policy	80%		Draft Policy to be submitted to EMT.
27/05/15	Employee Wellness Policy	80%		Draft Policy to be submitted to EMT.

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
27/05/15	Bereavement Policy	80%		Draft Policy to be submitted to EMT
27/05/15	Succession Planning Policy	80%		Draft Policy to be submitted to EMT
27/05/15	HIV, Aids, STI and TB Policy	80%		Draft Policy to be submitted to EMT
16/07/86	Personal Protective Clothing (PPE)	80%	100%	Draft Reviewed Policy to be submitted to EMT.

The Human Resource Management Sub-Directorate established an internal HR Policy Forum and has developed a number of policies that have to be submitted to EMT. A number of policies as indicated in the table above have already been referred to Section 80 Committee for consideration. These will be submitted to the LLF for consultation to be later approved and adopted by Council.

Table 4.5: NUMBER AND COST OF INJURIES ON DUTY

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R
Required basic medical attention only	227	63	-	3.6%	R99 614.48
Approved Section 24 Cases	160	11	-	14.5%	R97 244.52
Temporary total disablement	-	-	-	-	-
Permanent Disablement	-	-	-	-	-
Fatal	-	-	-	-	-
Total	387	74	-	18.1%	R196 859.00

Table 4.6: NUMBER OF DAYS AND COST OF SICK LEAVE

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 016-018)	6786	26.17	1227	1316	5.16	R 2 230 956.00
Skilled (Levels 013-015)	1152	32.47	190	198	5.82	R 434 767.45

Highly skilled production (levels 007-012)	12928	23.08	1780	1328	9.73	R 9 504 903.36
Highly skilled supervision (levels 004-006)	2986	20.06	460	397	7.52	R 4 008 035.72
Senior management (Levels 002-003)	296	15.54	49	55	5.38	R 594 204.69
MM and S57	17	70.59	4	77	2.43	R 134 958.90
Total	24165	23.96	3710	3301	7.32	R 16 907 826.11

Injuries: The **classification** under type of injury does not clearly make provision to capture serious injury on duty cases, where the injured was of duty 14 days or longer some up to 6 months, but the employee returned to his work after rehabilitation. Therefore we added another classification namely, **approved Section 24 cases**.

The **total estimated cost** not only includes the injury on duty cases, but also the sundry payments for injury on duty pensioners. Furthermore cognisance should be taken that an injury on duty case run over a two year period and whilst the injury on duty date was not in the financial year cost can still be payable in the next year

Examination of injury on duty cases

Examination of injury on duty cases are done by a doctor who treated the patient as determined /required by the Compensation for Occupational Injuries and Diseases act, If the injured was treated by the Doctor at our clinic then that doctor will be responsible for all follow-ups.

Table 4.7: NUMBER AND PERIOD OF SUSPENSIONS

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
16 x Gen. Workers	Unprotected Strike	20 March 2015 – 18 August 2015	14 Final warnings and 2 Dismissals	18 August 2015
1 x GM: LED	Fraud	30 June 2015	Investigation / disciplinary hearing in process	September 2015

Table 4.8: DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT

Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
2 x Informal Settlement & Benefits	Fraud with sites.	Dismissal	11 May 2015 20 August 2015
1 x Meter section	Fraud	Dismissal	10 September 2014

Sixteen suspensions were made relating to an unprotected strike. Disciplinary hearings have been finalised. (Fourteen final warnings and 2 dismissals). One suspension was made relating to negligence and fraud. The investigation and disciplinary hearing is still taking place. (No outcome yet).

During the past financial year 2014/2015, three employees were dismissed with regard to fraud.

4.2 PERFORMANCE REWARDS

COMPONENT C: CAPACITATING THE WORKFORCE

One of the key challenges around an integrated process of skills development within the municipality has been a lack of a comprehensive, holistic and integrated framework for human capital development that will guide and integrate key processes such as training needs analysis, career pathing and planning, succession planning, management and leadership development, knowledge exchange and innovation. To this end a draft succession planning policy was developed with a view of consolidating all the key mandatory processes for effective human capital development, *albeit* the strategy must go through the internal approval processes that will culminate with Council approval of the document.

During the year under review the municipality also complied with the Skills Development Act requirement of submitting to the Local government SETA (LGSETA) the Workplace Skills Plan (WSP) on the due date of 30th April 2015.

Table 4.9: FINANCIAL COMPETENCY DEVELOPMENT

Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Accounting officer	1	1	2	1	1	1
Chief financial officer	1	1	2	1	0	0
Senior managers	7	5	12	2	1	1
Any other financial officials	125	10	135	79	0	13
Supply Chain Management Officials						
Heads of supply chain management units	1	1	2	1	0	1
Supply chain management senior managers	3	1	4	2	0	2
TOTAL	138	19	157	86	2	18

All targeted Officials are currently being trained on the Unit Standards constituting the Required Competency Levels. Training within Mangaung is scheduled to be concluded during February 2016. Competency Assessments are being conducted continuously upon completion of every Unit Standard covered and credits awarded for competence.

EMPLOYEE EXPENDITURE

It is extremely important to control workforce expenditure since it is one of the largest single expenditure items on the operational budget of the Municipality. Spending is controlled by means of the approved staff establishment and budget control. Expenditure on overtime is limited according to the "Collective Agreement".

Total Employee Costs 2014/15 = R1 147 680 868-00.

CHAPTER 5- FINANCIAL PERFORMANCE

5.1 STATEMENT OF FINANCIAL PERFORMANCE

The table 5.1.1 below gives an overview of municipal performance against the budget.

Table 5.1.1: RECONCILIATION OF TABLE A1 BUDGET SUMMARY

Description	2014/15									
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
				(i.t.o. s31 of the MFMA)						
	1	2	3	4	5	6	7	8	9	10
Financial Performance										
Property rates	1 084 200 413	-181 111 027	903 089 386	0		903 089 386	871 212 409	31 876 977	96%	80%
Service charges	3 469 943 065	-368 311 344	3 101 631 721	0		3 101 631 721	2 887 093 070	214 538 651	93%	83%
Investment revenue	196 589 127	-9 274 581	187 314 546	0		187 314 546	57 860 001	129 454 545	30%	29%
Transfers recognised – operational	617 571 000	15 362 966	632 933 966	0		632 933 966	619 281 852	13 652 114	98%	100%
Other own revenue	925 023 468	-20 053 805	904 969 663	0		904 969 663	608 727 432	296 242 231	67%	65%
Total Revenue (excluding capital transfers and contributions)	6 293 327 073	-563 387 791	5 729 939 282	0		5 729 939 282	5 044 174 763	685 764 519	88%	80%
Employee costs	1 356 536 955	15 282 340	1 371 819 295	0		1 371 819 295	1 261 006 368	110 812 927	91%	92%
Remuneration of councillors	51 692 467	-51 309	51 641 158	0		51 641 158	49 594 283	2 046 875	96%	95%
Debt impairment	0	0	-	0		0	636 516 081	0	0%	0%
Depreciation & asset impairment	492		434 844 470	0		434	627 295 250		144%	127%

	852 581	-58 008 111			844 470		192 451 786		
Finance charges	244		226		226				
	132 153	-17 231 839	900 314	0	900 314	97 063 969	129 836 345	43%	39%
Materials and bulk purchases	2 163		1 898		1 898				
	848 425	-265 382 439	465 986	0	465 986	1 984 839 364	-86 373 378	104%	92%
Transfers and grants	161		128		128		-		
	255 266	-33 089 609	165 657	0	165 657	183 088 778	54 923 121	143%	113%
Other expenditure	1 453		1 539		1 539				
	729 331	85 534 976	264 307	0	264 307	818 874 304	720 390 003	53%	56%
			-	0					
Total Expenditure	5 924		5 651		5 651		-17 177		
	047 178	-272 945 991	101 187	0	101 187	5 658 278 397	210	100%	95%
Surplus/(Deficit)	369		78		78		530		
	279 895	-290 441 800	838 095	0	838 095	(614 103 634)	610 620	779%	166%
Transfers recognised – capital	756		827		827	732	94		
	633 000	70 672 989	305 989	0	305 989	367 925	938 064	89%	97%
Contributions recognised - capital & contributed assets	19						-8		
	267 015	-19 267 015	-	0	0	0	903 275	0%	46%
Surplus/(Deficit) after capital transfers & contributions	1 145		906		906				
	179 910	-239 035 826	144 084	0	144 084	118 264 291	787 144	13%	10%
Share of surplus/ (deficit) of associate			-	0					
Surplus/(Deficit) for the year	1 145		906		906				
	179 910	-239 035 826	144 084	0	144 084	118 264 291	787 144	13%	10%
			-	0					
Capital expenditure & funds sources			-	0					
Capital expenditure			-	0					
Transfers recognised – capital	752		823		823	723	99		
	942 228	70 654 989	597 217	0	597 217	918 384	678 833	88%	96%
Public contributions & donations	19		15		15	11	4		
	267 015	-3 500 000	767 015	0	767 015	102 662	664 353	70%	58%
Borrowing	368		257		257	225	32		
	517 759	-110 757 847	759 912	0	759 912	353 450	406 462	87%	61%
Internally generated funds	328		460		460	368	92		
	735 646	132 111 150	846 796	0	846 796	838 822	007 974	80%	112%
Total sources of capital funds	1 469		1 557		1 557	1 329	228		
	462 648	88 508 292	970 940	0	970 940	213 317	757 623	85%	90%
			-	0					

Cash flows			-	0						
Net cash from (used) operating	1 411 709 738	-670 529 591	741 481 436	0	0	741 481 436	870 583 996	741 481 436	0%	0%
Net cash from (used) investing	-1 273 630 721	20 247 270	-1 253 383 451	0	0	-1 253 383 451	1 305 432 066	-1 253 383 451	0%	0%
Net cash from (used) financing	371 017 759	58 266 123	429 283 882	0	0	429 283 882	344 744 374	429 283 882	0%	0%
Cash/cash equivalents at the year end	1 182 509 274	-657 174 895	525 635 668	0	0	525 635 668	362 163 916	525 635 668	0%	0%

The Budget Summary Table is divided into three components namely:

- A. Statement of Financial Performance
- B. Spending against Capital Budget
- C. Other Financial Matters.

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

A. Total Revenue

The municipality achieved 88% of its adjusted revenue budget of R 5, 7 billion for the year. The main variance on the final budget can be attributed to the following:

- Property rates income was less than the target by 3.5% (R 31.8 million), following the implementation of the new valuation roll from the 2013/14 financial year.
- Service charges underperformed by 7% (R 214,5 million)
- Other own revenue underperformed by 20% (R 519, 5 million) of the Adjustment Budget, mainly due unfavourable movement in the Defined benefit obligation.

B. Total Expenditure

The municipality's actual expenditure stood at R 5, 6 billion, representing 100% of the adjusted expenditure budget of R 5, 6 billion. The main variance on the final budget can be attributed to the following:

- Favourable variance of R110, 8 million (8%) due to unfilled vacancies. However overtime continues to be a risk factor in the management of pay costs.
- Debt impairment final costs exceeded the budget by 196% (R 421, 8 million), mainly due to the increased uncollectable debt book, after implementation of the new valuation roll.
- Materials and bulk purchases achieved actual outcome of 104% on the final adjustment budget of R 1, 5 billion, an over spending of 4% (R 112, 9 million).
- Other Expenditure actual spend was 83% of the allocated adjusted budget. The under spending is mainly due to underperformance in several items like amounts charged out for fuel costs, rental of internal vehicles, and inter-departmental charges.

C. Surplus / (Deficit)

Surplus/ (Deficit) after capital transfers and contributions of R 118. 2 million constituted 13% of the budgeted amount of R906. 1 million. The variance is mainly an underperformance on other revenue for the year.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

The actual spending on the capital expenditure is R 1, 3 billion, representing 85.322% of the Adjustment Budget for 2015 (R1, 5 billion). The greater area of under spending as per the funding source is on projects financed through internally generated funds.

COMPONENT C: CASH FLOWS

The municipal cash and investments balances stood at R 675,6 million, which is R 286, 1 million (39%) less than budget. The main reasons for the decrease in cash and cash equivalents are amongst others:

- Accelerated spending and draw down on borrowings.
- Introduction of cost saving measures and general under spending on repairs and maintenance costs

5.2 GRANTS

A. Operating Grants

Table 5.2.1: OPERATING GRANTS

Grant Performance					
R' 000					
Description	2014/2015			Year 0 Variance	
	Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
				(%)	(%)
<u>Operating Transfers and Grants</u>					
National Government:	869 234 000	877 665 000	876 126 359	0,79%	0,18%
Equitable share	603 581 000	603 581 000	603 581 000	0,00%	0,00%
Other	1 500 000	1 500 000	1 500 000	0,00%	0,00%
Fuel Levy Grant	256 663 000	256 663 000	256 663 000	0,00%	0,00%
Energy efficiency and demand side	7 490 000	7 490 000	7 490 000	0,00%	0,00%
EPWP	-	2 431 000	2 392 359	0,00%	1,59%
Sports, arts, culture and recreation	-	6 000 000	4 500 000	0,00%	25,00%
Provincial Government:	5 000 000	8 628 260	-	100,00%	100,00%
Other	-	-	-	0,00%	0,00%
Housing	5 000 000	8 628 260	-	100,00%	100,00%
District Municipality:					
Motheo – Environmental health grant					
Other grant providers:	-	7 053 935	6 366 216	0,00%	9,75%
Kellogg's Foundation	-	-	-		
City of Ghent		1 453 935	1 453 935	0,00%	0,00%
National Lottery	-	5 600 000	4 912 281	0,00%	12,28%
Golden Shield Heritage Award					
Other					
Total Operating Transfers and Grants	874 234 000	893 347 195	882 492 575	0,94%	1,22%

The municipality is a recipient of the Operating Grants and Subsidies from the National and Provincial Government's respectively. For the reporting period the actual spending against the adjusted budget is 1,22%. The Equitable Share grant contributes 68% of the total grant of R 603 million received. The National Government's contribution into the operating grants kitty is 99%.

B. Capital Grants

The adjusted total capital expenditure budget stood at R 1, 5 billion, with the National Government's contribution being 51%. The major grant source is the Urban Settlement Development Grant at R 725 million.

Table 5.2.2: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG for 2014/15						
	R'000					
Details	Original Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Original Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	5 000 000	5 000 000	5 000 000	0%	0%	
Public Transport Infrastructure and Systems Grant	30 000 000	30 000 000	8 866 800	70%	70%	
Other Specify:						
Urban Settlement Development Grant	654 406 000	725 132 573	647 597 018	1%	11%	
EPWP Incentive Grant	2 431 000	-2 431 000	-	100%	0%	
DWAF GRANT	4 000 000	4 000 000	4 000 000	0%	0%	
World Cup Grant - F S Province	-	219 006	-	0%	100%	
Integrated City Development Grant (National)	5 596 000	5 596 000	5 596 000	0%	0%	
Department of Water Affairs	-	-	-	0%	0%	
Integrated National Electrification Grant - (INEG)	30 200 000	30 200 000	30 200 000	0%	0%	
Provincial Government						
Human Settlement Grant - Provincial	25 000 000	27 158 410	24 560 384	2%	10%	
Sports and Recreation						
Other Grants						
Total	756 633 000	824 874 989	725 820 202	4%	12%	

5.3 REPAIRS AND MAINTENANCE

Table 5.3.1: REPAIRS AND MAINTENANCE

Repair and Maintenance Expenditure: Year 2014/15				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	419 268 369	397 748 092	370 271 376	27 476 716

Repairs and Maintenance Budget constituted 5, 8% of the original budget for 2014/15 and 6, 5% of the Adjustment Budget of R 5, 4 billion. The municipality has only spent 93,1% of its allocated adjusted budget, thus under spending by R 27,476 716 million.

5.4 COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Table 5.4.1: CAPITAL EXPENDITURE

R million	Original Budget	Adjustment Budget	Un-audited Full Year Total
Capital Expenditure	1 469 462 648	1 557 970 940	
Operating Expenditure	8 340 516 730	5 651 101 187	
Total expenditure	9 809 979 378	7 209 072 127	
Capital Expenditure %	15%	22%	

The gross municipal expenditure budget, incorporating the operating and capital budget was set at R 6, 7 billion for 2013/14, following the adjustment budget. Capital expenditure budget constituted 19.25% of the gross expenditure adjustment budget. For the year ended 30 June 2014, capital expenditure was R 1 billion of the gross expenditure amount of R 5.8 billion; thus taking up only 18% of the total expenditure.

A. Sources of Funding

For the year under review, the municipality's adjusted expenditure budget of R1, 5 billion was funded out of mainly four sources. These are:

1. External loans to the extent of R 257,7 million was budgeted for financing of mainly long-term infrastructure projects and the yellow fleet. The actual spending for the year was R 225,3 million.
2. Public contributions and donations to R 15, 6 million was budgeted and R11,1 million was spent.
3. Grants and subsidies amounting to R 825,5 million was budgeted and R 723,9 million was spent..
4. Other sources of funds are funds generated out of surplus funds from the working capital. R368,8 million representing 80.3% from own funds were utilized.

Table 5.4.2: CAPITAL EXPENDITURE FUNDING SOURCES

Capital Expenditure Funding Sources						
	Year -2013/2014	Year 2014/2015				
	Actual	Original Budget (OB)	Adjustment Budget (AB)	Actual	Actual to AB Variance (%)	Adjustment to OB Variance (%)
Source of finance						
External loans	5 189 078	368 517 759	257 759 912	225 353 450	13%	-43%
Public contributions and donations	22 608 870	19 267 015	15 767 015	11 102 662	30%	-22%
Grants and subsidies	800 012 042	752 924 228	825 587 219	723 918 384	12%	9%
Other	259 509 050	328 753 646	458 856 794	368 838 822	20%	28%
Total	1 087 319 040	1 469 462 648	1 557 970 940	1 329 213 317	15%	6%
<i>Percentage of finance</i>						
External loans	0,48%	25,08%	16,54%	16,95%		
Public contributions and donations	2,08%	1,31%	1,01%	0,84%		
Grants and subsidies	73,58%	51,24%	52,99%	54,46%		
Other	23,87%	22,37%	29,45%	27,75%		
Water and sanitation						
Electricity						

B. Projects Funded.

Funds earmarked for capital expenditure programmes are used mainly to address basic community service delivery expectation of water and sanitation, electricity, roads and storm-water.

C. Capital Spending on 5 Largest Projects

Funds amounting to R 233, 7 million from the adjusted budget of R 1, 5 billion were spent on the five largest projects as detailed on table 5.4.3.

Table 5.4.3: CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 2014/15			Variance: Current Year 2014/15	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A – AIRPORT DEVELOPMENT NODE	90 000 000	40 000 000	26 246 013	70.84%	34.38%
B – VEHICLE LEASING	47 517 759	47 517 759	57 461 174	-20.93%	-20.93%

C – RESEALING OF STREETS	20 000 000	62 235 525	56 705 382	-183.53%	8.89%
D –NORTHEASTERN WASTE WATER TREATMENT WORKS	43 419 871	42 454 099	38 746 487	10.76%	8.73%
E – REFURBISHMENT OF SEWER SYSTEMS	10 000 000	56 287 938	54 532 643	-442.33%	3.65%

PROJECTS WITH THE HIGHEST CAPITAL EXPENDITURE IN YEAR 2014/2015

Name of Project – A Airport Development Node	
Objective of Project	<i>To install the requisite municipal infrastructure services to support the development of Airport Development Node</i>
Delays	<i>Unforeseen legal matters</i>
Future Challenges	<i>None</i>
Anticipated citizen benefit	<i>Access to employment opportunities, access to housing opportunities and access to learning institutions</i>
Name of Project – B Vehicle leasing	
Objective of Project	<i>To acquire additional white and yellow fleet for City</i>
Delays	<i>Some of the yellow fleet had to be customised</i>
Future Challenges	
Anticipated citizen benefit	<i>Effective service delivery</i>
Name of Project –C Resealing of the Streets	
Objective of Project	<i>Conducting routine maintenance on the street and roads infrastructure of the City</i>
Delays	<i>None</i>
Future Challenges	<i>None</i>
Anticipated citizen benefit	<i>Access to roads and storm-water services and the extension of useful lives of roads and storm-water infrastructure</i>
Name of Project-D – North Eastern Waste Water Treatment Works	
Objective of Project	<i>To build a new Waste Water Treatment Work</i>
Delays	<i>None</i>
Future Challenges	<i>None</i>
Anticipated citizen benefit	<i>Provision of effective sanitation services and support development along N8 Corridor Development</i>
Name of Project E –Refurbishment of sewer systems	
Objective of Project	<i>To refurbish ageing sewer systems in the City</i>
Delays	<i>None</i>
Future Challenges	<i>None</i>
Anticipated citizen benefit	<i>Provision of effective sanitation services</i>

D. Capital Expenditure by Class

Appendix Capital M-(II) provides an overview of Capital Expenditure by Asset Class and it is broken down into New Asset Programme and Upgrade/Renewal Programme.

In terms of the budget spent on new assets acquired/included in the municipal asset register amounted to R 707 million. Whereas maintenance of existing infrastructure and facilities cost **R352, 4 million**.

5.5 COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS

Table 5.5.1: CASH FLOW OUTCOMES

Cash Flow Outcomes				
R'000				
Description	2014	Current: Year 2015		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	3 008 933 318	4 749 271 591	3 964 559 725	3 159 288 625
Government – operating	1 590 337 913	617 571 000	621 038 114	1 429 004 714
Government – capital	-	727 633 000	727 633 000	
Interest	156 096 452	330 835 889	197 704 199	201 759 795
Dividends				
Payments				
Suppliers and employees	-3 655 051 209	-4 850 257 651	-4 691 021 473	(3 919 464 778)
Finance charges	-41 007 623	-104 405 876	-62 628 538	(4 368)
Transfers and Grants	-	-58 938 215	-15 803 591	
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 059 308 851	1 411 709 738	741 481 436	870 583 996
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE		20 257 015	990 000	0
Decrease (Increase) in non-current debtors	20 595 118			33 899 145
Decrease (increase) other non-current receivables	1 789 656			230 548
Decrease (increase) in non-current investments				
Payments				
Capital assets	-1 353 188 308	-1 293 887 736	-1 254 373 451	-1 500 177 307
NET CASH FROM/(USED) INVESTING ACTIVITIES	-1 330 803 534	-1 273 630 721	-1 253 383 451	(1 305 432 066)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing	12 777 818	368 517 759	427 000 000	400 322 108
Increase (decrease) in consumer deposits	1 302 046	2 500 000	2 283 882	23 651 263
Payments				
Repayment of borrowing	106 596 178	-64 935 775	-25 001 091	-81 197 560
NET CASH FROM/(USED) FINANCING ACTIVITIES	120 676 042	306 081 984	404 282 791	342 744 374
NET INCREASE/ (DECREASE) IN CASH HELD	-150 818 641	444 161 001	-107 619 224	90 103 696
Cash/cash equivalents at the year begin:	603 086 253	738 348 273	633 254 892	452 267 612
Cash/cash equivalents at the year-end:	452 267 612	1 182 509 274	525 635 668	362 163 916

5.6 BORROWING AND INVESTMENTS

A. Actual Borrowings

Table 5.6.1: ACTUAL BORROWINGS – YEAR 2012/2013 TO YEAR 2014/2015

Actual Borrowings: Year -2012/13 to Year 2014/15			
R' 000			
Instrument	Year - 2013	Year - 2014	Year 2015
<u>Municipality</u>			
Long-Term Loans (annuity/reducing balance)	179 085 650	191 863 468	592 185 575
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	7 155 895	143 210 786	106 418 885
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	186 241 545	335 074 254	698 604 460
<u>Municipal Entities</u>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	392 128	304 782	1 712 287
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	392 128	304 782	1 712 287
Total			700 316 747

The consolidated municipal borrowing have grown on a yearly basis from a low position of **R 25,543 million** in June 2011, to **R 191,863 million** in 2014 and the current position of **R 592 185 million** in 2015. The funds were used mainly for infrastructure projects, being water reticulation, reservoirs and road and storm-water projects

Investments

Table 5.6.2: MUNICIPAL AND ENTITY INVESTMENTS

Municipal and Entity Investments			
R' 000			
Investment* type	Year -2012/13	Year -2013/14	Year - 2014/15
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank	204 062 484	99 321 305	148 578 021
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit – Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements – Banks			
Municipal Bonds			
Other			
Municipality sub-total	204 062 484	99 321 305	148 578 021
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank	255 245 328	466 764 374	429 481 988
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit – Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements – Banks			
Other			
Entities sub-total	255 245 328	466 764 374	429 481 988
-			
Consolidated total:	429 307 812	566 085 679	578 060 009

The consolidated investments balance has decreased from position of R 429, 3 million in 2012/13 to R 578 million as at 30 June 2015.

Report of the auditor-general to the Free State Legislature and the council on the Mangaung Metropolitan Municipality

Report on the consolidated financial statements

Introduction

1. I have audited the consolidated financial statements of the Mangaung Metropolitan Municipality set out on pages 297 to pages 439, which comprise the consolidated statement of financial position as at 30 June 2015, the consolidated statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the consolidated financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with South Africa Standards of Generally Recognised Accounting Practise (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act no. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Mangaung Metropolitan Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 59 to the consolidated financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2014-15 in the consolidated financial statements of the group at, and for the year ended, 30 June 2014.

Material losses

9. As disclosed in notes 6, 7 and 8 to the consolidated financial statements material losses were incurred as a result of the write-off of consumer and other receivables to the amount of R86 431 274 (2014: R108 875 587).
10. As disclosed in note 66 to the consolidated financial statements, material bulk water losses to the amount of R167 576 335 (2014: R117 245 213) were incurred by the group mainly due to burst water pipes, leakages and unmetered sites.
11. As disclosed in note 66 to the consolidated financial statements, material electricity distribution losses to the amount of R154 232 114 (2014: R132 167 135) were incurred as a result of theft, vandalism, faulty meters and variances in monthly consumption estimates.

Material impairments

12. As disclosed in note 5, 6, 7 and 8 to the consolidated financial statements a provision for the impairment of consumer and other receivables to the amount of R2 488 795 351 (2014: R1 869 679 563) was made.

Unauthorised expenditure

13. As disclosed in note 63 to the consolidated financial statements, the group incurred unauthorised expenditure of R996 013 695 (2014: R673 096 965) in the year under review due to expenditure incurred that exceeded the limits of the amounts provided for in the votes of the approved budget.

Irregular expenditure

14. As disclosed in note 65 to the consolidated financial statements, the group incurred irregular expenditure of R41 614 683 (2014: R46 980 591) during the year under review mainly due to non-compliance with the supply chain management prescripts.

Underspending of conditional grants

15. As disclosed in note 40 to the consolidated financial statements, the group has underspent on the public transport infrastructure and systems fund grant by 70% (R21 133 200) and the urban settlement development grant by 11% (R77 535 555) for the year under review.

Additional matter

16. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

17. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement, as contained in note 72 to the consolidated

financial statements, did not form part of the audit of the consolidated financial statements and, accordingly, I do not express an opinion thereon.

Service delivery

18. Included in the cost of buildings, as disclosed in note 13 to the consolidated financial statements, is a capital expenditure amount of R351 906 448 (2014: R351 906 448) that relates to the intermodal public transport facility. The construction of the facility has been finalised but the facility has not been occupied to date due to disagreement between the taxi industry and the council.

Report on other legal and regulatory requirements

19. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

20. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected key performance areas presented in the annual performance report of the municipality for the year ended 30 June 2015:

- Key performance area (KPA): Poverty eradication, rural and economic development and job creation on pages 131 to 135
- KPA: Eradication of bucket system, VIP toilets in Botshabelo, Mangaung and Thaba Nchu, and a focus on the basics, building solar farming, power plant feasibility study, safety and security on pages 136 to 152
- KPA: Human settlements on pages 178 to 182

21. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
22. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned key performance areas. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
23. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

24. The material findings in respect of the selected key performance areas are as follows:

KPA: Poverty eradication, rural and economic development and job creation

Reliability of reported performance information

25. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 32% of the targets to assess the reliability of the reported performance information. This was due to limitations placed on the scope of my work because the information was not retained and safeguarded

throughout the year.

KPA: Eradication of bucket system, VIP toilets in Botshabelo, Mangaung and Thaba Nchu and a focus on the basics, building solar farming, power plant feasibility study, safety and security

Usefulness of reported performance information

26. The FMPPI requires that:

- performance targets be specific in clearly identifying the nature and required level of performance. A total of 21% of the targets were not specific.
- performance targets be measurable. We could not measure the required performance for 21% of the targets.
- performance indicators/measures be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. A total of 25% of the indicators were not well defined.

27. This was due to a lack of proper systems and processes for performance planning and management to provide for the management of performance indicators and targets included in the annual performance report and technical indicator descriptions.

Reliability of reported performance information

28. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 21% of the targets to assess the reliability of the reported performance information. This was due to limitations placed on the scope of my work because the information was not retained and safeguarded throughout the year.

KPA: Human settlements

Reliability of reported performance information

29. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 38% of the targets to assess the reliability of the reported performance information. This was due to limitations placed on the scope of my work because the information was not retained and safeguarded throughout the year.

Additional matters

30. I draw attention to the following matters:

Achievement of planned targets

31. Refer to the annual performance report on pages 130 to 194 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected key performance areas reported in paragraphs 25, 26, 28 and 29 of this report.

Adjustment of material misstatements

32. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of eradication of bucket system, VIP toilets in Botshabelo, Mangaung and Thaba Nchu, a focus on the basics, building solar farming, power plant feasibility study, safety and security, and human settlements. As management subsequently corrected only some of the misstatements, I identified material findings on the reliability of the reported performance information.

Unaudited supplementary schedules

33. The supplementary information set out on pages 25 to 129 do not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

34. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Consolidated financial statements and annual report

35. The consolidated financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of property plant and equipment, provisions, commitments and the cash flow statement identified by the auditors in the submitted consolidated financial statement were subsequently corrected, resulting in the consolidated financial statements receiving an unqualified audit opinion.
36. The oversight report, containing comments on the annual report, although adopted by council, was not adopted within the prescribed period of two months from the date on which the 2013-14 annual report was tabled, as required by section 129(1) of the MFMA.

Audit committee

37. Contrary to the requirements of municipal planning and performance management regulation 14(4)(a)(iii), the audit committee reported only once during the year on the review of the performance management system to council.

Procurement and contract management

38. The performance of certain contractors and providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
39. Contracts were awarded to and quotations were accepted from bidders who had not submitted a declaration on whether they are employed by the state or connected to any person employed by the state, as required by supply chain management (SCM) regulation 13(c).

Human resource management and compensation

40. The annual report of the municipality did not reflect information on compliance with prescribed minimum competencies as required by regulation 14(2)(b) of the *Municipal regulations on minimum competency levels*.

Expenditure management

41. Reasonable steps were not taken to prevent unauthorised and irregular expenditure, as required by section 62(1)(d) of the MFMA.

Asset management

42. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Internal control

43. I considered internal control relevant to my audit of the consolidated financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

44. Leadership did not effectively monitor and enforce corrective action plans to address weaknesses in the processes of financial and performance reporting that were reported in the previous financial year. As a result, the significant findings reported previously were repeated and again required material adjustments to be effected to the consolidated financial statements and resulted in unreliable performance information.
45. Leadership did not ensure that vacancies in the entity are timeously filled and that succession planning takes place in certain directorates, which in turn resulted in non-compliance with applicable legislation.

Financial and performance management

46. The municipality lacks adequate personnel with relevant skills and experience pertaining to the management and reporting of financial and performance information within certain directorates. Due to the lack of personnel daily and monthly controls pertaining to information management is compromised and insufficient reviews are done to ensure the reliability of the information that is used in reporting.
47. Effective performance systems, processes and procedures, as well as the management thereof, had not been adequately developed and implemented. Daily and monthly controls pertaining to information management is compromised and the reviews performed to ensure the reliability of the information used in reporting is insufficient.
48. Management did not implement and monitor its action plan developed to address the external audit matters reported in the previous financial year.

I-Auditor - General
Bloemfontein

25 January 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to the Free State Legislature and the council on the Mangaung Metropolitan Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Mangaung Metropolitan Municipality set out on pages 441 to pages 579, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South Africa Standards of Generally Recognised Accounting Practise (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act no. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 60 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2014-15 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

Material losses

9. As disclosed in notes 6, 7 and 8 to the financial statements, material losses were incurred as a result of the write-off of consumer and other receivables to the amount of R86 431 274 (2014: R108 875 587).
10. As disclosed in note 67 of the financial statements, material water losses to the amount of R167 576 335 (2014: R117 245 213) were incurred by the municipality mainly due to burst water pipes, leakages and unmetered sites.

Material impairments

11. As disclosed in notes 5, 6, 7 and 8 of the financial statements, management made a provision for the impairment of consumer and other receivables to the amount R2 078 606 189 (2014: R1 467 167 286).

Unauthorised expenditure

12. As disclosed in note 64 to the financial statements, the municipality incurred unauthorised expenditure of R1 006 015 706 (2014: R673 096 965) in the year under review due to expenditure incurred that exceeded the limits of the amounts provided for in the votes of the approved budget.

Underspending of conditional grants

13. As disclosed in note 42 of the financial statements, management has underspent on the public transport infrastructure and systems fund grant by 70% (R21 133 200) and the urban settlement development grant by 11% (R77 535 555) for the year under review.

Additional matter

14. I draw attention to the matters below. My opinion is not modified in respect of this matter.

Unaudited disclosure notes

15. In terms of section 125(2) (e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement, as contained in note 73 to the financial statements, did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Service delivery

16. Included in the cost of buildings, as disclosed in note 13 to the financial statements, is a capital expenditure amount of R351 906 448 (2014: R351 906 448) that relates to the intermodal public transport facility. The construction of the facility has been finalised but the facility has not been occupied to date due to disagreement between the taxi industry and the council.

Report on other legal and regulatory requirements

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

18. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected key performance areas presented in the annual performance report of the municipality for the year ended 30 June 2015:
- Key performance area (KPA): Poverty eradication, rural and economic development and job creation on pages 131 to 135
 - KPA: Eradication of bucket system, VIP toilets in Botshabelo, Mangaung and Thaba Nchu, and a focus on the basics, building solar farming, power plant feasibility study, safety and security on pages 136 to 152
 - KPA: Human settlements on pages 178 to 182
19. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
20. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned key performance areas. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
21. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. The material findings in respect of the selected key performance areas are as follows:

KPA: Poverty eradication, rural and economic development and job creation

Reliability of reported performance information

23. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 32% of the targets to assess the reliability of the reported performance information. This was due to limitations placed on the scope of my work because the information was not retained and safeguarded throughout the year.

KPA: Eradication of bucket system, VIP toilets in Botshabelo, Mangaung and Thaba Nchu and a focus on the basics, building solar farming, power plant feasibility study, safety and security

Reliability of reported performance information

24. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 36% of the targets to assess the reliability of the reported performance information. This was due to limitations placed on the scope of my work because the information was not retained and safeguarded throughout the year.

KPA: Human settlements

Reliability of reported performance information

25. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for 38% of the targets to assess the reliability of the reported performance information. This was due to limitations placed on the scope of my work because the information was not retained and safeguarded throughout the year.

Additional matters

26. I draw attention to the following matters:

Achievement of planned targets

27. Refer to the annual performance report on pages 130 to pages 194 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information for the selected key performance areas reported in paragraphs 23, 24 and 25 of this report.

Adjustment of material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of eradication of bucket system, VIP toilets in Botshabelo, Mangaung and Thaba Nchu, a focus on the basics, building solar farming, power plant feasibility study, safety and security, and human settlements. As management subsequently corrected only some of the misstatements, I identified material findings on the reliability of the reported performance information.

Unaudited supplementary schedules

29. The supplementary information set out on pages 25 to 129 do not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

30. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Financial statements and annual report

31. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of property plant and equipment, provisions and commitments identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
32. The oversight report, containing comments on the annual report, although adopted by council, was not adopted within the prescribed period of two months from the date on which the 2013-14 annual report was tabled, as required by section 129(1) of the MFMA.

Audit committee

33. Contrary to the requirements of municipal planning and performance management regulation 14(4)(a)(iii), the audit committee reported only once during the year on the review of the performance management system to council.

Procurement and contract management

34. The performance of certain contractors and providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

Human resource management and compensation

35. The annual report of the municipality did not reflect information on compliance with prescribed minimum competencies as required by regulation 14(2)(b) of the *Municipal regulations on minimum competency levels*.

Expenditure management

36. Reasonable steps were not taken to prevent unauthorised and irregular expenditure, as required by section 62(1)(d) of the MFMA.

Asset management

37. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Internal control

38. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

39. Leadership did not effectively monitor and enforce corrective action plans to address weaknesses in the processes of financial and performance reporting that were reported in the previous financial year. As a result, the significant findings reported previously were repeated and again required material adjustments to be effected to the financial statements and resulted in unreliable performance information.

Financial and performance management

40. The municipality lacks adequate personnel with relevant skills and experience pertaining to the management and reporting of financial and performance information within certain directorates. Due to the lack of personnel, daily and monthly controls pertaining to information management were compromised and insufficient reviews were performed to ensure the reliability of the information that is

used in reporting.

41. Management did not implement consequence management based on the non-achievement of deadlines that were set in the action plan to address the matters reported in the previous financial year.

T. Auditor-General

Bloemfontein

30 November 2015



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Report of the auditor-general to the Free State Legislature and the council of the parent municipality on Centlec (SOC) Limited

Report on the financial statements

Introduction

1. I have audited the financial statements of the Centlec (SOC) Limited set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and of the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and the Companies Act of South Africa, 2008 (Act No. 71 of 2008), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipal entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Centlec (SOC) Limited as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA, and the Companies Act of South Africa.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 2014-15 in the financial statements of the Centlec (SOC) Limited at, and for the year ended, 30 June 2014.

Material impairments

9. As disclosed in note 6 to the financial statements, provision for debt impairment to the amount of R410 189 162 (2014: R402 512 277) has been made with regards to consumer debtors amounting to R688 772 432 (R2014: R765 470 061).

Material losses

10. As disclosed in note 51 to the financial statements, material losses to the amount of R154 232 114 (12,89%) (2014: R132 167 135) (12,07%) were incurred as a result of theft, vandalism, faulty meters and variances in monthly consumption estimates.

Irregular expenditure

11. As disclosed in note 50 to the financial statements, the municipal entity incurred irregular expenditure of R33 548 425 (2014: R37 975 950) during the year under review mainly due to non-compliance with supply chain management prescripts.

Additional matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA, the municipal entity is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Other reports required by the Companies Act

14. As part of our audit of the financial statements for the year ended 30 June 2015, I have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports I have not identified material inconsistencies between the reports and the audited financial statements. I have not audited the reports and accordingly do not express an opinion on them.

Report on other legal and regulatory requirements

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected key performance area presented in the annual performance report of the municipal entity for the year ended 30 June 2015:
- Key performance area: Infrastructure development and service delivery on pages x to x
17. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
18. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned key performance area. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
19. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. The material findings in respect of the selected key performance area are as follows:

Key performance area: Infrastructure development and service delivery

Usefulness of reported performance information

21. The FMPPI requires that:
- performance targets be specific in clearly identifying the nature and required level of performance. A total of 29% of the targets were not specific.
 - performance targets be measurable. I could not measure the required performance for 31% of the targets.
 - performance indicators/measures be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. A total of 43% of the indicators were not well defined.
22. This was due to a lack of proper systems and processes for performance planning and management to provide for the development of performance indicators and targets included in the annual performance report and technical indicator descriptions.

Reliability of reported performance information

23. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the

source information or evidence provided. This is due to the fact that proper indicator definitions were not used to predetermine the evidence and method of calculation for actual achievements.

Additional matters

24. I draw attention to the following matters:

Achievement of planned targets

25. Refer to the annual performance report on pages x to x for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected key performance area reported in paragraphs 21 to 24 of this report.

Adjustment of material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for infrastructure development and service delivery. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

27. I performed procedures to obtain evidence that the municipal entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements and annual reports

28. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, revaluation reserve, accumulated surplus and cash flow statement identified by the auditors in the submitted financial statement were subsequently corrected or the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

29. Money owed by the municipal entity was not always paid within 30 days, as required by section 99(2)(b) of the MFMA.
30. Reasonable steps were not taken to prevent irregular expenditure, as required by section 95(d) of the MFMA.

Procurement and contract management

31. Contracts were awarded to and quotations were accepted from bidders who had not submitted a declaration on whether they are employed by the state or connected to any person employed by the state, as required by supply chain management (SCM) regulation 13(c).

Internal control

32. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. The matters reported below are limited to the significant internal

control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

33. The municipal entity did not ensure that vacancies are timeously filled and that succession planning takes place in the finance, asset, SCM and organisational performance management directorates, which in turn resulted in non-compliance with applicable legislation.

Financial and performance management

34. Effective performance systems, processes and procedures, as well as the management thereof, had not been adequately developed and implemented. Daily and monthly controls pertaining to information management is compromised and the reviews performed to ensure the reliability of the information used in reporting is insufficient. The financial statements were not adequately reviewed for accuracy prior to submission for auditing, resulting in material corrections to be made.
35. Inadequate monitoring controls by management over the implementation of the SCM policy gave rise to a significant number of errors in the municipal entity's approved supplier database and its contract and deviations registers.

Other reports

Investigations

36. An external investigation into inadequate consultancy services provided to the entity was still in progress at year-end. The investigation covers the period from August 2005 to July 2010.

T. Audibr - General

Bloemfontein

30 November 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

CHAPTER 7: AUDIT COMMITTEE REPORT ON THE ANNUAL REPORT 2014/15

MANGAUNG METROPOLITAN MUNICIPALITY

REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2015

We are pleased to present our report for the financial year ended 30 June 2015

Audit Committee Members and Attendance

The Audit Committee comprised of the members listed hereunder. During the current year, the committee held 6 meetings as follows.

Meeting No.	Type of meeting	Date held
01-2014/15-32	Ordinary	28/08/2014
02-2014/15-33	Ordinary	30/10/2014
03-2014/15-34	Special	28/11/2014
04-2014/15-35	Ordinary	25/02/2015
05-2014/15-36	Ordinary	12/06/2015
06-2014/15-37	Special	30/06/2015

Name of Member	Meetings Attended	Apologies
Mr N Mokhesi (Audit Committee chairperson)	4	2
Ms L Sibanyoni (Née Bam)	3	3
Mr S Radebe	4	2
Ms M Madali	6	-
Ms E Dalton-Brits	5	1

Audit Committee Responsibility

The Committee reports that it has complied with its responsibilities arising from section 166 (2) of the Municipal Finance Management Act, 56 of 2003.

The Committee further reports that, it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged its responsibilities as contained therein.

The effectiveness of internal control

The system of internal control was not entirely effective for the year under review. During the year under review, several deficiencies in the system of internal control were reported by the internal auditor.

Management therefore, need to institute effective internal control measures to address, on a sustainable basis, control weaknesses identified by both the internal auditor and Auditor General.

The quality of in year management and monthly / quarterly reports submitted in terms of the MFMA and the Division of Revenue Act

The Committee noted through the reports of the internal auditor that some of the quarterly SDBIP reports were not reviewed by Heads of Departments as part of quality review; as a result, the reported performance information was in some instances found not to be credible and or supported by relevant supporting documentation or portfolio of evidence (POE).

The Committee is however, satisfied with the content of monthly and quarterly financial reports prepared and issued by the Accounting Officer of the Municipality during the year under review. However, the Committee is concerned about the late submission of some of these reports to both the Executive Mayor of the Municipality, Council, the Provincial and National Treasuries, the result of which is non-compliance with the law.

Evaluation of Financial Statements

The Committee discussed the 2014/15 Annual Financial Statements with management, enquired and raised questions of clarity. The Committee then recommended the submission of annual financial statements to Auditor-General for auditing.

Performance Information

The reports of the internal auditor highlighted control weaknesses in the area of quarterly performance reporting. Control weaknesses highlighted by the internal auditor include the following;

- Corrective actions for instances where targets were not met are not always provided in the progress reports;
- Performance of some projects / services was rated / evaluated incorrectly;
- Performance achievement claimed in some quarterly progress reports were either not sufficiently supported by portfolio of evidences submitted or did not correlate with evidence submitted;
- The validity, accuracy and correctness of some reported achievements could not be verified due to non submission of portfolios of evidences for some key performance indicators;
- Quality reviews by Heads of Departments of quarterly reports and their supporting documentation (portfolio of evidence) prior to submission to the office of the City Manager for further processing were not consistently performed.

Internal audit

The Committee is satisfied that the internal audit function is operating effectively and that it has carried out its responsibilities as per approved internal audit plan for the year under review and has submitted its quarterly reports to the Audit Committee for consideration as envisaged in section 165(2)(b) of the Municipal Finance Management Act, 56 of 2003.

Auditor-General's Reports

The Committee met and discussed the Auditor-General's findings on the audit of the municipality's 2014/15 Annual Financial Statements. The Committee took note of findings raised by Auditor-General in the report and urged management to address these findings as a matter of urgency and in a sustainable manner to ensure the attainment of a clean audit.

Furthermore, the Committee discussed the Auditor-General's findings on the municipality's Consolidated Annual Financial Statements. The Committee is concerned about the following issues raised by Auditor-General in this report;

- **Irregular Expenditure**

High irregular expenditure reported by Centlec during the financial year of which about R27million is relating to a previously concluded contract.

- **Performance Information**

Non-submission of Portfolio of Evidence by management which has resulted in scope limitation for Auditor-General to evaluate the reliability and integrity of the Municipality's Performance Information and the submitted performance information in some instances was not useful as some of the targets were not specific and some of the indicators were not well defined.

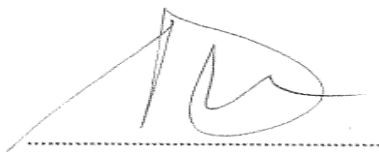
- **Leadership**

Auditor-General raised a finding that, leadership did not ensure that vacancies in the entity are filled on time which has directly impacted negatively on the daily and monthly controls.

The Committee also note with appreciation that the municipality has maintained the Unqualified Audit Opinion and therefore, encourage management to work more to sustain this opinion and ultimately graduate to a clean audit.

Conclusion

The Committee concurs and accepts the Auditor-General's conclusions on both the Municipality's stand alone and consolidated annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the reports of the Auditor-General.



N MOKHESI
CHAIRPERSON: MANGAUNG METRO AUDIT COMMITTEE

APPENDICES

APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
CIlr GM BACELA	P/T	-	Ward Councillor	82	18
CIlr FR BOTES	P/T	-	Ward Councillor	76	24
CIlr JF BRITZ	P/T	-	Proportional	86	14
CIlr ME DENNIS	P/T	-	Ward Councillor	88	12
CIlr M DAVIES ¹ Appointed 28 April 2014	P/T		Proportional	100	-
CIlr MD DIBECO-MASUKU	P/T	-	Ward Councillor	88	10
CIlr RP DITABE	P/T	-	Proportional	94	6
CIlr S DYOSIBA	P/T	-	Ward Councillor	93	7
CIlr MJ ETI	P/T	-	Ward Councillor	95	5
CIlr MD HLUJANE	P/T	-	Ward Councillor	100	-
CIlr W HORN Resigned 15 April 2014	P/T	-	Proportional	87	13
CIlr TA JACOBS	P/T	-	Proportional	96	4
CIlr TB JACOBS	P/T	-	Ward Councillor	98	2
CIlr DE JANSE v VUUREN Resigned May 21,2014	P/T	-	Ward Councillor	86	14
CIlr LR JULY	P/T	-	Proportional	100	-
CIlr SG KALIYA	P/T	-	Ward Councillor	85	8
CIlr ZT KHI	P/T	-	Ward Councillor	92	6
CIlr PA KUAPE	P/T	-	Ward Councillor	58	34
CIlr TS LALA	P/T	-	Ward Councillor	92	8
CIlr JAA LAZENBY	P/T	-	Proportional	77	23
CIlr D LEECH	P/T	-	Ward Councillor	92	8
CIlr LE LEKGELA	P/T	-	Proportional	83	17
CIlr MJ LEPHOI	P/T	-	Ward Councillor	92	8
CIlr TK LITABE	P/T	-	Proportional	77	23
CIlr BNV MADELA	P/T	-	Ward Councillor	85	8
CIlr ET MAKHELE	P/T	-	Ward Councillor	100	-
CIlr MC MALEBO	P/T	-	Proportional	85	15
CIlr ZE MANGCOTYWA	F/T	Chief Whip	Proportional	96	4
CIlr TM MANYONI	F/T	Executive Mayor	Proportional	66	34
CIlr LA MASOETSA	F/T	Section 80 Committee : Infrastructure and Services	Proportional	92	8
CIlr ML MATHOBISA	P/T	-	Ward Councillor	85	15

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
CIlr MV MATSEMELELA	P/T	-	Ward Councillor	85	8
CIlr MJ MATSOETLANE	F/T	Section 80 Committee : Health and Social Development	Proportional	62	38
CIlr MB MBANGE	P/T	-	Proportional	96	4
CIlr TM MFAZWE	P/T	-	Proportional	81	19
CIlr H MINNIE	P/T	-	Proportional	72	28
CIlr MA MOENG	F/T	Section 80 Committee : Development Planning and Urban Management	Proportional	92	8
CIlr MJ MOFOKENG	P/T	-	Ward Councillor	82	22
CIlr ID MOGAMISE	P/T	-	Proportional	100	-
CIlr ME MOILWA	F/T	-	Proportional	84	16
CIlr PR MOKOLOKO	P/T	-	Ward Councillor	95	-
CIlr KO MOKONE	P/T	-	Proportional	82	18
CIlr NG MOKOTJO	F/T	Section 80 Committee : Finance	Proportional	88	12
CIlr RLAE MOLOABI	P/T	-	Ward Councillor	88	12
CIlr SA MONNAKGORI	F/T	Section 80 Committee : Rural Development and Environment	Proportional	90	10
CIlr MB MONONYANE	P/T	-	Proportional	83	17
CIlr TM MOPELO	P/T	-	Ward Councillor	100	-
CIlr TA MOPHETHE	P/T	-	Ward Councillor	92	-
CIlr TCL MOROE	P/T	-	Ward Councillor	80	20
CIlr MM MORURI	P/T	-	Ward Councillor	90	10
CIlr SS MORUTLE	P/T	-	Ward Councillor	86	14
CIlr TA MOSIUOA	P/T	-	Proportional	82	18
CIlr MOSHWADIBA ² PZ appointed October 11, 2013	P/T	-	Proportional	75	15
CIlr MZ MOTLADILE	P/T	-	Ward Councillor	88	12
CIlr HJ MOTLATSI	P/T	-	Ward Councillor	78	-
CIlr TS MPAKATHE	P/T	-	Proportional	88	12
CIlr MS MPEQEKA	P/T	-	Proportional	88	12
CIlr KJ MTSHIWANE	P/T	-	Ward Councillor	100	-
CIlr TJ NAILE	P/T	-	Ward Councillor	100	-
CIlr SS NDAMANE	P/T	-	Ward Councillor	92	8
CIlr MJ NKOE	P/T	-	Ward Councillor	76	24
CIlr J NOTHNAGEL	P/T	-	Proportional	90	10
CIlr GJ OLIVIER	P/T	-	Proportional	82	18

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
CIlr TD PARKIE	P/T	-	Proportional	84	16
CIlr TWG PATO	P/T	-	Proportional	100	-
CIlr JE PETERSEN ³ appointed June 17, 2014	P/T	-	Proportional	100	-
CIlr MA PHAJANE	P/T	-	Proportional	85	15
CIlr SD PHOKOJE	P/T	-	Ward Councillor	100	-
CIlr NA PHUPHA	P/T	-	Ward Councillor	70	30
CIlr XD PONGOLO	F/T	Section 80 Committee : Human Settlements and Housing	Ward Councillor	92	8
CIlr JD POWELL	P/T	-	Proportional	85	15
CIlr C PRETORIUS	P/T	-	Ward Councillor	77	23
CIlr JC PRETORIUS	P/T	-	Ward Councillor	69	31
CIlr KN RABELA	F/T	Section 80 Committee : Corporate Governance and Administration	Proportional	82	18
CIlr MA RAMETSE	P/T	-	Proportional	83	17
CIlr FP RAMOKOTJO	P/T	-	Ward Councillor	100	0
CIlr TM RAMONA Resigned August 1, 2013	P/T	-	Proportional	50	50
CIlr CLM RAMPAL	F/T	Deputy Executive Mayor Section 80 Committee : Integrated Development Planning	Proportional	100	-
CIlr NA RATSU	P/T	-	Ward Councillor	92	-
CIlr ME SEBOTHELO	P/T	-	Ward Councillor	92	8
CIlr CSK SECHOARO Resigned 21 May 2014 June 17, 2014	F/T	Chairperson Section 79 Committee : Municipal Public Accounts	Proportional	77	23
CIlr DM SEKAKANYO	F/T	Section 80 Committee : Transport, Security and Emergency	Proportional	100	-
CIlr M SELALEDI	P/T	-	Proportional	100	-
CIlr MA SIYONZANA	F/T	Speaker	Proportional	100	-
CIlr E SNYMAN-VAN DEVENTER	P/T	-	Proportional	62	38
CIlr ED TEKO	P/T	-	Ward Councillor	100	-
CIlr AP TERBLANCHE	P/T	-	Ward Councillor	100	-
CIlr GTM THIPENYANE	P/T	-	Proportional	100	-
CIlr LM TITI ODILIE	P/T	-	Proportional	100	-

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Cllr AL TOBA	P/T	-	Proportional	92	8
Cllr EC TOBIE	P/T	-	Ward Councillor	62	38
Cllr M TSOMELA	F/T	Section 80 Committee : Economic Development and Tourism	Proportional	100	-
Cllr PJJ VAN BILJON	P/T	-	Ward Councillor	88	12
Cllr R VAN DER MERWE	P/T	-	Ward Councillor	77	23
Cllr TB VAN DER WALT ⁴ Appointed 2 July 2014	P/T	-	Proportional	100	-
Cllr P ad WESTHUIZEN Resigned Feb 28, 2014	P/T	-	Proportional	92	8
Cllr HJC VAN NIEKERK	P/T	-	Ward Councillor	82	28
Cllr BJ VIVIERS	P/T	-	Ward Councillor	86	14
Cllr VW WARD	P/T	-	Ward Councillor	96	-
Cllr AS ZERWICK	P/T	-	Proportional	78	22
Cllr NM ZOPHE	P/T	-	Proportional	68	32

¹Councillor M Davies was appointed in the place of Councillor JS Human who resigned

²Councillor PZ Moshwadiba appointed in the place of Councillor TM Ramona who resigned

³Councillor JE Petersen appointed in the PR vacancy of the ANC (replaces Cllr CSK Sechoaro)

⁴Councillor TB van der Walt appointed in the place of Councillor W Horn who resigned

⁴Councillor JS Human appointed in the place of Councillor P van der Westhuizen who resigned

⁴Councillor DE Janse v Vuuren resigned as a ward councillor for ward 24, by-elections to be held

*Note: * Councillors appointed on a proportional basis do not have wards allocated to them.*

APPENDIX B: COMMITTEE AND COMMITTEE PURPOSE

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Section 79 Committee	These committees are established for the effective and efficient performance of any of the council functions or the exercise of any of its powers as determined by the MMM
Section 80	The Roles fulfilled by the portfolio committees are to operate and assist the mayoral committee in their respective functional areas and the executive Mayor may delegate any powers and duties of the Mayoral committee to the section 80 committee
Audit Committee	Each Municipality and entity must have an audit committee which is an independent advisory body and which must advise council and all other stakeholders in accordance with the stipulations as set out under section 166 of the MFMA
Budget steering committee	This committee oversees the drafting and formulation of the budget of the MMM
IDP Steering Committee	Committee that is responsible for the annual review and implementation of the IDP
Ward Committees	The object of ward committee is to enhance participatory democracy in local government. ward committees are established for each of the 49 wards in the MMM
LLF	This committee provides and regulates organisational rights for trade unions and function in terms of section 23 of the Labour relations Act

APPENDIX C: TWO TIER STRUCTURE

Department	City Manager and Heads of Department
Office of the City Manager	Municipal Manager, Ms SM Mazibuko
Centlec	Acting Chief Executive Officer: Mr MG Mohlakoana
Corporate Services	Head of Department, Ms M Ramaema
Engineering Services	Head of Department, Mr LX Ntoyi
Finance	CFO, Mr EM Mohlahlo
Human Settlement	Head of Department Mr MM Mokoena
Planning and Economic Development	Vacant
Social Services	Head of Department, Ms EH Radebe
Strategic Projects & Service Delivery Regulation	Head of Department, Mr MG Mohlakoana

APPENDIX D: FUNCTIONS OF THE MUNICIPALITY/ ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	YES	
Building regulations	YES	
Child care facilities	YES	
Electricity and gas reticulation		YES (Centlec)
Fire fighting services	YES	
Local tourism	YES	
Municipal airports	NO	
Municipal planning	YES	
Municipal health services	YES	
Municipal public transport	YES	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	YES	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	NO	
Storm water management systems in built-up areas	YES	
Trading regulations	YES	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	YES	
Beaches and amusement facilities	NO	
Billboards and the display of advertisements in public places	YES	
Cemeteries, funeral parlours and crematoria	YES	
Cleansing	YES	
Control of public nuisances	YES	
Control of undertakings that sell liquor to the public	NO	
Facilities for the accommodation, care and burial of animals		
Fencing and fences		
Licensing of dogs		
Licensing and control of undertakings that sell food to the public	YES	
Local amenities	YES	
Local sport facilities	YES	
Markets		
Municipal abattoirs	YES	
Municipal parks and recreation	YES	
Municipal roads	YES	
Noise pollution	Yes	
Pounds	YES	
Public places	YES	
Refuse removal, refuse dumps and solid waste disposal	YES	
Street trading	YES	
Street lighting		YES (Centlec)
Traffic and parking	YES	

APPENDIX E: WARD REPORTING

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
1	Ndamane Sephetho Solomon	Yes	34	12	16
	Mohale Lebohang Franco	no	54	11	8
	Morakile Rebecca	Yes	32	10	7
	Matlosa Sebueng Elizabeth	Yes	65	11	6
	Ntlokwa Gaaitsewe Rachel	no	54	12	8
	Molele Letumile Elias	Yes	43	13	9
	Sebeela Thobadi Joseph	Yes	12	16	7
	Phaku Vuyisile Constance	Yes	34	9	9
	Moiloa Kotsoane Monyane Kitchner	no	34	12	14
	Booyesen Mojaki Isaac	Yes	43	10	15
2	Moahlodi Mantshabeng Florence	Yes	38	12	20
	Dipholo Goitsimodimo Sam	Yes	65	15	11
	Lichaba Nomvula Florence	Yes	35	17	14
	Lekgetho Sehlomeng Qale Esther	Yes	43	11	15
	Sehanelo Bae Adam	Yes	33	10	20
	Moloeli Ben Ramoteane	no	64	16	18
	Molise Sidney	Yes	45	18	19
	Molatlhoe Mphumi Jonas	Yes	44	14	13
	Sethunya Mapaseka Euglauda	Yes	43	13	17
	Phekonyane Rapelang Jeffrey	Yes	76	19	12
3	Pongolo Khosi Thabita	Yes	46	12	36
	Madela Sonwabile Richard	no	66	14	11
	Makgetla Itumeleng Ali	no	42	15	15
	Tubane Matshwene Sarah	Yes	14	18	14
	Sera Goitshasiwang Georgina	Yes	34	19	19
	Matthews Shelly	Yes	44	13	13

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
	Shomael Bambangazi Violet	Yes	42	11	11
	Rens Ntsizi Abram	Yes	52	14	10
	Jim Velile James	Yes	44	10	17
	Kholosa Analleta Seriti	Yes	46	20	18
4	Silingile Bongani Johannes	Yes	24	8	18
	Mahlangu Emelia Nontlandazo	Yes	33	14	16
	Thamae Phokoane Yvonne	Yes	24	16	20
	Mxosana Mary Nomathontsi	Yes	44	22	18
	Lesia Nthabiseng Lucia	Yes	42	12	14
	Maerman Ntswaki Theresia	Yes	56	10	8
	Hlakanyane Vava Mable	Yes	74	12	10
	Nomandla Velile Coronation	Yes	43	10	12
	Ngxola Sithembile Lawrence	Yes	22	20	18
	Monamodi Edward Selebogo	Yes	24	19	12
5	Malangabe Nomayeza Mary	Yes	12	8	14
	Ralikhomo Selloane Irene	Yes	15	10	12
	Raleting Nthati Gemina	Yes	51	11	16
	Malope Theebeyapelo Johannes	Yes	31	13	16
	Melesi Sarah Kebitsamang	Yes	23	12	14
	Qokole Ntombizanele Rosy	Yes	34	16	16
	Buso Nontsintsi Elizabeth	Yes	51	16	18
	Makhalemela Thamsanqa Solomon	Yes	11	12	20
	Mafahla Buyaphi Khwezi	Yes	22	16	22
	Chaka Nomhle Sylvia	Yes	44	20	26
6	Dlamini Bongani Petros	Yes	16	6	10
	Mqkekwa Xanyiwe Esther	Yes	54	15	14
	Ntsane Mwendane	Yes	42	16	16

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
	Saliwe Lindani Joseph	Yes	24	16	16
	Machere Kemiso	Yes	35	14	16
	Yeko Vuyelwa Maria	Yes	52	12	14
	Monaheno Mantwa Jeanette	Yes	34	18	14
	Sera Patricia Phindiwe	No	33	10	15
	Malope Polello Celia	Yes	45	20	14
	Obos Manyefulo Annah	Yes	53	14	16
7	Bhaza Vatiswa	Yes	14	12	24
	Moruri Itumeleng Kgositsile	Yes	57	14	16
	Mthethwa Jabulisiwe Isabel	Yes	75	16	18
	Mosia Matseliso Annah	Yes	43	16	16
	Ntshanga Ntuthumbo Benjamin	Yes	26	16	14
	Mohobeleli Magauta Merriam	Yes	44	20	14
	Ramadula Pule Johannes	Yes	56	22	18
	Maxakato Mongesi Brian	Yes	23	16	14
	Otsekeng Katlego Katlego	Yes	33	18	16
	Mbena Zenzile Ishmael	Yes	46	14	16
8	Sefali Sello Solomon	Yes	17	6	18
	Lekoa Mohlouwa Samuel	Yes	12	8	12
	Makau Pitso Elias	no	14	12	10
	Titi Mamosito Crecencia	no	53	14	12
	Duka Nomalungelo Duka	Yes	33	16	14
	Mfusi Nontwaethetwa Suzan	Yes	24	16	18
	Ranchobe Tsholo	Yes	52	14	16
	Mvuyo Amanda Africa	Yes	34	14	12
	Motsoeneng Lehlohonolo Simon	no	32	10	14
	QwemaMa-Sabata Babys	no	24	14	12
9	Matsane Mpotseng Maria	Yes	12	12	28
	Sekese Nthabiseng Joy	Yes	34	14	16

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
	Maliehe Sello Hardley	Yes	54	16	14
	Dumezweni Dorah Gladys	Yes	58	16	16
	Botha Nombalelo Fraida	Yes	34	14	16
	Mogoregi Nthekegeleng Sylvia	Yes	74	16	18
	Rotobane Phakamile Zacharia	Yes	47	16	16
	Hoe Teboho Jan	Yes	46	18	14
	May Benjamin Lehlohonolo	Yes	49	15	20
	(Member resigned)	Yes	45	12	17
10	Duiker Puseletso Consance Thelma	Yes	23	12	19
	Mooko Lieffie	Yes	46	14	12
	Mdutyulwa Faniso David	Yes	45	18	10
	Motlhabane Kenalemang Hilda	Yes	42	9	7
	Modise Cecilia Dikeletso	Yes	25	13	10
	Peete Thethani Pillemon	Yes	43	15	14
	Phalatsane Manuel Jacob	Yes	64	17	18
	Makgoe Morena	Yes	66	12	10
	Tong Pogisho	Yes	37	18	9
	Shounyane Itumeleng	Yes	66	16	10
11	Tsubane Meisi Alphonsina	Yes	25	10	16
	Akata Mokola Ephraim	Yes	34	20	18
	Masiu Molete James	Yes	46	12	5
	Majoro Godfrey Sizakele	Yes	454	18	20
	Petje Puleng Anastasia	Yes	25	20	17
	Rapulane Motshedisi Paulina	Yes	52	22	12
	Bahumi Kekeletso Hilda	Yes	64	13	14
	Nyokong Ernest Itumeleng	Yes	46	18	16
	Kopung Elias Tsotang	Yes	45	16	19
	Selaledi Dimakatso Prisilla	Yes	25	19	12
12	Mantshinyane Thabang Jim	Yes	12	8	14

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
	Stayitayi Xhasele Isaak	Yes	45	10	22
	Nzweni Ntaoleng Angeline	Yes	55	17	9
	Mokoena Ntente Samuel	Yes	43	18	12
	Tsie Peter	Yes	25	14	16
	Mokhethi Tshepo Elliot	Yes	55	16	14
	Matsemela Masabata Violet	No	7	14	14
	Dimpane Ipeleng Annah	No	65	14	14
	Seeco Phegelle Caleb	Yes	56	16	12
	Hok Patricia Lucia	Yes	87	12	20
13	Toki Casiwe Herriet	Yes	39	10	27
	Mototo Phenyio Samuel	Yes	58	14	16
	Majodina Hadio Charlotte	Yes	75	16	18
	Leeuw Mahlomola Patrick	Yes	54	14	16
	Thafeni Seabata Frans	Yes	74	16	14
	Mokokolise Mantsane Jerminah	Yes	67	14	16
	Edwana Yoliswa	Yes	67	20	14
	Mahlase Phofane Mathews	Yes	34	18	16
	Ramakoa Mojabeng Florina	Yes	85	16	14
	Seqhobane Thabiso Francis	Yes	57	14	16
14	Miya Marosi Joyce	Yes	22	9	18
	Magoje Dipuo Yvonne	Yes	45	14	14
	Mocoancoeng Thato	Yes	54	16	16
	Masite Mojanku Grace	Yes	33	14	16
	Modiri Ntebaleng Rosy	Yes	87	16	16
	Rawles Seitatolo Jan	Yes	47	14	14
	Ramokhula Mangaka Alinah	Yes	84	14	12
	Choane Modisaotsile Ezekiel	Yes	78	16	12
	Mohlakoana Mogapi	Yes	94	14	12
15	Ditseo Sello Bethuel	Yes	28	9	14
	Kotelo Motshedisi Adeline	no	65	15	16
	Sakman Bonisile Nelson	no	45	12	14

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
	Makidela Thandiwe Idah	Yes	35	16	12
	Molefi Ntsoaki Maria	Yes	56	16	20
	Moss Ndlelene Andries	Yes	25	16	16
	Motlatsi Hloriso Joyce	Yes	34	14	14
	Dumezeni Boniswa Alinah	Yes	42	12	16
	Mokate Ntselisang Julia	Yes	66	16	14
	Kgatlane Orebotse Andrew	Yes	24	16	17
16	Beck Kelvin Sydney	Yes	20	8	12
	Smith Andries Abraham	no	66	12	16
	Loggenberg Mmunyane Rebecca	Yes	35	16	17
	Craucamp Jacoba	no	63	14	12
	Jordaan Elsie	Yes	63	16	15
	Modise Magdeline	no	25	16	18
	Manzengane Tshidiso Petrus	no	55	16	16
	Davids Joyce Esmerelda	Yes	22	14	12
	Jansen Johnnie	Yes	57	20	18
	Maqeba Aletta Matsokolo	Yes	6	18	9
17	Mahloko Nicodemus Motloheloa	Yes	34	12	44
	Peterson Gertuida Jakoba	Yes	56	18	20
	Watkins Angela Lomaine	Yes	33	15	14
	Morotoli Mahlomola Aaron	Yes	56	17	15
	Galeboe Mokobokoa Abraham	Yes	55	13	17
	Mangoejane Madile Florence	Yes	74	15	12
	Pulumo Thupa Timothea	Yes	47	14	11
	Mzakwe Dineo	Yes	84	9	10
	Marobane Dibakso Annie	Yes	47	18	14
	Mokotedi Kgosietsile Petrus	Yes	84	14	16
				10	15
18	Buffel Themba Johannes	Yes	12	7	12
	Mokhele Morata Abel	no	88	14	1

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
	Nkosi Sibusiso Usivile	no	68	12	12
	Mokoena Peni Maggy	Yes	45	15	14
	Moloi Mirriam Masoai	Yes	52	18	17
	Jwili Mapiti Rosina	Yes	15	17	15
	Mosuoete Tello Peter	Yes	36	16	18
	Motloung Gaapalelwe Richard	Yes	63	19	15
	Choane Tsholo Zacharia	Yes	67	20	19
	Khahleli Lehloka Joseph	Yes	73	13	14
19	Selingile Simanga Justice	Yes	12	9	12
	Thakamakhooa Morena Joseph	Yes	87	10	14
	Moshoeu Matshidiso Adelaide	Yes	54	12	12
	Mohapi Lucas Molefi	Yes	64	14	18
	Moabi Moeketsi Edwin	Yes	78	15	14
	Mojatau Nompe Elizabeth	Yes	43	10	16
	Moloi Leqheku Lucas	Yes	35	11	20
	Lekhetho Thato Theodor	Yes	57	15	15
	Cweba Lindiwe	Yes	68	14	18
	Motsie Thabo	Yes	86	16	14
20	Mosala Mantoa Maria	Yes	64	4	4
	Kunene Eflina Nomsa	Yes	56	6	5
	Leeu Cynthia Mamosa	no	35	10	11
	Ndarala Zisithile Patrick	Yes	67	12	14
	Botha Joseph Fracois	Yes	35	11	12
	Fourie Frikkie Benjamin	No	36	15	13
	Smit Jacobs Alwyn	Yes	75	18	20
	Wiesner Maria Magdalena	Yes	43	14	21
	Van der Merwe Annemare	no	37	15	9
	Lebaka Luka Motlatsi	Yes	73	16	13
21	Van der Walt Stephanus Tjaart Botha	Yes	67	4	4
	Mohr Pieter Johannes	Yes	85	20	14
	Burger Susanna Johanna	Yes	85	14	12

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
	Conradie Hermanis Petrus Jacobus	Yes	48	18	11
	Du Toit Pieter Herman	Yes	69	17	18
	Britz Barend Johannes	Yes	821	19	17
	Pitchers Aleeta Johanna	Yes	54	15	19
	Van Rooyen Johannes Hendrik	Yes	23	16	14
	Pelser Johannes Andries	Yes	68	13	15
	Webbar Marleen	Yes	98	12	6
22	Wessels Johannes Marthinus	Yes	85	4	4
	Toerien Mattheus Hermanus	Yes	54	11	12
	Stoltz Cornelius Daniel	Yes	33	14	16
	Swanepoel Lizzanne	Yes	55	15	14
	Oosthuizen Johannes Augustinus	Yes	36	12	15
	Lazenby Willem Hendrik	Yes	36	17	16
	Wessels Sebastian Jacobus	Yes	62	13	19
	Van Der Westhuizen Berend Hermanus	Yes	25	18	20
	Lubbe Willem Frederik	Yes	52	19	13
	Praekelt Hermann Ernst	Yes	25	16	10
23	Jordaan Marthinus Johannes	Yes	12	10	4
	Kruger Marthinus Christoffel	Yes	45	11	10
	Taljaard Jacques	Yes	66	15	14
	Van Zyl Isabella Cornelia	Yes	74	10	17
	Jordaan Anna Maria Elizabeth	Yes	22	16	12
	Olivier Louisa Isabella	Yes	46	11	16
	Germishuys Willem Jacobus	Yes	52	13	15
	Terblanche Anna	Yes	45	15	14
	Kitching Christo	Yes	66	17	15
	Wiese Catharina Johanna	No	43	18	19

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
24	Theron Pieter Willem	Yes	12	6	4
	Erasmus Lourens Daniel Johannes	Yes	54	15	17
	Erasmus Adele	Yes	24	14	15
	Van Wyk Petrus Gerhardus	no	24	11	12
	Kriel Diederick Johannes	Yes	66	10	14
	Bester Johannes	Yes	53	13	18
	Roets Thomas Barker	no	35	12	16
	Scholtz Marlene	Yes	65	16	6
	Viljoen Petrus Jansen	no	52	14	9
	Venter Philippus Arnoldus	Yes	56	18	14
25		No	Nil	Nil	Nil
26		No	Nil	Nil	Nil
27	Mokhele Kedibone Martha	Yes	22	12	34
	Makhanya Puseletso Clementina	Yes	76	10	2
	Makoloane Alice Nqeneheleng	Yes	64	18	25
	Tshetlhe Grace Dikeledi	Yes	46	11	14
	Ndolase Matsietsi Julia	Yes	46	15	19
	Phakoe Diketso Abel	Yes	88	13	15
	Khaile Mafa Solomon	Yes	67	14	13
	Phatsoane Khaile Benjamin	Yes	35	19	10
	Majoro Alice Mapaseka	Yes	25	21	14
	Makala Nxaniwe Jeannett	Yes	73	14	17
28	Phadi Tlhulo Bethuel	Yes	27	10	30
	Lingane Makgothatso Amanda	Yes	34	12	11
	Kwatla Dipolelo Christinah	Yes	25	11	15
	Rapolaki Limakatso Julia	Yes	66	15	14
	Lelala Moipone Martha	Yes	35	16	15

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
	Seepe Lehlohonolo Petrose	Yes	75	17	16
	Selebeleleli Kikile Elisa	Yes	54	18	12
	Ratsiu Ntenne Augustine	Yes	35	15	11
	Wittes Ncanyawe Maria	Yes	36	12	22
	Setouto Mabatho Josephine	Yes	36	11	14
29	Khakhau Malefetsane Samuel	Yes	18	9	16
	Sekoto Joseph Teboho	no	76	15	12
	Mdwaba Nkululeko Daniel	Yes	13	12	10
	Faba Disebo Anges	Yes	23	14	14
	Makoakoa Mpho Isaac	no	42	17	14
	Mokoena Ntsai Angelina	Yes	22	18	19
	Papala Piet Caiphus	Yes	13	11	20
	Maretlane Jwalane Mirriam	no	52	13	22
	Masia Motlakadibe Cecilia	Yes	24	10	21
	Limo Ratsosane David	no	42	16	16
30	Tsoeli Soul	Yes	24	8	26
	Nyapholi Selloane	Yes	43	4	11
	Lebitsa Joalane Merriam	Yes	67	9	14
	Swatu Tshokolo David	Yes	33	8	10
	Koalane Maipato Hilda	Yes	12	12	22
	Lephatsoe Motlatsi Retseditsoe John	Yes	23	14	14
	Filita Nthati Selinah	Yes	44	11	15
	Ketela Pulane Lyndia	Yes	12	14	16
	Moopelo Tselane Morin	Yes	24	16	11
	Phantsi Thenjiwe Agnes	Yes	43	20	12
31	Ntuli Motlatsi Simon	Yes	16	8	16
	Kotelo Caswel Nqoe	Yes	54	2	16
	Molelengoane Malethola Alina	Yes	32	11	17
	Mokatsanyane Martin Serame	Yes	22	15	11

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
	Seithleko Ntaoleng Elizabeth	Yes	12	14	12
	Chaka Dimakatso Alice	Yes	41	10	15
	Phara Mannini Esther	Yes	14	15	14
	Makhothi Lefu Isaac	no	15	18	18
	Mosetsana Tatolo Andries	no	46	16	16
	Moselesele Tampisi Adam	no	12	17	11
32	Qhobo Jekie Petrus	Yes	20	6	26
	Nqai Nthatisi Esther	Yes	5	12	22
	January Thembeni Michael	no	95	11	15
	Mogotloane Thabo Joel	Yes	18	14	17
	Magidela Annah	o	23	15	18
	Matlhare Tlhasi Annie	Yes	62	10	14
	Makhele Lefu Ephraim	Yes	84	17	15
	Diphoko Kali Casper	Yes	64	18	16
	Kato Sizele	Yes	66	15	11
	Lefalatsa Molelekeng	Yes	42	16	14
33	Motsoaosele Thabiso Edwin	Yes	16	8	20
	Kobedi Catherine Francina	Yes	64	11	14
	Pietrus Matshabalang Emily	Yes	43	15	15
	Sesing Musi Samuel	Yes	33	14	11
	Tumutumu Likeledi Lydia	Yes	53	20	12
	Ramokone Kgatwe Jack	Yes	25	11	15
	Molefi Mohau Michael	Yes	26	16	18
	Selilenyane Tsietsi Johannes	Yes	76	17	21
	Ramotekoa Keketso Helena	Yes	34	18	16
	Stok Nondlela Elizabeth	Yes	56	15	19
34	Mofuli Pule Simon	Yes	18	6	24
	Kabi Joseph Mokonejane	Yes	35	7	11
	Mokone Sehlotho Petrus	Yes	53	16	14
	Thakheli Tsekiso Richard	Yes	24	14	12
	Nortjee Frans Kapok	Yes	55	12	17

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
	Sekati Maletsebele Elizabeth	Yes	43	18	15
	Didi Zanele Sylvia	Yes	32	14	19
	Shale Annastasia	Yes	56	15	16
	Gumbi Thandaza	Yes	63	17	14
	Lekau Vitalice Sylvester	Yes	36	16	11
35	Mokhothu Martha Ntebaleng	Yes	18	8	25
	Ntho Mary Tankiso	Yes	45	15	14
	Sefuthi Nomalanga Maria	Yes	64	11	17
	Sekwere Mabatho Martha	Yes	33	14	18
	Soebhele Masilo Phillip	Yes	56	18	12
	Nkhabu Dieketseng Hilda	Yes	33	17	15
	Bakamela Sizane Andrias	Yes	63	16	16
	Sehlabaka Moletse Daniel	Yes	63	13	11
	Mafeo Tshidiso Zacharia	Yes	34	12	14
	Mamome Masomi George	Yes	66	11	22
36	Nkheloane Maqushumane George	Yes	20	9	19
	Moloi Mokete Peter	no	25	10	9
	Nthoba Mamoipone Lydia	Yes	14	14	11
	Tjaka Mamotshehi Amelia	Yes	43	15	14
	Kobeli Sefabatho Stephen	no	31	11	15
	Sejanamane Johannes Lebetjoa	Yes	45	17	16
	Maina Moeketsi Charles	Yes	25	19	17
	Kuku Meisie Jane	Yes	45	15	15
	Mochichane Tshokolo Petrus	Yes	23	13	11
	Modisaesi Merriam Madikeledi	Yes	67	14	10
37	Kumbi Dipuo Adelina	Yes	21	7	22
	Motsoane Ntsoaki Paulinah	Yes	14	15	18
	Leboea Sebueeng Annah	Yes	23	14	21
	Xaba Maletsatsi Francina	Yes	12	12	12

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
	Makhele Mojalefa Samuel	Yes	41	16	10
	Khambule Qwayane Joseph	Yes	22	17	11
	Molalwa Caroline Lizzie	Yes	22	11	17
	Matini Ishmael Mahlomola	Yes	42	7	15
	Ndawo Mzoxolo	Yes	13	12	16
	Chake Krimes Xmas	Yes	52	14	14
38	Mohlomi Patric Dillo	Yes	24	6	44
	Phantsi Lucia Tseleng	Yes	32	11	15
	Fantisi Teboho Samuel	Yes	12	10	10
	Lebaka Mantwa Maria	Yes	32	15	14
	Sesing Mpho Allen Constance	Yes	22	17	16
	Melane Ntswaki Lydia	Yes	15	15	11
	Motse Kelebogile Motlalepule Adelinah	Yes	45	14	15
	Moshoeu Lorato Christine	Yes	23	13	18
	Theku Gina	Yes	32	15	13
	Moticoe Kamohelo Paulina	Yes	15	18	14
39	Moea Tankiso Julius	Yes	26	8	30
	Makhathi Ntshiuoa Alina	no	43	10	18
	Theepe Keleabetswe	Yes	34	11	12
	Monyaki Pule Komteer	Yes	46	15	15
	Finger Bothoboile Maria	Yes	43	14	18
	Thole Chiloane Enock	Yes	32	18	19
	Shebe Pulane Caroline	Yes	34	16	22
	Maduna Pulane Letea	Yes	26	17	16
	Mosemeng Tsholohelo Moses	Yes	28	19	22
	Shabe Mmuso Victor	Yes	39	21	14
40	Mokone Kgaile George	Yes	19	7	18
	Moshodi Pule Nelson	Yes	42	14	14
	Mokgoje Nomfanelo Virginia	Yes	43	10	12
	Tsilo Molahlehi Ephraim	Yes	24	15	15
	Saki Phillip Senkie Tsubane	Yes	43	18	17

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
	Seekoei Itumeleng Walter	Yes	53	12	18
	Mothibi Moholo Daniel	Yes	24	13	16
	Pitsenyane Seretse David	no	21	10	18
	Mangwegape Gotshegwang Mittah	no	22	15	15
	Motshabi Modisaotsile Jerome	no	35	16	13
41	Monokoane Seleke Stephen	Yes	16	8	44
	Moraile Motshegiwa Alinah	Yes	45	11	20
	Moleko Tshokolo Elvis	Yes	32	15	12
	Madibo Jacob Johannes	Yes	11	14	15
	Setilo Ramekoa Isaac	Yes	35	16	16
	Motheoane Pulane Merriam	Yes	25	12	11
	Masiu Mosiuwa John	Yes	36	22	11
	Motema Thulo Simon	Yes	23	10	15
	Moruri Moruri Michael	Yes	37	15	10
	Motsalane Mamosa Arcilia	Yes	23	14	12
	Moreosele Selekane Leah	Yes	46	13	14
	Mashaba Matjale Jeremiah	Yes	23	15	17
	Tsoane Tebogo Godfrey	no	23	18	18
	Mokoena Tsekiso Dick	no	36	15	15
42	Madito Dibakiso Elizabeth	Yes	20	12	32
	Tshabalala Qhobosheane Solomon	Yes	24	14	11
	Jasoni Tosi Jeanett	Yes	43	12	15
	Seseane Thato Walter Godwill	Yes	42	15	10
	Mokoloko Tsietsi Jonas	Yes	36	18	12
	Molokwane Dikeledi Susan	Yes	35	19	14
	Dibe Matoto Elizabeth	Yes	27	13	16
	Mocumi Dieketseng Esther	Yes	32	15	15

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
	Monnaruri Lebogang Israel	Yes	27	17	13
	Goeiman Isaac Noge	Yes	23	13	14
43	Mathobisa Molefi Leonard	Yes	19	8	34
	Shounyane Motshidisi Merrian	Yes	25	12	22
	Gailele Ikanyeng Lazarus	Yes	34	10	25
	Masapo Motseki Elliot	Yes	52	11	14
	Meriri Josephine Mosidi	Yes	25	14	13
	Makhetha Chabasewele Joseph	Yes	52	15	10
	Mereko Masello Jane	Yes	33	18	14
	Liefo Dikeledi Frangelinah	Yes	34	13	18
	Moroe Chabedi Godfrey	Yes	24	11	19
	Lisenyane Sotho David	Yes	34	14	12
				15	11
44	C H Lubbe	Yes	8	8	10
	B Kasselmann	Yes	23	11	18
	S Addison	Yes	34	11	22
	F T Botha	Yes	45	15	12
	A K Kwatala	Yes	33	14	15
	M.S Senooe	Yes	25	13	18
	G Kemp	Yes	25	11	13
	T. Lebitsa	Yes	25	10	10
	S Addison	Yes	55	17	14
	P. Maboe	Yes	21	18	17
45	Ludada Uzolile Jim	Yes	16	7	28
	Matuba Nnuku Maria	Yes	32	9	10
	Macala Seipati Cecilia	Yes	35	12	15
	Koloane Gorekwang Daniel	Yes	52	10	18
	Masienyane Khokolo Lucia	Yes	25	14	19
	Maseko Nkone Joseph	Yes	53	15	13
	Mojatau Eben-ezer Selaocoe	Yes	33	11	11

Functionality of Ward Committees					
Ward Number	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During the Year	Number of Monthly reports Submitted to Speakers Office on Time	Number of Quarterly Public Ward Meetings Held During Year
	Mohale Mohale Josiel	Yes	36	18	10
	Manamela Moeti George	Yes	23	19	14
	Mallane Ntholelo Elizabeth	Yes	43	13	17
	Ximba Nosipho Esther	no	2	10	15
	Mkwanazi Puleng Portia	Yes	35	11	12
	Seutloadi Motseki Jeremiah	Yes	22	14	15
	Nkhabutlane Teboho Jimmy	no	25	12	18
	Qibi Nompendulo Maureen	no	43	14	10
			Note: *Different ward committees		Note: wards *Different held
			held meetings at different intervals, such as weekly, fortnightly, monthly or quarterly.		meetings at different intervals, such as, monthly or quarterly. In large wards meetings are held per block over a number of days.

APPENDIX F: WARD INFORMATION

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 2014/15			Variance: Current Year 2014/15	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A – AIRPORT DEVELOPMENT NODE	90 000 000	40 000 000	26 246 013		
B – VEHICLE LEASING	47 517 759	47 517 759	57 461 174		
C – RESEALING OF STREETS	20 000 000	62 235 525	56 705 382		
D –NORTHEASTERN WASTE WATER TREATMENT WORKS	43 419 871	42 454 099	38 746 487		
E – REFURBISHMENT OF SEWER SYSTEMS	10 000 000	56 287 938	54 532 643		
PROJECTS WITH THE HIGHEST CAPITAL EXPENDITURE IN YEAR 2014/2015					
Name of Project – A Airport Development Node					
Objective of Project	To install the requisite municipal infrastructure services to support the development of Airport Development Node				
Delays	Unforeseen legal matters				
Future Challenges	None				
Anticipated citizen benefit	Access to employment opportunities, access to housing opportunities and access to learning institutions				
Name of Project – B Vehicle leasing					
Objective of Project	To acquire additional white and yellow fleet for City				
Delays	Some of the yellow fleet had to be customised				
Future Challenges					
Anticipated citizen benefit	Effective service delivery				
Name of Project –C Resealing of the Streets					
Objective of Project	Conducting routine maintenance on the street and roads infrastructure of the City				
Delays	None				
Future Challenges	None				
Anticipated citizen benefit	Access to roads and storm-water services and the extension of useful lives of roads and storm-water infrastructure				
Name of Project-D – North Eastern Waste Water Treatment Works					
Objective of Project	To build a new Waste Water Treatment Work				
Delays	None				
Future Challenges	None				
Anticipated citizen benefit	Provision of effective sanitation services and support development along N8 Corridor Development				
Name of Project E –Refurbishment of sewer systems					
Objective of Project	To refurbish ageing sewer systems in the City				
Delays	None				
Future Challenges	None				
Anticipated citizen benefit	Provision of effective sanitation services				

APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

Municipal Audit Committee Recommendations		
Date of Committee and Meeting No.	Committee recommendations during Year 2014/15	Recommendations adopted (enter Yes) If not adopted (provide explanation)
01/2014-15/32 28 August 2014	The Audit Committee resolved that a report on the progress of unauthorised, irregular and fruitless and wasteful expenditure be presented at the next audit committee meeting.	Yes
01/2014-15/32 28 August 2014	The Audit Committee resolved that an e-mail must be circulated to all members confirming that all issues pertaining to the Annual Financial Statements had been resolved and that the municipality has met the deadline of submission to the Auditor-General.	Yes
01/2014-15/32 28 August 2014	The Audit Committee resolved that the required performance information must be part of the submission to the Auditor-General on 31 August 2014 and that the audit committee members need confirmation on what had been submitted and what not.	Yes
01/2014-15/32 28 August 2014	The Audit Committee resolved that the current internal audit plan as presented is approved for execution with the <i>proviso</i> that the three year plan also be included.	Yes
01/2014-15/32 28 August 2014	The Audit Committee resolved to adopt the Strategic and Operational Risk Registers as presented.	Yes
02/2014-15/33 30 October 2014	The Audit Committee resolved to take note of the improvements in the 2013/14 4th quarter dashboard report and implore management to ensure more green assessments are achieved.	Yes
02/2014-15/33 30 October 2014	The Audit Committee resolved that differences identified in the 2013/14 4th quarter dashboard report should be documented in a report, engaged on and resolved.	Yes
02/2014-15/33 30 October 2014	The Audit Committee resolved to note the 1 st quarter Internal Audit report.	Yes
02/2014-15/33 30 October 2014	The Audit Committee resolved to deal with the finalised Internal Audit reports under matters arising at the next audit committee meeting.	Yes
02/2014-15/33 30 October 2014	The Audit Committee resolved to deal with the finalised 1 st quarter SDBIP report under matters arising at the next audit committee meeting.	Yes
02/2014-15/33 30 October 2014	The Audit Committee resolved to note the 1 st quarter SDBIP report.	Yes
02/2014-15/33 30 October 2014	The Audit Committee resolved to note the 1 st quarter legislative compliance checklist.	Yes
02/2014-15/33 30 October 2014	The Audit Committee resolved that the GM: Internal Audit should engage with SALGA on the Audit Committee Assessment Report and provide feedback to the Audit Committee.	Yes
02/2014-15/33 30 October 2014	The Audit Committee resolved to note the Internal Audit Assessment Report from Free State SALGA.	Yes
02/2014-15/33 30 October 2014	The Audit Committee resolved to note the 2013-14 Audit Strategy as presented by the Auditor-General.	Yes
02/2014-15/33 30 October 2014	The Audit Committee resolved to note the presentation on Materiality as presented by the Auditor-General.	Yes
02/2014-15/33 30 October 2014	The Audit Committee resolved that ICT be made a standing item on the audit committee agenda with a clear action plan to monitor progress.	Yes
02/2014-15/33 30 October 2014	The Audit Committee resolved to note the Municipal Valuation Roll Presentation.	Yes

Municipal Audit Committee Recommendations		
Date of Committee and Meeting No.	Committee recommendations during Year 2014/15	Recommendations adopted (enter Yes) If not adopted (provide explanation)
02/2014-15/33 30 October 2014	The Audit Committee resolved to adopt the proposed dates for the discussion of the Auditor-General's audit report.	Yes
03/2014-15/34 28 November 2014	The Audit Committee resolved to note the Auditor-General auditor report 2013/14 presented and requested that they are informed of the final audit opinion on Sunday, 30 November 2014.	Yes
04/2014-15/35 25 February 2015	The Audit Committee resolved to note the briefing on the SALGA assessment of audit committees and the positive evaluation of the Audit Committee and encouraged all members to ensure the status quo remains.	Yes
04/2014-15/35 25 February 2015	The Audit Committee resolved that the GM: Internal Audit facilitates the teleconference on the 6th of March for the discussion on the consolidated inputs of the members for the Audit Committee report to be included in the 2013/14 Annual Report.	Yes
04/2014-15/35 25 February 2015	The Audit Committee resolved to note the consolidated Auditor-General report for 2013/14.	Yes
04/2014-15/35 25 February 2015	The Audit Committee resolved to note that the Audit Action Plan on 2013/14 Auditor-General's report is a living document, which is a roadmap to resolve issues raised, and that a workshop with the Auditor-General will be held and that the document will be updated to reflect accurate dates and activities.	Yes
04/2014-15/35 25 February 2015	The Audit Committee resolved to note the 2 nd quarter SCM report.	Yes
04/2014-15/35 25 February 2015	The Audit Committee resolved to note the MFMA Section 72 report.	Yes
04/2014-15/35 25 February 2015	The Audit Committee resolved to note the midyear SDBIP report and evaluate the report based on the Internal Audit assessment.	Yes
04/2014-15/35 25 February 2015	The Audit Committee resolved to allow the matter regarding Risk Management to stand over until the next meeting.	Yes
04/2014-15/35 25 February 2015	The Audit Committee resolved to note the 2 nd legislative compliance checklist report and expressed appreciation with compliance to date	Yes
04/2014-15/35 25 February 2015	The Audit Committee resolved to note the performance of the Internal Audit unit's performance against the internal audit plan as per midyear Internal Audit report	Yes
04/2014-15/35 25 February 2015	The Audit Committee resolved to note the 1 st quarter dashboard report	Yes
05/2014-15/36 12 June 2015	The Audit Committee resolved that approval be granted that the ICT project be deferred to the next financial year and the audit plan be amended to indicate such.	Yes
05/2014-15/36 12 June 2015	The Audit Committee resolved that Internal Audit Reports should be submitted electronically to the Audit Committee when finalised.	Yes
05/2014-15/36 12 June 2015	The Audit Committee resolved to note the Internal Audit reports submitted and the progress against the internal audit plan	Yes
05/2014-15/36 12 June 2015	The Audit Committee expressed their appreciation on the detailed presentation and resolved to note the 3 rd quarter MFMA Section 52 Report.	Yes
05/2014-15/36 12 June 2015	The Audit Committee resolved to note the 3 rd quarter report on the implementation of the Supply Chain Management Policy	Yes
05/2014-15/36 12 June 2015	The Audit Committee resolved to note the 3 rd quarter SDBIP Progress Report.	Yes

Municipal Audit Committee Recommendations		
Date of Committee and Meeting No.	Committee recommendations during Year 2014/15	Recommendations adopted (enter Yes) If not adopted (provide explanation)
05/2014-15/36 12 June 2015	The Audit Committee resolved to note the progress report on the audit action plan and will monitor the progress at the next audit committee meeting.	Yes
05/2014-15/36 12 June 2015	The Audit Committee resolved to note the Risk Management Report.	Yes
05/2014-15/36 12 June 2015	The Audit Committee resolved that a comprehensive ICT presentation must be made to the Audit Committee where all matters are unpacked for the committee.	Yes
06/2014-15/37 30/06/15	The Audit Committee resolved to note the ICT Status progress report and will monitor progress when the next progress report is submitted.	Yes
06/2014-15/37 30/06/15	The Audit Committee resolved to note the 3 rd quarter dashboard report.	Yes
06/2014-15/37 30/06/15	The Audit Committee resolved to note the 3 rd quarter compliance checklist and expressed their concern on the number of items where non-compliance was reported.	Yes

APPENDIX I: MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

MUNICIPAL ENTITY/SERVICE PROVIDER SCHEDULE			
Name of Entity & Purpose (i)	(a) Service Indicators	2014/2015	
	(b) Service Targets (ii)	Target	
		Current Year	Actual;
		(iii)	(iv)
<i>Centlec</i>	Number of sites accessing basic electricity service in Khayelisha	500 sites have access to basic electricity services	526 of sites accessing basic electricity service
	Number of sites accessing basic electricity service in Grassland	347 sites have access to basic electricity services	427 of sites accessing basic electricity service
	Number of sites accessing basic electricity service in Caleb Motshabi	1880 sites have access to basic electricity services	1880 of sites accessing basic electricity service
	Number of Public connections installed as and when required	Number of applications received, paid and installations completed.	545 Public connections installed
	Number of high mast lights installed with certificates of compliance	26 energized high mast lights with certificate of compliance	42 high mast lights installed

APPENDIX J: DISCLOSURE OF FINANCIAL INTERESTS

(Information provided in compliance with the provisions of paragraph 7 of the Code of Conduct for Councillors' as contained in Schedule 1 to the Local Government: Municipal Systems Act No 32 of 2000)

 No submissions received for year under review financial year

 Resigned / Passed Away during financial year

Councillors	Shares and securities in any company	Membership of any close corporation	Interest in any trust	Directorships	Partnerships	Other financial interest in any business	Employment and remuneration	Interest in property	Pension	Subsidies, grants and sponsorships	Gifts received
Bacela GM	None	None	None	None	None	None	None	None	None	None	None
Botes FR	Old Mutual	Sanlam	None	None	None	None	Shoprite/ Checkers & Freshmark	House	None	None	None
Britz JF	None	None	Bloemed Health Trust	Samba Koop	None	None	None	33 Ronch Cres Fichardpark; Ipanama 7 Van Iddekingelaan Fichardpark	None	None	None
Davies M											
Dennis ME	None	None	None	None	None	None	M.M.M	Husband owns House	GPF R3900.00PM	None	None
Dibeco DM	None	None	None	None	None	None	None	None	None	None	None
Ditabe RP	None	None	None	None	None	None	None	None	None	None	None
Dyosiba S	None	Thabo & Topkin	None	None	None	None	None	None	None	None	None
Eti MJ	None	None	None	None	None	None	None	None	None	None	None
Horn W	None	None	JMW Property Trust (60%)	None	Horn & Van Rensburg Attorneys (37,5%)	None	Self (Horn & Van Rensburg) Councillor	Unit 18 Kwando Park 32 Capt Dawson Str, Bfn	None	None	None
Hlujane MD	None	None	None	None	None	Old Mutual	None	None	None	None	None
Jacobs TA											
Jacobs TB	Oneness Social dev Club	Oneness Social dev Club	None	None	None	None	None	None	None	None	None

Councillors	Shares and securities in any company	Membership of any close corporation	Interest in any trust	Directorships	Partnerships	Other financial interest in any business	Employment and remuneration	Interest in property	Pension	Subsidies, grants and sponsorships	Gifts received
Janse Van Vuuren DE	None	None	Die Janse Van Vuuren Familie Trust	None	None	Christo Dippenaar Attorneys	None	21 Gen; Hertzog Str,Dan Pienaar Willow Flair 100, Willows	MMM	None	None
July LR	None	None	None	None	None	None	None	None	None	None	None
Kaliya SG	None	None	None	None	None	None	None	None	None	None	None
Khi Z	None	None	None	None	None	None	None	None	None	None	None
Kotze PA											
Kuape PA	None	None	None	None	None	None	None	None	None	None	None
Lala TS	None	Prestine General Trading 100%	Diatla Dikopane CC Farm 40%	None	None	None	None	None	None	None	None
Lazenby JBA	None	None	None	None	None	None	University Free State Bloemfontein	Residential Home, Langenhovenpark	None	None	None
Leech D	None	None	None	None	None	None	Councillor Reality 1	LHP Afree oord 10 Avignon 12 7A AG Visster Street	None	None	None
Lekgela LE	None	None	None	None	None	None	D O H (R240 000.00)	None	None	None	None
Lephoi MJ	None	Yes, Doment	Yes	None	None	None	None	None	None	Land restitution beneficiary Kopanong Mun. Xhariep	
Litabe TK	None	None	None	None	None	None	None	None	None	None	None
Madela BNV	None	None	None	None	None	None	None	None	None	None	None
Makhele ET	None	None	None	None	None	None	None	None	None	Yes (GPF)	None
Malebo MC	None	None	None	None	None	None	None	None	None	None	None
Mangcotywa Z	None	None	None	None	None	None	None	None	None	None	None

Councillors	Shares and securities in any company	Membership of any close corporation	Interest in any trust	Directorships	Partnerships	Other financial interest in any business	Employment and remuneration	Interest in property	Pension	Subsidies, grants and sponsorships	Gifts received
Manyoni TM	None	None	None	Moaho Investments (PTY LTD)	None	None	Mangaung Metro Municipality	None	None	None	Mini Solo-Light Bar- R 266.64 Solar Kit-15w Solar Panel + 5w Dc Led Tube- R1939.20 Moet & Chandon Champagne- R349.99
Masoetsa LA	Ubuntu Botho	None	None	None	None	None	None	None	Yes Special Pension	None	None
Mathobisa LM	None	None	None	None	None	None	None	None	None	None	None
Matsemelela MV	None	None	Multipurpose Institution, Bolokanang HBC Basadi Tirong Cooperative	None	None	None	None	None	None	None	None
Matsoetlane MJ	None	None	None	None	None	None	None	None	None	None	None
Mbange MB	None	None	None	None	None	None	None	4700B Moliko Str (R126 000) 642 Mokholwane Str (R41 000) 10312 Manyane Str (R132 000) 9919 Singonzo Str (R79 000)	Standard Bank / Momentum (R1 677,42) Old Mutual (R1 554,08) Momentum (R1 089,52)	None	None
Mfazwe TM	None	None	None	None	None	None	None	None	None	None	None

Councillors	Shares and securities in any company	Membership of any close corporation	Interest in any trust	Directorships	Partnerships	Other financial interest in any business	Employment and remuneration	Interest in property	Pension	Subsidies, grants and sponsorships	Gifts received
Minnie H	None	None	MCPFS as Trustee	None	None	None	Afcom PTY LTD MCPF MMM	5585 Peter Swarts House 55 Angelier Str House 9367 Bloemside Phase2 -Church	Provident Fund (not on pension yet)	None	None
Moeng MA	None	None	Papeng Trust	None	None	None	None	None	None	None	None
Mofokeng MJ	None	None	None	None	None	None	None	None	None	None	None
Mogamisa ID	None	None	None	None	None	None	Nursing Health Department	None	None	None	None
Moilwa ME	Xchange	None	None	None	None	None	None	None	None	None	None
Mokoloko PR	None	None	None	None	None	None	MMM	None	None	None	None
Mokone KO	None	None	None	None	None	None	None	None	None	None	None
Mokotjo NG	None	Distha Trading	None	None	None	None	None	None	None	None	None
Moloabi LR	None	None	None	None	None	None	None	None	None	None	None
Monnakgori SA	None	None	None	None	None	None	None	None	None	None	None
Mononyane MB	None	UMonde CC 502	M.B Mononyane Family Trust	None	None	Phuleng Inn Tavern/Store Plot 165 Meadows Rd	Mangaung CIR	Plot 165 Meadows Road Grassland	None	None	None
Moopelo TM	None	Yes, but dysfunctional	None	None	None	None	None	None	None	None	None
Mophete TA	None	None	None	None	None	None	None	None	None	None	None
Moroe TCL	None	None	None	None	None	None	None	None	None	None	None
Moruri MM	None	None	Paul Moruri Family Trust	None	None	None	None	None	None	None	None
Morutle SS	None	None	None	None	None	None	None	None	None	None	None
Moshwadiba PZ											
Mosiua TA	T.A Mosiua Labour Consultants CC	T.A Mosiua & Associates 100% (dormant)	None	None	None	None	None	None	None	None	None

Councillors	Shares and securities in any company	Membership of any close corporation	Interest in any trust	Directorships	Partnerships	Other financial interest in any business	Employment and remuneration	Interest in property	Pension	Subsidies, grants and sponsorships	Gifts received
Motladile ZM	None	None	None	None	None	None	None	None	None	None	None
Motlatsi HJ	None	None	None	None	None	None	Remuneration from Health	None	Widows pension	None	None
Mpakathe TS	None	None	None	None	None	None	MMC PR R16 000	None	None	None	None
Mpeqeka MS	None	None	None	None	None	None	Educator R12 000.00	None	None	None	None
Mtshwane K	None	None	None	None	None	None	None	None	Sanlam	None	None
Naile TJ	None	None	None	None	None	None	None	None	None	None	None
Ndamane NS	None	Ka Rona Trading 639 CC	None	None	None	Tavern Nozizwe owner	None	None	None	None	None
Nkoe MJ	Global Work Investment Co-operation	None	None	None	None	None	None	None	None	None	None
Nothnagel J	None	None	None	None	None	None	Councillor, Mangaung CUT	Seavale Drive 4, Seavale, Buffalo City (50%) Erf 28741, Woodlands Hills, BFN	None	None	None
Olivier TG	None	None	None	None	None	Owner of Afrilingo & Lingo Software IP Founder of Qala Tala	None	Residential Residence owned by spouse	None	None	None
Parkie TD	None	None	None	None	None	None	MMM	None	None	None	None
Pato TW	None	None	None	None	None	None	None	None	GEPF R13 000	None	None
Petersen JE	None	None	None	None	None	None	None	None	Dept. of Education	None	None
Phajane MA	MTN-Shares Sanlam Shares	None	None	None	None	None	SANDF. R5000.00	None	None	None	None

Councillors	Shares and securities in any company	Membership of any close corporation	Interest in any trust	Directorships	Partnerships	Other financial interest in any business	Employment and remuneration	Interest in property	Pension	Subsidies, grants and sponsorships	Gifts received
Phokoje SD	None	None	None	None	None	None	None	None	None	None	None
Phupha NA	None	None	None	None	None	None	None	None	None	None	None
Pongolo XD	None	None	None	None	None	None	None	3341 Freedom	None	None	None
Powell JD	None	None	None	None	None	None	VF Plus	3 Bakers Str Wilgehof, Bfn	None	None	None
Pretorius C	None	None	None	None	None	None	None	None	None	None	None
Pretorius JC	None	Ginger Cherry CC reg no. 2011/098601 /23	None	None	None	Xgrafies Freelance Business	Sa Truck Bodies Senior Graphic Designer. R22000.00	Dias Single 7 Dan Pienaar	None	None	None
Rabela KN											
Rametse MA	None	None	None	None	None	None	None	None	None	None	None
Ramokotjo FP	None	None	None	None	None	None	None	None	None	None	None
Ramona TM	None	None	None	None	None	None	None	None	None	None	None
Rampai CLM	None	None	None	Deputy Chairperson of Hospital Board	None	None	Mangaung Metro Metro	None	None	None	None
Ratsiu NA	None	Yes, but Dysfunctional	None	None	None	Part time in Lesedi FM	None	None	None	None	None
Sebothelo ME	None	None	None	None	None	None	None	None	None	None	None
Sekakanyo MP	None	None	None	None	None	None	None	None	None	None	None
Selaledi M	MTN	Motheo Womens Credit & Saving and Iketseng Bufala Basadi Cooperative	None	None	None	None	None	None	None	None	None

Councillors	Shares and securities in any company	Membership of any close corporation	Interest in any trust	Directorships	Partnerships	Other financial interest in any business	Employment and remuneration	Interest in property	Pension	Subsidies, grants and sponsorships	Gifts received
Siyonzana MA <i>(Copy)</i>	None	Inqhina Civil & Building Company Proflex PTY.LTD	None	Razor bill Property PTY.LTd	None	None	None	16 Morris Street, Hillsbrow, Bloemfontein	Metropolitan	None	Jazz Festival – Tickets, flights, accommodation & shuttle services.
Snyman van Deventer	None	None	None	None	None	None	UFS	Pollenys Place6, Pellissier	None	None	None
Teko ED	None	Yenza Trading 536 CC	None	None	None	None	None	Yes Plot 125 Voortrekkerlaan	None	None	None
Terblanche AP	None	None	None	None	None	None	Boxer Super Store	37 Louis Loaf Avis Pellissier	None	None	None
Thipenyane GM	None	GNO Printing & Stationery	None	None	GNO Printing & Stationery	None	Councillor	None	None	None	None
Titi LM	Manziline	None	None	Owner	None	None	None	None	None	None	None
Toba AL	None	Mantella Trading 486 CC	NERPO/ AFASA	None	None	Mokgodisano	None	None	None	Mokgodisano / Stockvel	None
Tobie EC	None	None	None	None	None	None	None	None	None	None	None
Tsomela MM	None	None	None	None	None	None	None	None	None	None	None
Van Biljon PJJ	Old Mutual 1000 shares	None	Cottaja Lane Family Trust	None	Own business	Principal of town planning practice(Pierre van Biljon)	Town Planning Consultancy R180000.00 p.a	17 Stratford Str (own residence) 4A Louw Wepener Str (renting out)	None	None	None
Van der Merwe R	None	CC 92/04801/23 Tempe Motors +/- R50000	Fief van der Merwe Trust (9219769965) R1.8m	None	None	None	None	See Annexure Heideihof, Mareberg, Doringkop, Catalonia, Rayton View, Waverley Park, Delamont,	UFS R23000.00 P/M	None	None

Councillors	Shares and securities in any company	Membership of any close corporation	Interest in any trust	Directorships	Partnerships	Other financial interest in any business	Employment and remuneration	Interest in property	Pension	Subsidies, grants and sponsorships	Gifts received
Van der Walt TB	None	None	None	Executive Director of Qala Phelang Tala Non Profit Company (no remuneration)	None	None	None	None	None	None	None
Van Niekerk HJ	None	Yes R350 000 (Triangle Granite (R200 000)	None	None	50% (Triangle Granite)	None	None	15 Akkoorde Cres, Bfn Personal House (R950 000)	None	None	None
Viviers BJ	Goodrick Franklin Snr 2003/031198 /21	23% Umbelos 12CC 49%	None	Geelred Frerklik Snc	None	None	Goodrick & Franklin	Centre in Wival 95 A centre	None	None	None
Ward VW	None	Mangaung Stories Deregistered	Barry Pietersen Trust	None	Ward Building Contractors	None	None	-10047Grasland -29 Einstein Str - Plot 15 Levins -Plot 27 Hoëveld	None	None	None
Zerwick AS	None	None	None	None	None	None	Dept. Health C.U.T (part time)	Own Home	None	None	None
Zophe NM											

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
	R'000				%	
Vote Description	Year -2013/14	Current: Year 2014/15			Year 2014/15 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - City Manager	1	0	0	1	0	0
Vote 2 - Executive Mayor	491	0	0	0	0	0
Vote 3 - Corporate Services	6,612	12,470	12,148	4,812	-40%	-41%
Vote 4 – Finance	1,445,766	1,571,066	1,389,922	1,424,968	3%	-9%
Vote 5 - Social Services	94,379	16,290	16,259	16,737	3%	3%
Vote 6 – Planning	6,720	6,523	6,523	5,341	-18%	-18%
Vote 7 - Human Settlement and Housing	5,926	53,650	53,650	18,767	-65%	-65%
Vote 8 - Fresh Produce Market	20,936	20,438	20,985	20,654	-2%	-2%
Vote 9 - Engineering Services	488,932	560,105	459, 697	456, 562	-1%	-18%
Vote 10 - Water Services	692,279	756,656	756, 656	733,067	-5%	-5%
Vote 11 - Miscellaneous Services	902,051	1,355,324	1,441,360	1,402,174	-3%	3%
Vote 12 - Regional Operations	0	0	0	0	0	0
Vote 13 - Strategic Projects and Service Delivery Regulation	0	0	0	0	0	0
Vote 14 - Electricity - Centlec (Soc) Ltd	2,066,239	2,716,705	2, 400,045	2,039,383	-17%	-25%
Total Revenue by Vote	5,730,332	7,069,227	6,557,245	6,122,164	-7%	-15%

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG for 2014/15						
	R'000			Variance		Major conditions applied by donor (continue below if necessary)
Details	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	-	-	5000 000	-	-	-
Public Transport Infrastructure and Systems Grant	-	-	30 000 000	-	-	-
<i>Other Specify:</i>						
Urban Settlement Development Grant	-	-	654 406 000	-	-	-
Environmental Impact Assessment Grant	-	-	-	-	-	-
EPWP Incentive Grant	-	-	2 431 000	-	-	-
MSIG	-	-	-	-	-	-
Minerals and Energy	-	-	-	-	-	-
Water Conservation Grant	-	-	942 277	-	-	-
Department of Water Affairs	-	-	-	-	-	-
Electricity Demand Management	-	-	7 490 000	-	-	-
National Government						
Provincial Government						
Human Settlements	-	-	-	-	-	-
Sports and Recreation	-	-	4000 000	-	-	-
Other Grants						
Total	-		704 269 277			

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE / RENEWAL PROGRAMMES

Capital Expenditure - New Assets Programme*							
R '000							
Description	2013/14	2014/15			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2015/16	2016/17	2017/18
Capital expenditure by Asset Class							
Infrastructure – Total	529 541	598 061	722 694	707 994	885 277	1 200 176	1 069 907
Infrastructure: Road transport - Total	54 289	140 462	116 397	79 400	201 080	290 069	250 814
Roads, Pavements & Bridges	54 289	140 462	116 397	79 400	201 080	290 069	250 814
Storm water	-	-	-	-	-	-	-
Infrastructure: Electricity - Total	122 391	137 047	201 638	282 577	219 598	205 019	194 633
Generation	-	-	-	-	-	-	-
Transmission & Reticulation	122 391	137 047	201 638	282 577	219 598	205 019	194 633
Street Lighting	-	-	-	-	-	-	-
Infrastructure: Water - Total	128 144	137 746	187 032	109 062	61 063	174 029	94 000
Dams & Reservoirs	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-
Reticulation	128 144	137 746	187 032	109 062	61 063	174 029	94 000
Infrastructure: Sanitation - Total	220 952	161 707	205 441	234 314	398 337	525 694	524 800
Reticulation	-	-	-	-	-	-	-
Sewerage purification	220 952	161 707	205 441	234 314	398 337	525 694	524 800
Infrastructure: Other - Total	3 765	21 099	12 186	2 641	5 200	5 365	5 660
Waste Management	3 765	21 099	12 186	2 641	5 200	5 365	5 660
Transportation	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Community – Total	55 038	73 695	79 582	76 024	84 586	80 651	78 718
Parks & gardens	55 038	73 695	79 582	44 177	84 586	80 651	78 718
Sports fields& stadia	-	-	-	9 604	-	-	-
Swimming pools	-	-	-	6 393	-	-	-
Community halls	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-
Other	-	-	-	15 850	-	-	-
Heritage assets - Total	2 329	-	222	-	-	-	-
Buildings	-	-	-	-	-	-	-

Capital Expenditure - New Assets Programme*							
R '000							
Description	2013/14	2014/15			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2015/16	2016/17	2017/18
Other	2 329	-	222	-	-	-	-
Investment properties - Total	-	-	-	-	50 000 000	8 800 000	6 900 000
Housing development	-	-	-	-	-	-	-
Other	-	-	-	-	50 000	8 800	6 900
-							
Other assets	118 471	351 991	223 228	156 631	252 085	258 751	207 732
General vehicles	118 471	351 991	223 228	57 461	252 085	258 751	207 732
Specialized vehicles	-	-	-	-	-	-	-
Plant & equipment	-	-	-	14 961	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-
Furniture and other office equipment	-	-	-	5 048	-	-	-
Abattoirs	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	18 427	-	-	-
Other Buildings	-	-	-	-	-	-	-
Other Land	-	-	-	58 898	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-
Other	-	-	-	1 836	-	-	-
Agricultural assets	-	-	-	-	-	-	-
<i>List sub-class</i>	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
<i>List sub-class</i>	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-
Other (<i>list sub-class</i>)	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	705 378	1 023 747	1 025 726	940 649	1 271 948	1 548 378	1 363 258

1 337 063

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	2013/14	2014/2015			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2015/16	2016/17	2017/18

Capital Expenditure - New Assets Programme*
R '000

Description	2013/14	2014/15			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2015/16	2016/17	2017/18
<u>Capital expenditure by Asset Class</u>							
<u>Infrastructure – Total</u>	268 775	418 124	475 560	390 915	517 500	823 443	813 825
Infrastructure: Road transport - Total	113 978	66 995	86 723	101 946	110 040	154 048	101 950
Roads, Pavements & Bridges	113 978	66 995	86 723	101 946	110 040	154 048	101 950
Storm water	-	-	-	-	-	-	-
Infrastructure: Electricity - Total	26 332	112 410	65 149	7 850	109 759	126 695	143 369
Generation	-	-	-	-	-	-	-
Transmission & Reticulation	26 332	112 410	65 149	7 850	109 759	126 695	143 369
Street Lighting	-	-	-	-	-	-	-
Infrastructure: Water - Total	110 532	150 974	193 278	201 104	234 000	437 500	460 750
Dams & Reservoirs	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-
Reticulation	110 532	150 974	193 278	201 104	234 000	437 500	460 750
Infrastructure: Sanitation - Total	10 939	67 295	109 123	67 664	54 000	95 000	97 000
Reticulation	10 939	67 295	109 123	67 664	54 000	95 000	97 000
Sewerage purification	-	-	-	-	-	-	-
Infrastructure: Other - Total	6 994	20 450	21 288	12 351	9 700	10 200	10 756
Waste Management	6 994	20 450	21 288	12 351	9 700	10 200	10 756
Transportation	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<u>Community</u>	4 421	8 900	9 400	860	-	7 340	5 000
Parks & gardens	4 421	8 900	9 400	-	-	7 340	5 000
Sports fields& stadia	-	-	-	-	-	-	-
Cemeteries	-	-	-	860	-	-	-
Social rental housing	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<u>Investment properties - Total</u>	-	-	-	-	-	-	600
Housing development	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	600
<u>Other assets</u>	80 946	18 372	46 965	4 639	4 443	10 736	4 574
General vehicles	80 946	18 372	46 965	-	4 443	10 736	4 574
Specialized vehicles	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-
Furniture and other office equipment	-	-	-	2 519	-	-	-
Abattoirs	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-

Capital Expenditure - New Assets Programme*							
R '000							
Description	2013/14	2014/15			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2015/16	2016/17	2017/18
Civic Land and Buildings	-	-	-	2 120	-	-	-
Intangibles	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-
Other (<i>list sub-class</i>)	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	354 143	445 396	531 925	396 414	521 943	841 519	823 999

APPENDIX N: CAPITAL PROGRAMME BY PROJECT 2014/2015

		Approved	Adjusted	Current		YTD		% on
	Description	Budget	Budget	Mth Exp	Commitment	Movement	Balance	Budget
	BP PULSE & HEART MONITOR	70,000	70,000	-	-	-	70,000	0.00%
	MEDICAL EQUIPMENT ASINION DIABETIC KID	100,000	100,000	-	-	-	100,000	0.00%
	MEDICAL EQUIPMENT PIMA CD4 ANALYSER	210,000	210,000	173,976	-	173,976	36,025	82.85%
	CONSTRUCTION OF 20X30 SWIMMING POOL THAB	2,500,000	6,220,000	1,314,964	-	6,216,069	3,931	99.94%
	RENOVATIONS TO ARTHUR NATHAN SWIMMING PO	-	280,000	-	-	-	280,000	0.00%
	UPGRADING: HEIDEDAL SWIMMING POOL	-	70,778	-	-	70,778	0	100.00%
	CONSTRUCTION OF 20X30 SWIMMING POOL: THA	-	125,338	105,708	-	105,708	19,630	84.34%
	JOHNSON BENDILE STADIUM CONSTRUCTION	-	2,000,000	134,689	-	2,071,092	-71,092	103.55%
	UPGRADING OF BILLY MURISON STADIUM	1,500,000	2,000,000	582,369	-	1,834,124	165,876	91.71%
	UPGRADING OF SELOSESHA STADIUM	3,000,000	-	-	-	-	-	0.00%
	UPGRADING OF BOTSHABELO STADIUM	3,208,868	3,231,868	1,174	-	3,199,263	32,605	98.99%
	REHABILITATION OF FREEDOM SQUARE SPORT C	2,000,000	123,000	-	-	-	123,000	0.00%
	JOHNSON BENDILE STADIUM CONSTRUCTION	3,000,000	1,677,000	74,740	-	1,676,964	36	100.00%
	UPGRADING BOTSHABELO STADIUM	-	1,403,275	324,051	-	552,329	850,946	39.36%
	UPGRADING OF BOTSHABELO STADIUM	-	219,006	218,994	-	218,994	12	99.99%
	UPGRADING OF BILLY MURISON STADIUM	-	12,941	-	-	-	12,941	0.00%
	UPGRADING OF SELOSESHA STADIUM	-	412,130	-	-	51,082	361,048	12.39%
	ELECTRONIC EQUIPMENT AUDITORIUMS	300,000	300,000	-	-	-	300,000	0.00%
	ELECTRONIC EQUIPMENT AUDITORIUMS	500,000	450,000	-	-	-	450,000	0.00%
	NEW OFFICE BLOCK MANGAUNG	2,000,000	8,000,000	1,803,256	-	3,145,330	4,854,670	39.32%
	MULTI PURPOSE CENTRE GRASSLAND 2	3,000,000	7,000,000	-	-	862,019	6,137,981	12.31%

	UPGRADING OF STADIUM SWIMMING POOL	-	2,791,645	1,677,161	-	2,625,292	166,353	94.04%
	UPGRADING OF BOCHABELA BOXING ARENA	-	221,703	-	-	88,378	133,325	39.86%
	NEW COMMUNITY HALL - BOTSHABELO	-	490,993	-	-	400,025	90,968	81.47%
	REHABILITATION OF FREEDOM SQUARE SPORT C	-	231,071	-	-	79,007	152,064	34.19%
	MULTI PURPOSE CENTRE: GRASSLAND 2	-	100,000	-	-	-	100,000	0.00%
	FURNITURE	45,000	845,000	-	-	-	845,000	0.00%
	ENVIRO RACKS	1,400,000	400,000	-	-	-	400,000	0.00%
	PRIVATE CLOUDWARE	75,000	75,000	-	-	-	75,000	0.00%
	ICT SECURITY EQUIPMENT	300,000	-	-	-	-	-	0.00%
	RADIO NETWORK EXPANSION	1,000,000	1,000,000	-	-	-	1,000,000	0.00%
	HP NETWORK SWITCH FOR SERVER	-	1,234,071	1,234,070	-	1,234,070	1	100.00%
	VMWARE COMM VAULT	-	1,049,132	1,049,131	-	1,049,131	1	100.00%
	UPGRADE OF CURRENT ENVIRONMENT SOLAR SCO	-	7,500,000	-	-	7,398,287	101,713	98.64%
	DESKTOPS AND LAPTOPS	2,500,000	3,000,000	1,748,547	-	2,319,061	680,939	77.30%
	INFORMATION MANAGEMENT SYSTEMS ENHANCEME	-	3,019,555	-	-	-	3,019,555	0.00%
	EVENUS MIGRATION TO SOLAR	-	40	-	-	-	40	0.00%
	SUB TOTAL	26,708,868	55,863,546	10,442,828	-	35,370,978	20,492,568	63.32%
	HANDHELD METER READING DEVICES	-	1,656,840	1,656,832	-	1,656,832	8	100.00%
	RATES REVAMP	1,575,000	343,160	-	-	136,663	206,497	39.82%
	ASSET MANAGEMENT SYSTEM	3,000,000	3,775,000	2,122,790	-	3,774,813	187	100.00%
	OFFICE FURNITURE	500,000	500,000	1,441	-	388,817	111,183	77.76%
	SUB TOTAL	5,075,000	6,275,000	3,781,063	-	5,957,125	317,875	94.93%
	EXPANDING THE TWO WAY RADIO NETWORK OF E	-	150,000	-	-	-	150,000	0.00%
	EXTENSION OF BAYSWATER LABORATORY BULDIN	5,000,000	6,500,000	187,746	-	2,823,521	3,676,479	43.44%
	CLOTHING BANK CONTAINERS	54,000	54,000	40,000	-	40,000	14,000	74.07%

	STAND ALONE STORAGE SHELVING FOR CLOTHIN	300,000	300,000	52,038	-	52,038	247,962	17.35%
	ADVANCED STABILISING RESCUE KIT	58,000	58,000	-	-	57,816	184	99.68%
	ADVANCED STABILISING RESCUE KIT	58,000	58,000	-	-	57,816	184	99.68%
	ADVANCED STABILISING RESCUE KIT	58,000	58,000	-	-	57,816	184	99.68%
	BOTSHABELO FIRE STATION MULTI GYM	155,000	135,000	-	-	-	135,000	0.00%
	CENTRAL FIRE STATION MULTI GYM	155,000	135,000	-	-	-	135,000	0.00%
	MULTI GYM THAPEDI FIRE STATION	155,000	135,000	-	-	-	135,000	0.00%
	BREATHING APPARATUS COMPRESSOR	240,000	240,000	-	-	-	240,000	0.00%
	NEW SOUTHERN REGION FIRE STATION	1,632,000	1,632,000	556,434	-	556,434	1,075,566	34.10%
	HAND CONTROLLED FIRE NOZZLE	8,000	8,000	-	-	5,577	2,423	69.71%
	HAND CONTROLLED FIRE NOZZLE	8,000	8,000	-	-	5,577	2,423	69.71%
	HAND CONTROLLED FIRE NOZZLE	8,000	8,000	-	-	5,577	2,423	69.71%
	HAND CONTROLLED FIRE NOZZLE	8,000	8,000	-	-	5,577	2,423	69.71%
	HAND CONTROLLED FIRE NOZZLE	8,000	8,000	-	-	5,577	2,423	69.71%
	HAND CONTROLLED FIRE NOZZLE	8,000	8,000	-	-	5,577	2,423	69.71%
	HAND CONTROLLED FIRE NOZZLE	8,000	8,000	-	-	5,577	2,423	69.71%
	HAND CONTROLLED FIRE NOZZLE	8,000	8,000	-	-	5,577	2,423	69.71%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%

	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,190	-	16,190	810	95.24%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,188	-	16,188	812	95.22%
	SELF CONTAINED BREATHING APPARATUS COMP	17,000	17,000	16,192	-	16,192	808	95.25%
	SKID UNIT	25,200	22,500	22,470	-	22,470	30	99.87%
	SKID UNIT	25,200	22,500	22,470	-	22,470	30	99.87%
	SKID UNIT	25,200	22,500	22,470	-	22,470	30	99.87%
	SKID UNIT	25,200	22,500	22,470	-	22,470	30	99.87%
	SKID UNIT	25,200	25,200	22,470	-	22,470	2,730	89.17%
	RESCUE BOAT COMPLETE	260,000	344,000	325,000	-	325,000	19,000	94.48%
	UPGRADING/REPLACEMENTOF EXISTING FENCE B	320,000	320,000	-	-	-	320,000	0.00%
	JAWS OF LIFE	480,000	472,000	-	-	471,798	202	99.96%
	JAWS OF LIFE	480,000	474,800	-	-	474,603	197	99.96%
	NEW SOUTHERN REGION FIRE STATION	-	2,697,496	254,712	-	2,200,530	496,966	81.58%
	TRAFFIC LAW ENFORCEMENT CAMERAS (FIXED)	1,000,000	750,000	-	-	614,494	135,506	81.93%
	LAW ENFORCEMENT CAMERAS (DIGITAL CAMERAS	1,500,000	500,000	-	-	499,773	227	99.95%
	ACCESS CONTROL SYSTEM - PARKING GARAGE	-	1,294,100	-	-	1,288,633	5,467	99.58%
	CCTV	1,680,000	2,185,900	897,482	-	2,073,172	112,728	94.84%
	FIRE ARMS	-	350,000	-	-	306,236	43,764	87.50%
	RELOCATION OF ZOO	20,905,932	20,905,932	2,573,183	-	19,305,501	1,600,431	92.34%
	FENCING OF PHAHAMENG CEMETERY	7,000,000	6,000,000	859,880	-	859,880	5,140,120	14.33%
	FENCING OF PARK IN U SECTION	8,000,000	8,000,000	-	-	-	8,000,000	0.00%
	DEVELOPMENT OF NEW PARK IN BLOEMFONTEIN	4,000,000	3,060,583	189,475	-	3,018,217	42,366	98.62%
	DEVELOPMENT OF NEW PARK IN BOTSHABELO B	4,700,000	4,700,000	-	-	4,700,000	0	100.00%
	NEW REGIONAL PARK THABA NCHU IN SELOSE	20,521,228	19,861,228	2,569,167	-	14,989,517	4,871,711	75.47%
	DEVELOPMENT / UPGRADING OF PARKS BOTSHA	-	2,900,000	1,958,189	-	2,164,169	735,831	74.63%
	ESTABLISHMENT/CONSTRUCTION OF PURPOSE BU	-	989,645	-	-	425,000	564,645	42.94%
	SUB TOTAL	79,259,160	85,796,884	10,915,645	-	57,858,921	27,937,964	67.44%

	PEDESTRIANISATION PARK ROAD	12,000,000	2,000,000	-	-	-	2,000,000	0.00%
	TOWNSHIP ESTABLISHMENT BRANDKOP	17,000,000	10,000,000	3,463,241	-	9,997,526	2,474	99.98%
	THABA NCHU DEVELOPMENT NODE	15,000,000	3,000,000	-	-	-	3,000,000	0.00%
	TOWNSHIP ESTABLISHMENT CECILIA PARK	20,000,000	10,000,000	5,052,356	-	7,921,460	2,078,540	79.21%
	BOTSHABELO DEVELOPMENT NODE	25,000,000	2,000,000	-	-	2,323,352	-323,352	116.17%
	AIRPORT DEVELOPMENT NODE	90,000,000	40,000,000	26,246,013	-	26,246,013	13,753,987	65.62%
	TOWNSHIP STABLISHMENT BOTSHABELO WEST EX	835,000	470,705	-	-	253,494	217,211	53.85%
	BEAUTIFICATION OF CITY ENTRANCES N8	8,791,775	4,291,775	493,226	-	1,288,013	3,003,762	30.01%
	REDEVELOPMENT OF HOFFMAN SQUARE	-	597,935	-	-	597,935	-	100.00%
	CONCEPT AND DETAIL DESIGN NAVAL HILL PH2	-	171,008	-	-	171,008	0	100.00%
	SERVICES RETICULATION OF MMM LAND WITHIN	-	153,361	-	-	153,343	18	99.99%
	REDEVELOPMENT OF HOFFMAN SQUARE	500,000	2,837,626	-795,500	820,000	497,381	2,340,245	17.53%
	ESTABLISHMENT OF GIS SYSTEM IMPLEMENTIN	10,000,000	6,111,193	1,836,138	-	1,836,138	4,275,055	30.05%
	NAVAL HILL PHASE 2	7,000,000	4,983,744	347,380	-	481,811	4,501,933	9.67%
	NAVIL HILL THE EDGE RESTAURANT	-	1,329,613	277,327	-	1,048,753	280,860	78.88%
	MUNICIPAL POUND BLOEMFONTEIN	793,000	793,000	-	-	-	793,000	0.00%
	FENCING OF CAMPS	1,000,000	1,000,000	169,970	-	169,970	830,030	17.00%
	ESTABLIHMENT OF BROILERS 4 UNITS	2,000,000	2,000,000	-	-	-	2,000,000	0.00%
	ESTABLIHMENT OF EGG LAYERS 4 UNITS	2,000,000	2,000,000	54,839	-	54,839	1,945,161	2.74%
	ESTABLIHMENT OF PIGGERIES 4 UNITS	2,000,000	2,000,000	103,908	-	103,908	1,896,092	5.20%
	FENCING OF CAMPS VARIOUS VILLAGES & MUNI	1,900,000	1,900,000	206,985	-	206,985	1,693,015	10.89%
	PUBLIC INFRASTRUCTURE & SYSTEMS GRANT B	30,000,000	23,000,000	3,056,050	6 189 538	3,056,050	19,943,950	13.29%
	INTEGRATED CITY DEVELOPMENT GRANT INTEG	5,596,000	5,596,000	2,276,098	-	7,182,896	- 1,586,896	128.36%

	KIOSK NAVAL HILL	-	664,250	-	-	611,510	52,740	92.06%
	NAVAL HILL PHASE 2	-	2,000,000	-	-	-	2,000,000	0.00%
	SUB TOTAL	251,415,775	128,900,210	42,788,031	7 009 538	64,202,385	64,697,825	49.81%
	INFORMAL SETTLEMENTS (PRIORITY PROJECTS	19,264,063	10,264,063	9,945,645	-	9,945,645	318,418	96.90%
	PRO-ACTIVE ACQUISITION OF LAND FOR HUMAN	-	165,061	-	-	-	165,061	0.00%
	PRO-ACTIVE ACQUISITION OF LAND FOR HUMAN	-	200,000	-	-	-	200,000	0.00%
	SUB TOTAL	19,264,063	10,629,124	9,945,645	-	9,945,645	683,479	93.57%
	REFRESH SERVERS	200,000	240,000	-	-	199,620	40,380	83.18%
	MARKET HALL ROOF & GUTTERS	500,000	-	-	-	-	-	0.00%
	MECHANICAL PLANT	-	1,370,000	68,364	-	1,368,364	1,636	99.88%
	BATTERY DRIVEN SCRUBBING MACHINE	-	790,000	-	-	789,474	526	99.93%
	SUB TOTAL	700,000	2,400,000	68,364	-	2,357,458	42,542	98.23%
	VEHICLE LEASING	47,517,759	47,517,759	3,193,825	-	57,461,174	-	120.93%
	MAPHISA UPGRADING OF STREET & STORMWATER	-	7,000,000	3,473,158	-	5,810,750	9,943,415	83.01%
	NGYCAY RD	214,783	907,716	330,015	-	870,160	37,556	95.86%
	BATHO 60	391,304	391,304	-	-	391,304	-	100.00%
	MAN RD 101	586,957	402,943	-	-	402,943	0	100.00%
	MAN RD 103	652,174	576,377	406,450	-	536,885	39,492	93.15%
	BRANDWAG INT 1 UPGRADING OF STREETS AND	782,609	-	-	-	-	-	0.00%
	BRANDWAG INT 2 UPGRADING OF STREETS AND	904,348	-	-	-	-	-	0.00%
	BRANDWAG INT 3 UPGRADING OF STREETS AND	904,348	-	-	-	-	-	0.00%
	MAN RD 103	935,000	935,000	134,118	-	935,000	-	100.00%
	BRANDWAG 2 UPGRADING OF STREETS AND STOR	956,615	-	-	-	-	-	0.00%
	BRANDWAG 3 UPGRADING OF STREETS AND STOR	1,152,546	-	-	-	-	-	0.00%
	MAN RD 475 UPGRADING OF STREET & STORMWA	1,220,997	1,041,336	202,719	-	1,041,335	1	100.00%
	MAN RD 121	1,521,739	2,365,077	569,750	-	2,365,076	1	100.00%

	BATHO R6	1,678,262	1,294,689	45,046	-	1,294,606	83	99.99%
	LAAVERS ST	1,707,268	1,879,108	-	-	1,879,108	0	100.00%
	NAZO ST (PHASE 2) UPGRADING OF STREET &	1,712,422	711,672	711,672	-	711,672	0	100.00%
	SEGONECO ST	1,808,913	2,986,719	1,138,819	-	2,986,718	1	100.00%
	MAN RD 172	1,887,332	3,996,029	-	-	3,996,029	-	100.00%
	ROAD 51	1,899,385	2,044,694	142,936	-	978,604	1,066,090	47.86%
	HARTZER	1,900,000	1,771,133	483,985	-	1,766,069	5,064	99.71%
	BOT RD 1055 UPGRADING OF STREET & STORMW	1,992,903	1,992,903	1,237,818	-	1,354,849	638,054	67.98%
	MOCHER ST	2,173,913	-	-	-	-	-	0.00%
	MAN RD 474 UPGRADING OF STREET & STORMWA	2,425,674	2,054,766	905,208	-	2,038,431	16,335	99.21%
	BATHO R5	2,677,234	2,300,000	45,353	-	118,850	2,181,150	5.17%
	MAN RD 473 UPGRADING OF STREET & STORMWA	3,108,547	4,944,483	1,812,936	-	4,944,479	4	100.00%
	BRANDWAG 1 UPGRADING OF STREETS AND STOR	3,414,832	2,021,285	873,119	-	1,308,555	712,730	64.74%
	STORMLAAN UPGRADING OF STREET & STORMWAT	3,964,058	3,662,417	1,347,532	-	3,619,619	42,798	98.83%
	TURN LANES AT MASELSPOORT ROAD UPGRADING	5,000,000	664,359	-	-	664,359	0	100.00%
	ROAD 6 (PHASE2) UPGRADING OF STREET & S	5,211,490	248,270	98,627	-	227,094	21,176	91.47%
	THA RD 2033 UPGRADING OF STREET & STORMW	5,623,135	1,476,581	222,680	-	1,476,581	0	100.00%
	TSUENE ST UPGRADING OF STREET & STORMWAT	5,664,389	9,241,599	2,497,722	-	9,241,598	1	100.00%
	MAPHISA UPGRADING OF STREET & STORMWATER	7,484,865	690,199	-	-	690,199	0	100.00%
	THA RD 2035 UPGRADING OF STREET & STORMW	7,973,304	1,486,652	969,805	-	1,233,553	253,100	82.98%
	BOT RD 350 UPGRADING OF STREET & STORMWA	11,892,625	1,337,265	875,285	-	1,337,265	0	100.00%

	LESSING UPGRADING OF STREET & STORMWATER	12,651,379	1,304,636	-	-	995,916	308,721	76.34%
	MAN RD 105	1,000,000	776,233	46,561	-	622,794	153,439	80.23%
	NEW TRAFFIC LIGHTS	456,522	456,522	-	-	456,522	-	100.00%
	De BRUYN UPGRADING OF STREET & STORMWATE	6,930,000	256,041	-	-	256,041	1	100.00%
	REALINGMENT OF CURVE DAN PIENAAR DRV UPG	8,000,000	461,331	-	-	461,330	1	100.00%
	BLOEM RD 149 UPGRADING OF STREET & STORM	8,000,000	1,109,400	-	-	1,109,400	-	100.00%
	UPGRADING STREETS & SW FRANS KLEYNHANS R	-	1,000,000	-	-	-	1,000,000	0.00%
	SOUTH PARK CEMETERY ENTRANCE ROAD	3,000,000	2,000,000	-	-	1,656,606	343,394	82.83%
	COMPUTER EQUIPMENT	30,000	30,000	-	-	-	30,000	0.00%
	RESEALING OF STREETS	-	9,644,601	652,103	-	9,644,601	0	100.00%
	EPWP UPGRADING OF ROADS	2,431,000	-	71,344	-	-	-	0.00%
	REHABILITATION OF ROAD B3 BOTSHABELO	10,000,000	2,617,120	-	400,767	2,003,141	613,979	76.54%
	MAN RD 198 UPGRADING OF STREET & STORMWA	-	296,730	296,730	-	296,730	-	100.00%
	MAN RD 778 UPGRADING OF STREET & STORMWA	-	466,223	466,223	-	466,223	1	100.00%
	STORMWATER BAINSVLEI MOOIWATER STORMWATE	-	106,870	-	-	-	106,870	0.00%
	HEAVY REHABILITATION OF MC GREGOR STREET	-	1,045,124	635,124	-	777,728	267,396	74.41%
	REHABILITATION OF STORMWATER CANALS	1,500,000	8,426,733	1,721,794	-	8,164,567	262,166	96.89%
	HEAVY REHABILITATION OF DAN PIENAAR DRV	3,000,000	1,109,107	97,270	-	1,109,107	-	100.00%
	SLEEPER REPLACEMENT AND THERMIT WELDS	100,000	-	-	-	-	-	0.00%
	UNFORESEEN STORMWATER IMPROVEMENTS	3,000,000	8,822,914	2,413,414	-	8,815,338	7,576	99.91%
	RESEALING OF STREETS	20,000,000	62,235,525	30,262,734	-	56,705,382	5,530,143	91.11%
	HEAVY REHABILITATION OF KENNETH KAUNDA R	12,000,000	10,825,356	7,843,693	-	10,825,355	1	100.00%
	UPGRADING OF ST GEORGES & FIRST AVENUE I	8,063,768	1,112,002	-	-	1,178,876	-66,874	106.01%
	REPLACEMENT OF OBSOLETE AND ILLEGAL SIGN	2,000,000	4,799,900	3,315,775	-	4,799,899	1	100.00%
	STREETS AND STORMWATER MANAGEMENT SYSTE	700,000	-	-	-	-	-	0.00%

	REHABILITATION OF BRIDGES	2,000,000	5,124,010	1,833,096	-	5,057,825	66,185	98.71%
	RESEALING OF STREETS	-	315,228	-	-	315,228	-	100.00%
	ABDURAMAN 2 UPGRADING OF STREETS AND STO	-	5,218,306	972,982	-	2,034,402	3,183,904	38.99%
	LAAVERS ST UPGRADING OF STREETS AND STOR	-	48,357	-	-	48,357	-	100.00%
	SEGONECO ST UPGRADING OF STREETS AND STO	-	139,968	-	-	139,968	-	100.00%
	MAN ROAD 164 UPGRADING OF STREETS AND ST	-	2,525,818	1,560,983	-	2,494,869	30,949	98.77%
	MAN ROAD 165 UPGRADING OF STREETS AND ST	-	1,990,292	1,990,291	-	1,990,291	1	100.00%
	UNFORESEEN STORMWATER IMPROVEMENTS	-	40,267	-	-	40,267	-	100.00%
	REHABILITATION OF STORMWATER CANALS	-	522,825	11,567	-	522,738	87	99.98%
	RESEALING OF STREETS	-	157,445	-	-	157,445	-	100.00%
	REHABILITATION OF HALDON ROAD	-	2,625,084	-	-	2,617,120	7,964	99.70%
	HEAVY REHABILITATION OF EEUFEE ROAD	-	28,555	28,555	-	28,555	-	100.00%
	UPGRADING OF ST GEORGES & FIRST AVENUE I	-	7,939	-	-	7,939	-	100.00%
	REPLACEMENT OF OBSOLETE AND ILLEGAL SIGN	-	56,305	-	-	56,305	-	100.00%
	REHABILITATION OF BRIDGES	-	102,717	-	-	102,717	-	100.00%
	UPGR OF STREETS AND STORMWATER: NGYCAY	-	40,161	-	-	40,161	-	100.00%
	UPGR OF STREETS AND STORMWATER: MAN RD	-	41,720	-	-	41,720	-	100.00%
	UPGR OF STREETS AND STORMWATER: MAN RD	-	33,053	33,053	-	33,053	-	100.00%
	UPGR OF STREETS AND STORMWATER: BATHO 6	-	70,819	-	-	70,819	-	100.00%
	UPGR OF STREETS AND STORMWATER: BATHO R	-	29,765	-	-	-	29,765	0.00%
	UPGR OF STREETS AND STORMWATER: BATHO (	-	15,909	-	-	15,909	-	100.00%
	UPGR OF STREETS AND STORMWATER: LESSING	-	235,159	-	-	235,159	-	100.00%
	UPGR OF STREETS AND STORMWATER: BOT RD	-	667,627	-	-	667,627	-	100.00%
	UPGR OF STREETS AND STORMWATER: BOT RD	-	59,627	59,627	-	59,627	-	100.00%
	TWO WAY RADIOS	200,000	200,000	-	-	-	200,000	0.00%
	DEVELOPMENT OF A NEW LANDFILL SITE	1,000,000	-	-	-	-	-	0.00%
	COMPUTER EQUIPMENT	100,000	100,000	-	-	-	100,000	0.00%
	CLOSURE OF THABA NCHU LANDFILL SITES	3,550,000	2,557,133	631,452	-	2,519,552	37,581	98.53%
	UPGRADING AND CONSTRUCTION OF NORTHERN	3,350,000	4,181,502	1,112,924	-	4,011,460	170,042	95.93%
	UPGRADING AND CONSTRUCTION OF SOUTHERN	1,500,000	1,674,658	219,185	-	1,593,841	80,817	95.17%

	UPGRADING AND REHABILITATIONS OF BOTSHAB	4,700,000	3,982,607	-	-	3,982,606	1	100.00%
	DEVELOPMENT OF TRANSFER STATION IN THABA	6,750,000	2,850,000	322,995	-	2,763,563	86,437	96.97%
	UPGR AND CONSTRUCTION OF NORTHERN LAND	-	28,341	-	-	28,341	-	100.00%
	UPGR AND CONSTRUCTION OF SOUTHERN LAND	-	93,094	-	-	93,094	-	100.00%
	THABA NCHU SEROALO BULTFONTEIN 3 UPGRADI	2,542,000	2,542,000	1,415,558	-	1,802,718	739,282	70.92%
	TEMPE MAIN SEWER TO ERADICATE LUCAS STEY	8,117,800	-	-	-	-	-	0.00%
	BOTSHABELO AND THABA NCHU INTERNAL BULK	10,000,000	16,907,117	4,609,681	-	11,662,928	5,244,189	68.98%
	BOTSHABELO SECTION J UPGRADING OF VIP T	2,500,000	2,324,561	154,761	-	1,997,466	327,095	85.93%
	BOTSHABELO SECTION F EXT. UPGRADING OF	1,545,200	-	-	-	-	-	0.00%
	REFURBISHMENT OF OLD TOILETS	2,500,000	2,675,439	2,675,439	-	2,675,439	-	100.00%
	WATERBORNE SANITATION THABA NCHU (LEANER	3,000,000	3,059,835	-	-	3,000,998	58,837	98.08%
	NORTH EASTERNWWTW (15ML/DAY) AND 18 KM O	-	5,635,752	1,195,726	-	5,500,000	135,752	97.59%
	THABA NCHU BULTFONTEIN 3 BASIC SANITATIO	43,612	43,612	-	-	-	43,612	0.00%
	BOTSHABELO BULK SEWER LINE SEC F BASIC S	1,821,085	1,655,584	-	-	1,554,753	100,831	93.91%
	BOTSHABELO SECTION F AND F EXT BASIC SAN	3,310,474	3,166,000	-	-	3,031,859	134,141	95.76%
	BOTSHABELO SECTION J BASIC SANITATION	3,388,375	3,683,596	100,000	-	3,298,972	384,624	89.56%
	BOTSHABELO SECTION J BASIC SANITATION	5,398,102	5,398,102	-	-	5,120,485	277,617	94.86%
	BOTSHABELO SECTION K BASIC SANITATION	6,029,321	6,044,075	-	-	4,868,485	1,175,590	80.55%
	THABA NCHU SEROALO BASIC SANITATION	2,994,489	2,994,489	-	-	2,994,488	1	100.00%
	BLOEMSIDE 6 BASIC SANITATION	2,014,542	2,014,542	-	-	2,014,539	3	100.00%
	TEMPE MAIN SEWER TO ERADICATE LUCAS STEY	2,082,200	-	-	-	-	-	0.00%
	THABA NCHU SEROALO BULTFONTEIN 3 UPGRADI	-	2,059,415	-	-	2,059,415	0	100.00%
	BOTSHABELO SANITATION PROJECT ADDITIONA	24,000,000	14,745,233	1,379,227	-	7,118,742	7,626,491	48.28%

	BOTSHABELO SECTION J UPGRADING OF VIP T	-	362,264	-	-	362,264	-0	100.00%
	BOTSHABELO SECTION F EXT. UPGRADING OF	-	1,089,145	-	-	1,089,145	-0	100.00%
	NORTH EASTERNWWTW (15ML/DAY) AND 18 KM O	30,944,954	36,879,182	8,806,850	-	35,094,331	1,784,851	95.16%
	MECHANICAL AND ELECTRICAL WORKS FOR NORT	12,474,917	5,574,917	1,203,541	-	3,652,156	1,922,761	65.51%
	RAYTON MAIN SEWER	2,000,000	-	-	-	-	-	0.00%
	WWTW PHASE 2	5,000,000	-	-	-	-	-	0.00%
	ADDITION TO STERKWATER WWTW	40,000,000	12,400,000	2,909,271	-	7,873,816	4,526,184	63.50%
	BOTSHABELO SECTION J - UPGR OF VIP TOILE	-	4,355,860	-	-	3,478,621	877,239	79.86%
	BOTSHABELO SECTION K UPGRADING OF VIP TO	2,795,000	1,660,450	615,647	-	1,523,932	136,518	91.78%
	BOTSHABELO SANITATION PROJECT ADDITIONA	30,000,000	13,646,859	2,053,565	-	10,171,070	3,475,789	74.53%
	REFURBISHMENT OF SEWER SYSTEMS	10,000,000	30,243,574	12,387,985	-	28,771,174	1,472,400	95.13%
	REFURBISHMENT OF BLOEMSPRUIT WWTW	20,000,000	20,000,000	-	-	19,253,626	746,374	96.27%
	BOTSHABELO SECTION K UPGRADING OF VIP TO	-	1,134,551	-	-	1,134,551	0	100.00%
	BOTSHABELO SANITATION PROJECT ADDITIONA	-	15,968,094	-	-	15,968,094	0	100.00%
	REFURBISHMENT OF SEWER SYSTEMS	-	8,618,373	-	-	8,618,373	-0	100.00%
	REFURBISHMENT OF BLOEMSPRUIT WWTW	-	16,106,966	-	-	18,023,394	-1,916,428	111.90%
	UPGRADE BULK SEWER FOR BRANDWAG PROJECT	4,500,000	1,500,000	-	-	945,806	554,194	63.05%
	OUTFALL FROM BLOEMSPRUIT WWTW TO THE RAC	-	1,242,153	-	-	-	1,242,153	0.00%
	WATERBORNE SANITATION IN RATAU & MOROKA	-	392,706	-	-	215,882	176,824	54.97%
	WATERBORNE SANITATION IN RATAU & MOROKA	-	4,937,098	846,175	-	2,043,579	2,893,519	41.39%
	WATERBORNE SANITATION IN BULTFONTEIN 2 3	-	2,082,529	132,146	-	380,148	1,702,381	18.25%
	WATERBORNE SANITATION IN SECTION F F EX	-	4,148,019	532,538	-	2,101,377	2,046,642	50.66%
	BOTSHABELO SECTION K BASIC SANITATION	-	1,146,050	-	-	138,298	1,007,752	12.07%
	BLOEMSIDE 6 BASIC SANITATION	-	2,335,360	-	-	2,030,921	304,439	86.96%

	BOTSHABELO SECTION J - UPGR OF VIP TOILE	-	10,147,797	2,935,470	-	6,584,182	3,563,615	64.88%
	BOTSHABELO SECTION F EXT - UPGR OF VIP T	-	16,751,026	9,587,531	-	15,640,677	1,110,349	93.37%
	WATERBORNE SANITATION IN BULTFONTEIN 2 3	-	2,158,410	1,268,089	-	1,676,804	481,606	77.69%
	REFURBISHMENT OF BLOEMSPRUIT WWTW	-	5,400,000	-	-	-	5,400,000	0.00%
	SEWER MAINS CONNECTION TO NORTHERN WWTW	-	119,863	-	-	-	119,863	0.00%
	GRASSLAND AND BLOEMSPRUIT SEWER MAINS	-	1,470	-	-	-	1,470	0.00%
	REFURBISHMENT OF SEWER SYSTEM	-	26,044,364	21,839,493	-	25,761,469	282,895	98.91%
	WATERBORNE SANITATION IN RATAU & MOROKA	-	-	-	-	1,140,752	- 1,140,752	0.00%
	BLOEMSIDE 6 BASIC SANITATION	-	-	-	-	3,668,607	- 3,668,607	0.00%
	REFURBISHMENT OF SEWER SYSTEMS	-	523,061	-	-	397,466	125,595	75.99%
	WATERBORNE SANITATION IN RATAU & MOROKA	-	-	-	-	2,833,067	- 2,833,067	0.00%
	WATERBORNE SANITATION IN BULTFONTEIN 2	-	-	-	-	1,359,332	- 1,359,332	0.00%
	WATERBORNE SANITATION IN SECTION F F EX	-	-	-	-	2,013,190	- 2,013,190	0.00%
	NORTH EASTERN-WWTW (15ML/DAY) AND 1 8 KM	-	7,839,782	-	-	7,839,782	0	100.00%
	MECHANICAL AND ELECTRICAL WORKS FOR NORT	-	313,561	-	-	-	313,561	0.00%
	OUTFALL FROM BLOEMSPRUIT WWTW TO THE RAC	-	217,125	-	-	-	217,125	0.00%
	ADDITION OF 10ML TO STERKWATER WWTW	-	404,516	-	-	-	404,516	0.00%
	BOTSHABELO SECTION K BASIC SANITATION	-	-	-	-	853,950	-853,950	0.00%
	BOTSHABELO SECTION J - UPGR OF VIP TOILE	-	-	-	-	10,637,239	- 10,637,239	0.00%
	SUB TOTAL	503,956,470	593,303,471	152,208,290	400,767	555,777,336	37,526,135	93.68%
	WATER NETWORKS TO STANDS	20,000,000	20,000,000	9,333,053	-	15,845,019	4,154,981	79.23%
	LONGRIDGE RESERVOIR SUPPLY LINE 8.3 KM	42,196,000	34,672,870	13,499,938	-	32,144,048	2,528,822	92.71%
	BOTSHABELO AND THABA NCHU INTERNAL BULK	28,699,069	25,184,854	5,403,345	-	24,509,108	675,746	97.32%
	GARIEP DAM BULK WATER SUPPLY	-	4,619,501	2,255,515	-	3,156,064	1,463,437	68.32%

	REPLACE PUMPS MASELSPOORT	11,825,000	24,434,295	3,972,810	-	24,429,117	5,178	99.98%
	RAYTON BULK WATER SUPPLY	1,000,000	1,000,000	-	-	-	1,000,000	0.00%
	MASELSPOORT WATER RECYCLING	10,000,000	7,277,806	250,147	-	4,168,289	3,109,517	57.27%
	UPGRADING OF MASELSPOORT WTW	15,000,000	2,250,000	-	-	-	2,250,000	0.00%
	REFURBISHMENT OF WATER SUPPLY SYSTEMS	10,000,000	49,887,102	1,344,820	-	49,887,102	0	100.00%
	REPLACE PUMPS MASELSPOORT	-	18,779,480	4,569,780	4 569 780	14,027,189	4,752,291	74.69%
	NEW 45 ML LONGRIDGE RESERVOIR	-	1,248,922	31,171	-	963,975	284,947	77.18%
	REFURBISHMENT OF WATER SUPPLY SYSTEMS	-	1,367,285	-	-	1,367,285	-	100.00%
	REPLACE PUMPS MASELSPOORT	-	2,071,552	882,107	-	882,107	1,189,445	42.58%
	BASIC WATER TO STANDS BW	-	278,757	-	-	-	278,757	0.00%
	NAVAL HILL RESERVOIR 35 ML	-	3,023,965	400,767	-	2,947,039	76,926	97.46%
	NAVAL HILL RESERVOIR: 3.5KM SUPL AND DEL	-	5,310,795	-	-	5,278,692	32,103	99.40%
	UPGRADING OF MASELSPOORT PUMP SUPPLY TO	-	1,484,091	-	-	271,796	1,212,295	18.31%
	BOTSHABELO AND THABA NCHU INTERNAL BULK	-	5,832,748	1,546,884	-	3,521,104	2,311,644	60.37%
	REFURBISHMENT OF WATER SUPPLY SYSTEMS RE	16,850,646	16,850,646	11,487,501	12 500 000	3,782,297	13,068,349	22.45%
	METERING OF UNMETERED SITES	20,000,000	12,780,363	2,864,289	-	8,310,027	4,470,336	65.02%
	REPLACE WATER METERS AND FIRE HYDRANTS	12,000,000	12,000,000	1,416,921	-	7,918,982	4,081,018	65.99%
	REFURBISHMENT OF WATER SUPPLY SYSTEMS AU	20,000,000	20,000,000	-	-	19,781,572	218,428	98.91%
	REFURBISHMENT OF WATER SUPPLY SYSTEMS	-	20,519,333	14,607,909	473,895	14,963,977	5,555,356	72.93%
	REFURBISHMENT OF WATER SUPPLY SYSTEMS TE	5,000,000	5,000,000	1,109,002	-	4,678,799	321,201	93.58%
	REPLACEMENT OF WATER PIPES NOORDHOEK	4,000,000	4,000,000	230,479	-	4,000,000	0	100.00%
	REPLACEMENT/REFURBISHMENT OF VALVES IN B	20,000,000	3,523,485	2,845,819	-	3,295,819	227,666	93.54%
	REPLACEMENT/REFURBISHMENT OF WATERMAINS	20,000,000	28,717,000	13,515,477	-	23,528,183	5,188,817	81.93%

	REFURBISHMENT OF WATER SUPPLY SYSTEMS	-	12,973,895	12,973,895	-	12,973,895	-	100.00%
	REPLACE WATER METERS AND FIRE HYDRANTS	22,149,354	20,649,354	332,266	-	20,228,138	421,216	97.96%
	REFURBISHMENT OF WATER SUPPLY SYSTEMS: R	-	2,302,071	2,302,071	-	2,302,071	-	100.00%
	METERING OF UNMETERED SITES	-	1,095,906	-	1 004 946	-	1,095,906	0.00%
	REPLACE WATER METERS AND FIRE HYDRANTS	-	69,141	-	-	-	69,141	0.00%
	METERING OF UNMETERED SITES	-	1,104,189	1,004,946	-	1,004,946	99,243	91.01%
	SUB TOTAL	278,720,069	370,309,406	76,066,351	18 548 621	310,166,639	60,142,767	83.76%
	DESKTOP COMPUTERS (DESKTOP SERVER TABLET	400,000	400,000	-	-	-	400,000	0.00%
	WAAIHOKI PRECINCT REDEVELOPMENT	5,000,000	5,000,000	1,083,389	-	5,000,000	-	100.00%
	SUB TOTAL	5,400,000	5,400,000	1,083,389	-	5,000,000	400,000	92.59%
	REVITALIZATION OF OLD POWERSTATIONS	-	12,000,000	-	-	-	12,000,000	0.00%
	VEHICLES	35,000,000	-	-	-	-	-	0.00%
	FURNITURE AND OFFICE EQUIPMENT	-	2,200,000	-	-	-	2,200,000	0.00%
	OFFICE BUILDING	-	4,050,000	-	-	-	4,050,000	0.00%
	VEHICLES	-	28,000,000	1,167,335	-	21,930,563	6,069,437	78.32%
	IMPLEMENTATION OF BUSINESS CONTINUITY AN	1,456,163	1,456,163	-	-	495,634	960,529	34.04%
	WEBSITE	-	800,000	243,985	-	243,985	556,015	30.50%
	SCOA IMPLEMENTATION PROJECT	-	7,000,000	49,210	-	1,006,466	5,993,534	14.38%
	UPGRADE AND REFURBISHMENT OF CENTLEC	-	500,000	-	-	-	500,000	0.00%
	VENDING BACK OFFICE	-	3,000,000	-	-	-	3,000,000	0.00%
	UPGRADE OF CURENT PABX TO VOIP TELCOMMS	1,000,000	500,000	29,363	-	3,703,504	-	740.70%
	EXTENSION AND UPGRADING OF THE 11KV OVER	7,000,000	6,700,000	4,248	-	6,168,462	531,538	92.07%

	ELITE SUBSTATION (AIRPORT NODE)	7,000,000	11,970,000	-	-	10,500,000	1,470,000	87.72%
	TRANSFORMER REPLACEMENT	-	10,000,000	3,162,808	-	3,408,929	6,591,071	34.09%
	SERVITUDES AND LAND (INCLUDING INVESTIGA	1,000,000	1,000,000	-	-	19,696	980,304	1.97%
	GROENVLEI DC 132KV/11KV 20MVA DC	-	10,000,000	6,392,493	-	14,045,424	-	140.45%
	CECELIA DC 132KV/11KV 30 MVA	-	6,900,000	-	-	3,480,798	4,045,424	50.45%
	FICHARDTPARK DC 132KV/11KV 20MVA DC	10,000,000	1,000,000	2,277,764	-	2,277,764	-	227.78%
	BOTSHABELO 132KV ESKOM CONNECTION & EXTE	5,000,000	-	-	-	-	-	0.00%
	GROENVLEI DC 132kv/11KV 20MVA	10,000,000	-	-	-	-	-	0.00%
	CECELIA DC 132KV/11KV 30MVA DC	13,700,000	-	-	-	-	-	0.00%
	KHAYELITSHA ELECTRIFICATION	22,119,113	22,119,113	2,238,491	-	20,746,527	1,372,586	93.79%
	SMART STREETLIGHTS	-	30,000,000	6,201,363	-	29,014,623	985,377	96.72%
	RE ENGINEERING OF OLD POWERSTATIONS	-	1,000,000	-	-	-	1,000,000	0.00%
	ELECTRIFICATION CONNECTIONS DME	11,360,000	21,360,000	6,337,258	-	21,360,913	-913	100.00%
	BOTSHABELO 132KV/33/11KV DC SUB F	15,131,228	5,131,228	2,362,384	-	5,131,380	-152	100.00%
	TRANSFORMER REPLACEMENT	35,000,000	-	-	-	-	-	0.00%
	REPLACEMENT OF DECREPIT 11KV CABLE	2,900,000	2,900,000	-428,251	-	1,045,476	1,854,524	36.05%
	INSTALLATION OF OF PREPAID METERS (INDIG	1,000,000	1,000,000	91,416	-	878,362	121,638	87.84%
	PUBLIC ELECTRICITY CONNECTIONS	19,267,015	15,767,015	1,418,221	-	11,102,662	4,664,353	70.42%
	NEW TEST VEHICLE TEST EQUIPMENT (FULLY E	-	1,750,000	-	-	1,247,352	502,648	71.28%
	REFURBISHMENT OF THE TAP CHANGER CONTROL	200,000	200,000	-	-	-	200,000	0.00%
	REFURBISHMENT OF PROTECTION AT BAYSWATER	543,837	543,837	-	-	-	543,837	0.00%
	METER PROJECT	-	38,000,000	-	-	-	38,000,000	0.00%
	REPLACEMENT OF 240 MM XLPE BETWEEN SUB A	7,700,000	7,700,000	-795,743	-	5,845,657	1,854,343	75.92%

	REPLACEMENT OF 2 & 4 WAY FIBREGLASS BOX	1,100,000	320,000	-	-	273,500	46,500	85.47%
	REPLACEMENT OF BRITTLE OVERHEAD CONNECTI	770,000	770,000	9,449	-	738,134	31,866	95.86%
	FURNITURE AND OFFICE EQUIPMENT	2,200,000	-	202,693	-	2,083,713	-	0.00%
	OFFICE BUILDING	7,800,000	-	-	-	2,120,157	-	0.00%
	METER PROJECT	23,000,000	-	25,897,972	-	63,633,076	-	0.00%
	REPLACEMENT OF LOW VOLTAGE DECREPIT 248	1,650,000	650,000	7,220	-	396,830	253,170	61.05%
	NETWORK REFURBISHMENT	-	17,330,887	3,398,160	-	21,262,346	-	122.68%
	NETWORK REFURBISHMENT	24,080,887	-	-	-	-	-	0.00%
	132KV NORTHERN RING FROM NOORDSTAD DC TO	15,700,000	8,700,000	7,618,067	-	14,694,052	-	168.90%
	UPGRADE AND REFURBISHMENT OF CENTLEC COM	500,000	-	1,324,540	-	1,406,743	-	0.00%
	PARK WEST 132/T2B 45 MVA	-	4,950,000	-	-	-	4,950,000	0.00%
	CLOVER & VISTA DCs PARK ACCESS CONTROL	385,000	175,056	-	-	153,056	22,000	87.43%
	TIBBIE VISSER RIPPLE CONTROL	385,000	385,000	75,474	-	375,076	9,924	97.42%
	REMEDIAL WORK 132KV SOUTHERN LINES	-	7,400,000	3,466,741	-	8,603,989	-	116.27%
	AUTOMATED MAINTENANCE SYSTEM	550,000	550,000	-	-	-	550,000	0.00%
	PARK WEST 132/33 T2B 45MVA	4,950,000	-	-	-	-	-	0.00%
	REMEDIAL WORK 132KV SOUTHERN LINES	4,400,000	-	-	-	-	-	0.00%
	REPLACEMENT OF OIL PLANT	715,000	715,000	-126,383	-	902,734	-187,734	126.26%
	REPLACEMENT OF DECREPIT HAMILTON SUBSTAT	2,200,000	1,100,000	-	-	902,866	197,134	82.08%
	REPLACEMENT OF 110V BATTERIES FOR EAST Y	495,000	495,000	435,745	-	435,745	59,255	88.03%
	REPLACEMENT OF 11KV SWITCHGEARS FOR MAGI	1,320,000	620,000	-	-	575,276	44,724	92.79%
	REPLACEMENT OF 32V BATTERIES	385,000	385,000	77,464	-	365,360	19,640	94.90%
	SUB TOTAL	298,963,243	299,093,299	73,139,489	-	282,576,832	16,516,467	94.48%

	TOTAL	1,469,462,648	1,557,970,940	380,439,094	25 958 925	1,329,213,317	228,757,623	85.32%	
	Capital Financing Source	Approved	Adjusted	Curr		YTD		% on	
		Budget	Budget	Mth Exp	Commitment	Movement	Balance	Budget	
	External Loans	368,517,759	257,759,912	72,618,045	-	225,353,450	32,406,462	87.43%	
	Capital Replacement Reserve (Own Funds)	328,753,646	458,856,794	91,933,593	19 368 621	368,838,822	90,017,972	80.38%	
	Public Contributions and Donations	19,267,015	15,767,015	1,418,221	-	11,102,662	4,664,353	70.42%	
	Public Transport Infrastructure and Systems Grant	30,000,000	30,000,000	6,529,208	6 189 538	8,866,800	21,133,200	29.56%	
	DWAF GRANT	4,000,000	4,000,000	230,479	-	4,000,000	0	100.00%	
	World Cup Grant - F S Province	-	219,006	218,994	-	218,994	12	99.99%	
	Integrated City Development Grant (National)	5,596,000	5,596,000	2,276,098	-	7,182,896	- 1,586,896	128.36%	
	Human Settlement Grant - Provincial	25,000,000	27,158,410	1,368,089	-	24,560,384	2,598,026	90.43%	
	EPWP Incentive Grant	2,431,000	-	71,344	-	-	-	0.00%	
	Integrated National Electrification Grant - Eskom (INEG)	26,491,228	26,491,228	8,699,642	-	26,492,293	-1,065	100.00%	
	Urban Settlement Development Grant	654,406,000	727,122,575	193,991,992	400,767	647,597,018	79,525,557	89.06%	
	Neighbourhood Development Partnership Grant	5,000,000	5,000,000	1,083,389	-	5,000,000	-	100.00%	
	TOTAL	1,469,462,648	1,557,970,940	380,439,094	25 958 925	1,329,213,317	228,757,623	85.32%	
					Percentage on Original Budget				90.46%
		Approved	Adjusted	Curr		YTD		% on	
	Capital Financing Source	Budget	Budget	Mth Exp	Commitment	Movement	Balance	Adj Budget	
	External Loans	273,722,759	158,966,876	56,143,926	-	137,933,094	21,033,782	86.77%	
	External Loans	94,795,000	97,550,883	16,474,118	-	87,420,355	10,130,528	89.62%	
	External Loans	-	1,242,153	-	-	-	1,242,153	0.00%	
	External Loans	368,517,759	257,759,912	72,618,045	0	225,353,450	32,406,462	87.43%	

	Capital Replacement Reserve (Own Funds)	51,156,646	61,223,133	- 6,352,897	12 500 000	24,182,887	37,040,246	39.50%
	Capital Replacement Reserve (Own Funds)	24,392,000	66,201,763	23,106,299	1 293 895	48,270,250	17,931,513	72.91%
	Capital Replacement Reserve (Own Funds)	-	74,596,842	12,158,566	5 574 726	51,403,808	23,193,034	68.91%
	Capital Replacement Reserve (Own Funds)	129,795,276	163,186,219	36,453,344	-	139,150,923	24,035,296	85.27%
	Capital Replacement Reserve (Own Funds)	123,409,724	93,648,837	26,568,282	-	105,830,954	- 12,182,117	113.01%
	Capital Replacement Reserve (Own Funds)	-	-	-	-	-	-	0.00%
	Capital Replacement Reserve (Own Funds)	328,753,646	458,856,794	91,933,593	19 368 621	368,838,822	90,017,972	80.38%
	Public Contributions and Donations	19,267,015	15,767,015	1,418,221	-	11,102,662	4,664,353	70.42%
	Municipal Infrastructure Grant	-	-	-	-	-	-	0.00%
	Municipal Infrastructure Grant	-	-	-	-	-	-	0.00%
	Municipal Infrastructure Grant	-	-	-	-	-	-	0.00%
	Municipal Systems Improvement Grant	-	-	-	-	-	-	0.00%
	Municipal Infrastructure Grant	-	-	-	-	-	-	0.00%
	Public Transport Infrastructure and Systems Grant	30,000,000	30,000,000	6,529,208	6 189 538	8,866,800	21,133,200	29.56%
	Public Transport Infrastructure and Systems Grant	-	-	-	-	-	-	0.00%
	Public Transport Infrastructure and Systems Grant	-	-	-	-	-	-	0.00%
	Public Transport Infrastructure and Systems Grant	30,000,000	30,000,000	6,529,208	6 189 538	8,866,800	21,133,200	29.56%
	DWAF GRANT	4,000,000	4,000,000	230,479	-	4,000,000	0	100.00%
	2010 FIFA World Cup Grant	-	-	-	-	-	-	0.00%
	2010 FIFA World Cup Grant	-	-	-	-	-	-	0.00%
	2010 FIFA World Cup Grant	-	-	-	-	-	-	0.00%
	Provincial World Cup Grant	-	-	-	-	-	-	0.00%
	Provincial World Cup Grant	-	-	-	-	-	-	0.00%
	Provincial World Cup Grant	-	219,006	218,994	-	218,994	12	99.99%
	Provincial World Cup Grant	-	219,006	218,994	-	218,994	12	99.99%
	MIG Capacity Building	-	-	-	-	-	-	0.00%
	MIG Capacity Building	-	-	-	-	-	-	0.00%
	Department of Minerals and Energy	-	-	-	-	-	-	0.00%
	Integrated City Development Grant (National)	5,596,000	5,596,000	2,276,098	-	7,182,896	- 1,586,896	128.36%

	Integrated City Development Grant (National)	-	-	-	-	-	-	0.00%
	Environmental Grant - Motheo District Municipality	-	-	-	-	-	-	0.00%
	Environmental Grant - Motheo District Municipality	-	-	-	-	-	-	0.00%
	Human Settlement Grant - Provincial	25,000,000	25,000,000	100,000	-	22,883,580	2,116,420	91.53%
	Human Settlement Grant - Provincial	-	2,158,410	1,268,089	-	1,676,804	481,606	77.69%
	Local Government Infrastructure Grant	-	-	-	-	-	-	0.00%
	Local Government White City Infrastructure Grant	-	-	-	-	-	-	0.00%
	EPWP Incentive Grant	-	-	-	-	-	-	0.00%
	EPWP Incentive Grant	2,431,000	-	71,344	-	-	-	0.00%
	EPWP Incentive Grant	-	-	-	-	-	-	0.00%
	Integrated National Electrification Grant - Eskom (INEP)	26,491,228	26,491,228	8,699,642	-	26,492,293	-1,065	100.00%
	Integrated National Electrification Grant - Eskom (INEP)	-	-	-	-	-	-	0.00%
	Electricity Demand Side Management Grant	-	-	-	-	-	-	0.00%
	Batho Project - F S Province	-	-	-	-	-	-	0.00%
	Batho Project - F S Province	-	-	-	-	-	-	0.00%
	Station Housing Project Thaba Nchu - F S Province	-	-	-	-	-	-	0.00%
	Dept of Police, Public Safety, Roads and Transport	-	-	-	-	-	-	0.00%
	Prov Du Plessis/Muller Intersection	-	-	-	-	-	-	0.00%
	Dept of Police, Public Safety, Roads and Transport	-	-	-	-	-	-	0.00%
	Dept of Police, Public Safety, Roads and Transport	-	-	-	-	-	-	0.00%
	Dept of Police, Public Safety, Roads and Transport	-	-	-	-	-	-	0.00%
	Cooperative Governance and Traditional Affairs	-	-	-	-	-	-	0.00%
	Cooperative Governance and Traditional Affairs	-	-	-	-	-	-	0.00%
	Cooperative Governance and Traditional Affairs	-	-	-	-	-	-	0.00%
	Financial Management Grant	-	-	-	-	-	-	0.00%
	Urban Settlement Development Grant	457,717,878	318,745,434	72,948,828	-	255,583,485	63,161,949	80.18%
	Urban Settlement Development Grant	196,688,122	316,554,435	86,407,642	400,767	298,271,953	18,282,482	94.22%
	Urban Settlement Development Grant	-	91,822,706	34,635,522	-	93,741,580	-	102.09%
	City of Ghent	-	-	-	-	-	-	0.00%
	City of Ghent	-	-	-	-	-	-	0.00%

	Upgrading of Roads - Motheo	-	-	-	-	-	-	0.00%
	DBSA EIA Grant	-	-	-	-	-	-	0.00%
	Dept Water Affairs Grant	-	-	-	-	-	-	0.00%
	Neighbourhood Development Partnership Grant	5,000,000	5,000,000	1,083,389	-	5,000,000	-	100.00%
	Department of Sports, Arts and Culture	-	-	-	-	-	-	0.00%
	TOTAL	1,469,462,648	1,557,970,940	380,439,094	25 958 925	1,329,213,317	228,757,623	85.32%
	CAPITAL EXPENDITURE FUNDING PER SOURCE	Approved	Adjusted	Curr		YTD		% on
		Budget	Budget	Mth Exp	Commitment	Movement	Balance	Adj Budget
	External Loans	368,517,759	257,759,912	72,618,045	-	225,353,450	32,406,462	87.43%
	Capital Replacement Reserve (Own funds)	328,753,646	458,856,794	91,933,593	19 368 621	368,838,822	90,017,972	80.38%
	Public Contributions and donations	19,267,015	15,767,015	1,418,221	-	11,102,662	4,664,353	70.42%
	National Government	727,924,228	798,209,803	212,882,153	6 590 305	699,139,006	99,070,797	87.59%
	Provincial Government	25,000,000	27,377,416	1,587,083	-	24,779,378	2,598,038	90.51%
	Motheo District Municipality	-	-	-	-	-	-	0.00%
	City of Ghent	-	-	-	-	-	-	0.00%
	Other Motheo	-	-	-	-	-	-	0.00%
	DBSA	-	-	-	-	-	-	0.00%
	TOTAL	1,469,462,648	1,557,970,940	380,439,094	25 958 925	1,329,213,317	228,757,623	85.32%
	CAPITAL EXPENDITURE PER DIRECTORATE	Approved	Adjusted	Curr		YTD		% on
		Budget	Budget	Mth Exp	Commitment	Movement	Balance	Adj Budget
	CORPORATE SERVICES	26,708,868	55,863,546	10,442,828	-	35,370,978	20,492,568	63.32%
	FINANCE	5,075,000	6,275,000	3,781,063	-	5,957,125	317,875	94.93%
	SOCIAL SERVICES	79,259,160	85,796,884	10,915,645	-	57,858,921	27,937,964	67.44%
	PLANNING	251,415,775	128,900,210	42,788,031	7 009 538	64,202,385	64,697,825	49.81%

	HUMAN SETTLEMENT AND HOUSING	19,264,063	10,629,124	9,945,645	-	9,945,645	683,479	93.57%
	FRESH PRODUCE MARKET	700,000	2,400,000	68,364	-	2,357,458	42,542	98.23%
	ENGINEERING SERVICES	503,956,470	593,303,471	152,208,290	400,767	555,777,336	37,526,135	93.68%
	WATER	278,720,069	370,309,406	76,066,351	18 548 621	310,166,639	60,142,767	83.76%
	STRATEGIC PROJECTS AND SERVICE DELIVERY REGULATIONS	5,400,000	5,400,000	1,083,389	-	5,000,000	400,000	92.59%
	CENTLEC	298,963,243	299,093,299	73,139,489	-	282,576,832	16,516,467	94.48%
	TOTAL	1,469,462,648	1,557,970,940	380,439,094	25 958 925	1,329,213,317	228,757,623	85.32%

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Mangaung Metropolitan Municipality
Consolidated Annual Financial Statements
for the year ended 30 June 2015

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

General Information

Legal form of entity	Municipality
Nature of business and principal activities	Providing municipal services and maintaining the best interest of the local community, mainly in the Mangaung area.
Executive Mayor	T M Manyoni
Deputy Executive Mayor	C L M Rampai
Speaker	M A Siyonzana
Chief Whip	Z E Mangcotywa
Mayoral Committee Members	L A Masoetsa M J Matsoelane M A Moeng N G Mokotjo S A Monnakgori X D Pongolo K N Rabela D M Sekakanyo M M Tsomela
Grading of local authority	Metropolitan
Accounting Officer	S Mazibuko
Chief Finance Officer (CFO)	M E Mohlahlo
Registered office and business address	Bram Fischer Building Cnr Nelson Mandela Drive and Markgraaf Street Bloemfontein 9301
Postal address	PO Box 3704 Bloemfontein 9301
Bankers	ABSA Bank Limited Development Bank of South Africa First National Bank Nedbank Limited Standard Bank of South Africa Limited
Auditors	The Auditor-General of South Africa
Enabling legislation	Local Government: Municipal Finance Management Act, (Act 56 of 2003) Local Government: Municipal Systems Act, (Act 32 of 2000) Local Government: Municipal Structures Act, (Act 117 of 1998) Municipal Property Rates Act, (Act 6 of 2004) Division of Revenue Act, (Act 10 of 2014) Municipal Demarcation Act, (Act 27 of 1998)

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

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Consolidated Annual Financial Statements for the year ended 30 June 2015

Abbreviations

1. Abbreviations used within the annual financial statements

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
FV	Fair Value
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act, (Act 56 of 2003)
MIG	Municipal Infrastructure Grant (Previously CMIP)
PPE	Property, Plant and Equipment
SALGA	South African Local Government Association
VAR	Variance
BAL	Balance
ACT	Actual
VAT	Value Added Tax

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Officer's Responsibilities and Approval

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

The consolidated 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 consolidated annual financial statements are based upon appropriate accounting policies consistently applied, other than those identified in note 2, and are supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the entity and places 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures.

The accounting officer is responsible for the preparation of these annual financial statements in terms of Section 126(1) of the Municipal Finance Management Act, (Act 56 of 2003), and has signed on behalf of the entity.

The accounting officer certifies that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 43 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

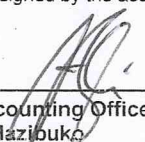
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system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

The accounting officer has reviewed the entity's cash flow forecast for the year to 30 June 2016 and in the light of this review and the current financial position, she is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future. Details regarding this assumption have been included in note 62.

Although the accounting officer is primarily responsible for the financial affairs of the entity, she is supported by the entity's external auditors to express an independent opinion on the fair presentation of the financial statements.

The external auditors are responsible for independently reviewing and reporting on the entity's consolidated annual financial statements. The consolidated annual financial statements have been examined by the entity's external auditors.

The consolidated annual financial statements set out on pages 6 to 119, which have been prepared on the going concern basis, were approved and signed by the accounting officer on 30 September 2015:



Accounting Officer
S Mazibuko

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2015.

1. Review of activities

Main business and operations

The entity is engaged in providing municipal services and maintaining the best interest of the local community, mainly in the Mangaung area and operates principally in South Africa.

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

Net surplus of the entity was R 118,264,291 (2014: surplus R 858,317,679).

2. Going concern

I draw attention to the fact that at 30 June 2015, the entity had an accumulated surplus of R 11,485,941,640 and that the entity's total assets exceed its liabilities by R 13,944,195,699.

The consolidated 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.

The entity still has the power to levy rates and taxes and it will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act, (Act 1 of 2015).

3. Subsequent events

On 9 December 2013 the Council approved the commencement of the initial processes that would lead to the entity issuing bonds to banks and/or pension funds. This process has been initiated, and it is expected that the project will be implemented during the next financial year.

On 2 July 2015 the Municipal Demarcation Board issued circular 8/2015 which re-determined certain municipal boundaries. As a result of this re-determination, the boundaries of Mangaung Metropolitan Municipality may extend to include Naledi Local Municipality. It is expected that this change may be implemented as of 1 July 2016.

On 20 August 2015 the Council resolved that 17 984 indigents be included in the indigent register. These indigents had outstanding balances amounting to R103 586 201 at the date of inclusion. Council approved the write off of these balances in the same meeting.

4. Accounting Officer's interest in contracts

None.

5. Accounting policies

The consolidated annual financial statements are prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any directives and interpretations of such Standards issued by the Accounting Standards Board, and in accordance with section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003). The accounting policies are presented on pages 13 to 44, and unless indicated in note 2 are consistent with the prior year.

6. Credit rating obtained

During the current financial year the entity was evaluated by Moody's Investors' Services South Africa (Pty) Ltd. The entity obtained a A3.za/P-2.za rating, with stable outlook, which reflect the entity's strong operating balance and improving cash flows supported by low debt levels relative to other rated metropolitan municipalities in the country.

7. Accounting Officer

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

Name: S Mazibuko
Nationality: South African

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

Figures in Rand	Notes	2015	2014 Restated*
Assets			
Current Assets			
Inventories	4	311,534,134	262,734,057
Other receivables from non-exchange transactions	5	2,337,243	3,515,651
Other receivables from exchange transactions	6	88,371,774	65,310,114
Consumer receivables from non-exchange transactions	7	377,650,411	347,938,313
Consumer receivables from exchange transactions	8	643,042,057	556,856,959
VAT receivable	9	28,550,924	-
Investments	10	313,462,646	186,559,010
Cash and cash equivalents	11	362,163,919	452,267,612
Non-current receivables	16	295,545	436,944
		2,127,408,653	1,875,618,660
Non-Current Assets			
Investment property	12	1,670,320,863	1,676,857,863
Property, plant and equipment	13	13,077,196,452	11,028,018,749
Intangible assets	14	117,162,358	108,274,862
Heritage assets	15	321,656,341	321,656,341
Non-current receivables	16	4,691,251	3,356,019
		15,191,027,265	13,138,163,834
Total Assets		17,318,435,918	15,013,782,494
Liabilities			
Current Liabilities			
Payables from exchange transactions	17	862,270,830	736,044,122
Payables from non-exchange transactions	18	279,414,560	146,443,906
Consumer deposits	19	101,668,902	78,017,639
Unspent conditional grants and receipts	20	126,270,011	122,489,296
VAT payable	21	-	43,870,503
Finance lease obligation	22	41,538,934	56,095,130
Operating lease accrual	23	304,171	149,479
Current portion of borrowings	24	35,002,985	8,586,359
Provisions	25	194,808,344	207,016,427
Defined benefit obligation	26	972,000	597,000
		1,642,250,737	1,399,309,861
Non-Current Liabilities			
Finance lease obligation	22	66,592,238	87,420,438
Operating lease liability	23	96,338	234,323
Borrowings	24	557,182,590	183,277,108
Provisions	25	237,691,924	229,147,931
Defined benefit obligation	26	645,493,000	559,648,000
FRESHCO liability	27	193,357,936	181,443,631
Land availability liability	28	31,575,456	-
		1,731,989,482	1,241,171,431
Total Liabilities		3,374,240,219	2,640,481,292
Net Assets		13,944,195,699	12,373,301,202
Reserves			
Revaluation reserve	29	2,382,625,439	942,625,311
Other Non Distributable Reserve	30	60,000,000	60,000,000
Self insurance reserve	31	5,000,000	5,000,000
COVID reserve	32	10,628,620	8,934,694
Accumulated surplus		11,485,941,640	11,356,741,197
Total Net Assets		13,944,195,699	12,373,301,202

* See Note 2 & 59

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

Figures in Rand	Notes	2015	2014 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	35	2,887,093,070	2,793,359,165
Rental of facilities and equipment	36	28,370,602	21,151,705
Agency services		4,750,908	4,725,488
Licences and permits		170,678	433,435
Other income from exchange transactions	37	58,413,923	56,346,162
Interest received	38	237,073,638	178,079,013
Total revenue from exchange transactions		3,215,872,819	3,054,094,968
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	39	871,212,408	975,955,420
Transfer revenue			
Government grants and subsidies	40	1,608,312,777	1,722,782,784
Other income from non-exchange transactions	41	16,650,573	45,474,760
Fines		79,198,221	77,361,862
Total revenue from non-exchange transactions		2,575,373,979	2,821,574,826
Total revenue	34	5,791,246,798	5,875,669,794
Expenditure			
Employee related costs	42	(1,261,006,368)	(1,109,018,167)
Remuneration of councillors	43	(49,594,283)	(47,106,731)
Depreciation and amortisation	44	(618,978,349)	(475,069,438)
Impairment loss/ Reversal of impairments	45	(8,316,901)	290,854
Finance costs	46	(97,063,969)	(70,378,989)
Debt impairment	47	(636,516,081)	(593,106,050)
Repairs and maintenance		(370,271,376)	(313,356,081)
Bulk purchases	48	(1,614,567,988)	(1,487,044,186)
Contracted services	49	(281,758,724)	(245,685,152)
Grants and subsidies paid	50	(183,088,778)	(175,380,556)
General expenses	51	(537,115,580)	(460,107,401)
Total expenditure		(5,658,278,397)	(4,975,961,897)
Operating surplus		132,968,401	899,707,897
Gains/(losses) on disposal of assets and liabilities		(17,829,844)	6,295,498
Fair value adjustments	52	9,683	8,453,463
Actuarial gains/(losses)	26	3,116,051	(56,139,179)
		(14,704,110)	(41,390,218)
Surplus for the year		118,264,291	858,317,679

* See Note 2 & 59

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

	Revaluation reserve	Other Non Distributable Reserve	Self Insurance reserve	COVID reserve	Total reserves	Accumulated surplus	Total net assets
Figures in Rand							
Opening balance as previously reported	907,540,042	60,000,000	77,484,513	11,457,126	1,056,481,681	10,009,051,258	11,065,532,939
Adjustments							
Prior year adjustments	23,546,851	-	-	-	23,546,851	401,935,971	425,482,822
Balance at 01 July 2013 as restated*	931,086,893	60,000,000	77,484,513	11,457,126	1,080,028,532	10,410,987,229	11,491,015,761
Changes in net assets							
Surplus for the year	-	-	-	-	-	858,317,679	858,317,679
Reassessment of reserve	-	-	(72,484,513)	-	(72,484,513)	72,484,513	-
Revaluation of assets	24,026,964	-	-	-	24,026,964	-	24,026,964
Realisation of revaluation reserve	(12,488,546)	-	-	-	(12,488,546)	12,429,344	(59,202)
Contributions received	-	-	274,940	2,992,946	3,267,886	(3,267,886)	-
Insurance claims processed	-	-	(274,940)	(5,515,378)	(5,790,318)	5,790,318	-
Total changes	11,538,418	-	(72,484,513)	(2,522,432)	(63,468,527)	945,753,968	882,285,441
Opening balance as previously reported	900,318,550	60,000,000	77,209,573	8,934,694	1,046,462,817	10,978,680,342	12,025,143,159
Adjustments							
Prior year adjustments	42,306,761	-	(72,209,573)	-	(29,902,812)	378,060,858	348,158,046
Balance at 01 July 2014 as restated*	942,625,311	60,000,000	5,000,000	8,934,694	1,016,560,005	11,356,741,200	12,373,301,205
Changes in net assets							
Surplus for the year	-	-	-	-	-	118,264,291	118,264,291
Revaluation of assets	1,452,032,434	-	-	-	1,452,032,434	-	1,452,032,434
Realisation of Revaluation Reserve	(12,032,306)	-	-	-	(12,032,306)	12,630,075	597,769
Contributions received	-	-	264,447	3,132,625	3,397,072	(3,397,072)	-
Insurance claims processed	-	-	(264,447)	(1,438,699)	(1,703,146)	1,703,146	-
Total changes	1,440,000,128	-	-	1,693,926	1,441,694,054	129,200,440	1,570,894,494
Balance at 30 June 2015	2,382,625,439	60,000,000	5,000,000	10,628,620	2,458,254,059	11,485,941,640	13,944,195,699
Notes	29	30	31	32			

* See Note 2 & 59

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Cash Flow Statement

Figures in Rand	Notes	2015	2014 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from customers		3,159,288,625	3,128,833,724
Grants		1,429,004,714	1,476,653,813
Interest income		201,759,795	156,096,452
		<u>4,790,053,134</u>	<u>4,761,583,989</u>
Payments			
Employee costs		(1,274,479,597)	(1,107,898,075)
Suppliers		(2,644,985,170)	(2,588,464,857)
Finance costs		(4,368)	(41,007,623)
		<u>(3,919,469,135)</u>	<u>(3,737,370,555)</u>
Net cash flows from operating activities	53	870,583,999	1,024,213,434
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(1,201,007,480)	(1,122,118,440)
Proceeds from sale of investment property	12	6,537,000	(3,669,363)
Purchase of other intangible assets	14	(18,187,643)	(5,746,078)
Interest (paid) / received		33,899,145	20,595,118
Proceeds from other non-current receivables		230,548	1,789,656
Funds invested		(126,903,636)	(186,559,010)
Net cash flows from investing activities		(1,305,432,066)	(1,295,708,117)
Cash flows from financing activities			
Repayment of current portion of borrowings		400,322,108	12,777,818
Finance lease payments		(35,384,396)	135,967,545
Interest (paid)/received		(43,844,601)	(29,371,367)
Consumer deposits		23,651,263	1,302,046
Net cash flows from financing activities		344,744,374	120,676,042
Net increase/(decrease) in cash and cash equivalents		(90,103,693)	(150,818,641)
Cash and cash equivalents at the beginning of the year		452,267,612	603,086,253
Cash and cash equivalents at the end of the year	11	362,163,919	452,267,612

* See Note 2 & 59

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 69

Figures in Rand

Statement of Financial Performance

Revenue

Revenue by source

Property rates	1,084,200,413	(181,111,027)	903,089,386	871,212,408	(31,876,978)	A1, B1
Service charges	3,469,943,065	(368,311,344)	3,101,631,721	2,887,093,070	(214,538,651)	A2, B2
Investment revenue	196,589,127	(9,274,581)	187,314,546	57,860,001	(129,454,545)	
Transfers recognised - operational	617,571,000	15,362,966	632,933,966	619,281,852	(13,652,114)	A3, B3
Other own revenue	925,023,468	(20,053,805)	904,969,663	608,727,432	(296,242,231)	B4
Total Revenue (excluding capital transfers and contributions)	6,293,327,073	(563,387,791)	5,729,939,282	5,044,174,763	(685,764,519)	

Expenditure by type

Employee costs	(1,356,536,955)	(15,282,340)	(1,371,819,295)	(1,261,006,368)	110,812,927	
Remuneration of councillors	(51,692,467)	51,309	(51,641,158)	(49,594,283)	2,046,875	
Debt impairment	(214,628,485)	-	(214,628,485)	(636,516,081)	(421,887,596)	B5
Depreciation & asset impairment	(492,852,581)	58,008,111	(434,844,470)	(627,295,250)	(192,450,780)	B6
Finance charges	(244,132,153)	17,231,839	(226,900,314)	(97,063,969)	129,836,345	A4
Materials and bulk purchases	(2,163,848,425)	265,382,439	(1,898,465,986)	(1,984,839,364)	(86,373,378)	A5
Transfers and grants	(161,255,266)	33,089,609	(128,165,657)	(183,088,778)	(54,923,121)	A6, B7
Other expenditure	(1,239,100,846)	(85,534,976)	(1,324,635,822)	(818,874,304)	505,761,518	A7, B8
Total expenditure	(5,924,047,178)	272,945,991	(5,651,101,187)	(5,658,278,397)	(7,177,210)	

Surplus

Transfers recognised - capital	756,633,000	70,672,989	827,305,989	732,367,925	(94,938,064)	A3, B3
Contributions recognised - capital & contributed assets	19,267,015	(19,267,015)	-	-	-	

Deficit after capital transfers & contributions	1,145,179,910	(239,035,826)	906,144,084	118,264,291	(787,879,793)	

Deficit for the year	1,145,179,910	(239,035,826)	906,144,084	118,264,291	(787,879,793)	

Reconciliation

Total Revenue Reconciliation

Add: Fair value adjustments	9,683					R1
Add: Actuarial gains	3,116,051					R1
Less: Loss on disposal of assets	(17,829,884)					R1

Total Expenses Reconciliation

Less: Fair value adjustments	(9,683)					R1
Less: Actuarial gains	(3,116,051)					R1
Add: Loss on disposal of assets	17,829,884					R1

Actual Amount in the Statement of Financial Performance	118,264,291					

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 69
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Cash	65,100,622	(12,294,812)	52,805,810	362,163,919	309,358,109	A8, B9
Call investment deposits	1,117,408,742	(644,578,897)	472,829,845	-	(472,829,845)	A8, B9
Consumer debtors	1,256,220,278	183,731,992	1,439,952,270	1,020,692,468	(419,259,802)	A8, B9
Other debtors	226,753,214	350,545,848	577,299,062	432,722,587	(144,576,475)	A8, B9
Current portion of long-term receivables	13,788,222	-	13,788,222	295,545	(13,492,677)	B9
Inventory	235,286,386	-	235,286,386	311,534,134	76,247,748	B9
	2,914,557,464	(122,595,869)	2,791,961,595	2,127,408,653	(664,552,942)	
Non-Current Assets						
Long-term receivables	18,373,538	-	18,373,538	4,658,753	(13,714,785)	
Investments	17,488	-	17,488	32,498	15,010	
Investment property	2,364,689,240	-	2,364,689,240	1,670,320,863	(694,368,377)	B9
Property, plant and equipment	9,244,571,589	88,508,292	9,333,079,881	13,398,852,793	4,065,772,912	A8, B9
Intangible assets	235,099,020	-	235,099,020	117,162,358	(117,936,662)	B9
Other non-current assets	15,892,876	-	15,892,876	-	(15,892,876)	B9
	11,878,643,751	88,508,292	11,967,152,043	15,191,027,265	3,223,875,222	
Total Assets	14,793,201,215	(34,087,577)	14,759,113,638	17,318,435,918	2,559,322,280	
Liabilities						
Current Liabilities						
Borrowings	18,425,887	-	18,425,887	76,846,090	58,420,203	B9
Consumer deposits	77,100,077	-	77,100,077	101,668,902	24,568,825	
Trade and other payables	1,194,019,564	(30,000,000)	1,164,019,564	1,267,955,401	103,935,837	A8, B9
Provisions	146,625,564	-	146,625,564	195,780,344	49,154,780	B9
	1,436,171,092	(30,000,000)	1,406,171,092	1,642,250,737	236,079,645	
Non-Current Liabilities						
Borrowings	497,581,984	(23,064,225)	474,517,759	848,804,558	374,286,799	A8, B9
Provisions	991,932,233	-	991,932,233	883,184,924	(108,747,309)	B9
	1,489,514,217	(23,064,225)	1,466,449,992	1,731,989,482	265,539,490	
Total Liabilities	2,925,685,309	(53,064,225)	2,872,621,084	3,374,240,219	501,619,135	
Net Assets	11,867,515,906	18,976,648	11,886,492,554	13,944,195,699	2,057,703,145	
Community wealth/equity						
Accumulated Surplus/(Deficit)	10,927,465,969	18,976,648	10,946,442,617	11,485,941,640	539,499,023	A8
Reserves	940,049,937	-	940,049,937	2,458,254,059	1,518,204,122	
Total community wealth/equity	11,867,515,906	18,976,648	11,886,492,554	13,944,195,699	2,057,703,145	

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 69
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Ratepayers and other	4,749,271,591	(784,711,866)	3,964,559,725	3,159,288,625	(805,271,100)	A9, B10
Government - operating	1,345,204,000	3,467,114	1,348,671,114	1,429,004,714	80,333,600	A9, B10
Interest	330,835,889	(133,432,979)	197,704,199	201,759,795	4,055,596	A9, B10
	6,425,311,480	(914,677,731)	5,510,935,038	4,790,053,134	(720,881,904)	
Payments						
Suppliers and employees	(4,850,257,651)	159,236,178	(4,691,021,473)	(3,919,464,770)	771,556,703	A9, B10
Finance charges	(104,405,876)	41,777,338	(62,628,538)	(4,368)	62,624,170	A9, B10
Transfers and grants	(58,938,215)	43,134,624	(15,803,591)	-	15,803,591	A9, B10
	(5,013,601,742)	244,148,140	(4,769,453,602)	(3,919,469,138)	849,984,464	
Net cash flows from operating activities	1,411,709,738	(670,529,591)	741,481,436	870,583,996	129,102,560	
Cash flows from investing activities						
Receipts						
Proceeds on disposal of PPE	20,257,015	(19,267,015)	990,000	-	(990,000)	A9
Payments						
Capital assets	(1,293,887,736)	39,514,285	(1,254,373,451)	(1,305,432,066)	(51,058,615)	A9, B10
Net cash flows from investing activities	(1,273,630,721)	20,247,270	(1,253,383,451)	(1,305,432,066)	(52,048,615)	
Cash flows from financing activities						
Receipts						
Borrowing long term/refinancing	368,517,759	58,482,241	427,000,000	321,093,111	(105,906,889)	A9, B10
Increase/(decrease) in consumer deposits	2,500,000	(216,118)	2,283,882	23,651,263	21,367,381	A9, B10
	371,017,759	58,266,123	429,283,882	344,744,374	(84,539,508)	
Payments						
Repayment of borrowing	(64,935,775)	39,934,684	(25,001,091)	-	25,001,091	A9, B10
Net cash flows from financing activities	306,081,984	98,200,807	404,282,791	344,744,374	(59,538,417)	
Net increase/(decrease) in cash held	444,161,001	(552,081,514)	(107,619,224)	(90,103,696)	17,515,528	A9, B10
Cash/cash equivalents at the beginning of the year:	738,348,273	(105,093,381)	633,254,892	452,267,612	(180,987,280)	A9, B10
Cash and cash equivalents at the end of the year	1,182,509,274	(657,174,895)	525,635,668	362,163,916	(163,471,752)	

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Presentation of Consolidated Annual Financial Statements

The consolidated 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).

These consolidated 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. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy.

1.1 Going concern assumption

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

1.2 Consolidation

Basis of consolidation

Consolidated annual financial statements are the annual financial statements of the economic entity presented as those of a single entity.

The consolidated annual financial statements incorporate the annual financial statements of the controlling entity and all controlled entities, including special purpose entities, which are controlled by the controlling entity.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The results of controlled entities, are included in the consolidated annual financial statements from the effective date of acquisition or date when control commences to the effective date of disposal or date when control ceases. The difference between the proceeds from the disposal of the controlled entity and its carrying amount as of the date of disposal, including the cumulative amount of any exchange differences that relate to the controlled entity recognised in net assets in accordance with the Standard of GRAP on The Effects of Changes in Foreign Exchange Rates, is recognised in the consolidated statement of financial performance as the surplus or deficit on the disposal of the controlled entity.

An investment in an entity is accounted for in accordance with the Standards of GRAP on Financial Instruments from the date that it ceases to be a controlled entity, unless it becomes an associate or a jointly controlled entity, in which case it is accounted for as such. The carrying amount of the investment at the date that the entity ceases to be a controlled entity is regarded as the fair value on initial recognition of a financial asset in accordance with the Standards of GRAP on Financial Instruments.

The consolidated annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same reporting date.

When the reporting dates of the controlling entity and a controlled entity are different, the controlled entity prepares, for consolidation purposes, additional consolidated annual financial statements as of the same date as the controlling entity unless it is impracticable to do so. When the consolidated annual financial statements of a controlled entity used in the preparation of consolidated annual financial statements are prepared as of a reporting date different from that of the controlling entity, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the controlling entity's annual financial statements. In any case, the difference between the reporting date of the controlled entity and that of the controlling entity shall be no more than three months. The length of the reporting periods and any difference in the reporting dates is the same from period to period.

Adjustments are made when necessary to the annual financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated 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 consolidated annual financial statements. Significant judgements include:

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Trade receivables, loans and other receivables

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

Where the impairment for trade receivables and loans and other receivables is calculated on a portfolio basis, these are based on historical loss ratios. These annual loss ratios are applied to loan balances in the portfolio. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition. The impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

Allowance for slow moving, damaged and obsolete stock

An allowance for slow moving, damaged and obsolete inventory to write inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the statement of financial performance.

Fair value estimation

The fair value of financial instruments traded in active markets such as trading securities is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The fair value of investment property is determined on the basis of a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

The fair value of items of land and buildings is determined from market-based evidence by appraisal. An appraisal of the value of the asset is undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualification.

The fair value of a heritage asset is the price at which the heritage asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of a heritage asset is determined from market-based evidence determined by appraisal. An appraisal of the value of the asset is normally undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualification.

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. The recoverable service amount of non-cash-generating assets have been determined on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The entity 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. They are significantly affected by a number of factors including production estimates, supply demand, together with economic factors such as exchange rates, inflation rates and interest rates.

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 25 - Provisions.

Provisions are measured using management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to the present value where the effect is material.

Useful lives and residual values

The entity's management determines the estimated useful lives, residual values and related depreciation charges for assets as noted in accounting policy 1.5 Property, plant and equipment. These estimates are based on industry norms.

Management will increase the depreciation charge prospectively where useful lives are less than previously estimated useful lives. Management will decrease the depreciation charge prospectively where useful lives are more than previously estimated useful lives.

Where changes are made to the estimated residual values, management also makes these changes prospectively.

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 or income include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 26.

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 entity, 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.

Cost is the amount of cash or cash equivalents or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction.

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.

Fair value

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

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

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

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

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

Derecognition:

Items of investment property are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset.

The gain or loss arising from the derecognition of an item of investment property included in surplus or deficit when the item is derecognised.

The gain or loss arising from the derecognition of an item of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset.

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

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 (other than Investment Property), or for administrative purposes, and are expected to be used during more than one reporting period.

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

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

Property, plant and equipment is initially measured at cost.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets 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.

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

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

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 or, replace part of an item of property, plant and equipment. 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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent measurement:

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses, except for land and buildings, and electrical infrastructure, which are carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity by registered valuers for every class separately.

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

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

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

The revaluation reserve included in net assets related to a specific item of property, plant and equipment is transferred directly to accumulated surplus or deficit when the asset is derecognised.

The revaluation reserve included in net assets related to a specific item of property, plant and equipment is transferred directly to accumulated surplus or deficit as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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Accounting Policies

1.5 Property, plant and equipment (continued)

Depreciation and impairment:

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

Land, except for landfill and quarry sites, is not depreciated as it has an indefinite useful life.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

Subsequent to initial recognition, property, plant and equipment on the cost model, is carried at cost less accumulated depreciation and any accumulated impairment losses. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

Item	Average useful life (years)
Buildings	30-53
Other vehicles	3-55
Community / Recreational facilities	6-100
Fire arms	5-40
Environmental facilities	15
Roads and stormwater	5-100
Finance leases - Equipment	3-5
Security	8-12
Specialised plant and equipment	3-55
Sewerage and mains	40-100
Water and sewerage network	7-100
Quarries	20-30
Landfill sites	20-69
Housing	50
Other assets	3-35

The residual value, the useful life and depreciation method of each asset are reviewed at least 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.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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

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 or disposal 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.

Property, plant and equipment which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue from exchange transactions. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

Commitments:

Where the entity has a contractual commitment in respect of the acquisition of property, plant and equipment, these are disclosed in note 54. The commitments as disclosed are the contractual amount less any payments made in respect of the contract.

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Accounting Policies

1.6 Site restoration and dismantling cost

The entity has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.7 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identifiable if it either:

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

The entity 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.

Intangible assets are initially recognised at cost.

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

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

Subsequent measurement:

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation begins when intangible assets are in the location and condition necessary for it to be capable of operating in the manner intended by management and ceases at the earlier of the date that the asset is classified as held for sale (or included a disposal group that is classified as held for sale) in accordance with the standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations and the date that the asset is derecognised.

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

Item	Useful life

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1.7 Intangible assets (continued)

Computer software

3-30 years

Derecognition:

Intangible assets are derecognised:

- on disposal (including a disposal through a non-exchange transaction); 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.

1.8 Heritage assets

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Recognition

The entity 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 entity, 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, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses. It is not expected that the fair values will differ significantly from year to year. Fair value assessments therefore will be done with sufficient regularity.

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

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

The heritage assets of the entity shall not be depreciated but, the entity assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity 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.

For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount shall be recognised in surplus or deficit.

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Accounting Policies

1.8 Heritage assets (continued)

Derecognition

The entity derecognises the carrying amount of 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.

1.9 Investments in controlled entities

Investments in controlled entities are carried at cost less any accumulated impairment.

The cost of an investment in controlled entity is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the entity; plus
- any costs directly attributable to the purchase of the controlled entity.

1.10 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.

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.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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.

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Accounting Policies

1.10 Financial instruments (continued)

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.

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.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity classifies financial assets and financial liabilities into the following categories:

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

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Accounting Policies

1.10 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

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

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Accounting Policies

1.10 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity 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.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

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

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

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

The entity assesses financial assets individually, when assets are individually significant, and individually or collectively for financial assets that are not individually significant. Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), an entity includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in the collective assessment of impairment.

For collective assessment of impairment, assets with similar credit risk characteristics are grouped together. The credit risk characteristics are indicative of the debtors' ability to pay all amounts due according to the contractual terms.

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Accounting Policies

1.10 Financial instruments (continued)

In making this assessment management may consider the following indicators as guidance for possible impairment:

- Significant financial difficulty experienced by the borrower/debtor;
- Delays in payments (including interest payments) or failure to pay/defaults;
- For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay as and when they can. The entity would not otherwise have considered this concession. For example, allowing disadvantaged customers to pay their account when they can due to the fact the water it supplies to the customer is a basic human right;
- It is probable that the borrower/debtor will enter sequestration (bankruptcy) or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties;
- Observable data, for example historical data, indicating that there is a decrease in the estimated future cash flows that will be received (which can be measured reliably), from a group of financial assets (financial assets with similar credit risk characteristics grouped together) since the initial recognition of those assets. The decrease may not yet be identified for the individual financial assets in the group. These can include:
 - * the payment status of borrowers/debtors in the group has deteriorated (e.g. an increased number of delayed payments); or
 - * National or local economic conditions that are in line with non-payments in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers/debtors, or adverse changes in market conditions that affect the borrowers/debtors in the group)
- Accounts in arrears for a period longer than the initial estimated repayment period
- Accounts with arrears of over 90 days showing no repayments in the last financial year
- Accounts handed over for collection
- Any negative changes in the ability of debtors and borrowers to repay the amounts due to the entity (example: an increased number of late payments)
- A breach in contract, such as a default in interest or capital payments

Management need not utilize all the indicators given above as guidance but only use the indicators to which management has sufficient information to make the assessment for possible or actual impairment. The information which management will utilize should adequately reflect the current status, relating to the collectability of the receivables.

Refer to notes 6, 7 and 8 for the impact of the above application.

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 OR through the use of an allowance account, whichever may be appropriate. 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, whichever may be appropriate. 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.

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Accounting Policies

1.10 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

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

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

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

Financial liabilities

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

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

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

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Accounting Policies

1.10 Financial instruments (continued)

Presentation

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

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.

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

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

1.11 Advance Receipts

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

All receipts received in advance which cannot be directly linked to a service are classified as non-exchange transactions as no approximate equal value is exchanged between the parties.

Refer to note 18 Payables from non-exchange transactions where these receipts in advance are disclosed.

1.12 Tax

VAT

The entity accounts for VAT on the payment basis. The entity is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the Value Added Tax Act, (Act 89 of 1991) in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The entity accounts for VAT on a monthly basis.

1.13 Leases

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

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

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

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

Operating leases - lessor

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

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

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

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

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1.13 Leases (continued)

Operating leases - lessee

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

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

1.14 Inventories

The entity recognises inventories as an asset when,

- (a) it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- (b) the cost of the inventory can be measured reliably.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.15 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity 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.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

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Accounting Policies

1.15 Impairment of cash-generating assets (continued)

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

All assets of the entity are accounted for as non cash-generating assets.

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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 entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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 entity 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.

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Accounting Policies

1.15 Impairment of cash-generating assets (continued)

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 entity 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 entity 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 entity does not reduce the carrying amount of an asset below the highest of:

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

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

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

Reversal of impairment loss

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

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

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

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.

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Accounting Policies

1.15 Impairment of cash-generating assets (continued)

Redesignation

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

1.16 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity 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.

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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Accounting Policies

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

Value in use

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

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approaches based on the availability of data and the nature of the impairment:

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 entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned 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.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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 entity 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.

Accounting Policies

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

Reversal of an impairment loss

The entity 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 entity 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.

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

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.

1.17 Employee benefits

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

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Vested employee benefits are employee benefits that are not conditional on future employment.

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1.17 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the 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 entity during a reporting period, the entity 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 entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity 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 entity has no realistic alternative but to make the payments.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the entity expects to pay in exchange for that service and had accumulated at the reporting date.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

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

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Accounting Policies

1.17 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the consolidated annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity 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;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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Accounting Policies

1.17 Employee benefits (continued)

The entity 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.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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.

Actuarial assumptions are included in the note of defined benefit obligation plan.

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1.17 Employee benefits (continued)

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.18 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- 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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 55.

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.18 Provisions and contingencies (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.15 and 1.16.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.19 Revenue from exchange transactions

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

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

Revenue from exchange transactions consists primarily of services charges, rentals, interest received and other services rendered.

When considering the probability of the future economic benefits that will flow to the entity, consideration is given to the requirements as outlined in IGRAP 1.

Measurement

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

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.

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.19 Revenue from exchange transactions (continued)

Sale of goods

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

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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

Rendering of services consist out of solid waste, sanitation, sewerage, electricity and water services.

Prepaid electricity revenue is recognised at the point of sale. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. Pre-paid electricity sales are reconciled on a monthly basis and the sum of the monthly sales provides the total sales for the year. The financial year is divided in two seasons based on the application of tariffs with the seasons being summer (1 September – 31 May) and winter (1 June to 31 August). The deferred portion of revenue is accounted for by an adjustment for units not consumed at year end. This adjustment is based on the average consumption history, multiplied by the weighted average cost of units sold in June. Average consumption in units is determined per active prepaid meter using a trend analysis of historical consumer purchase data per meter for the months of May, June and July. The deferred portion of revenue is the amount by which the actual prepaid electricity sold for the month of June exceeds the average consumption calculated.

Interest

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

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

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

Rental Income

Revenue arising from the use by others of entity assets yielding rental income is recognised when:

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

Lease revenue from operating leases shall be recognised as revenue on a straight-line basis over the lease term in accordance with the accounting policy on Leases 1.13 .

1.20 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Revenue from non-exchange transactions consists primarily of grants from National- and Provincial Government and property rates.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

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

Measurement

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

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

Taxes

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

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

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

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

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

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

Transfers

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

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

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

Debt forgiveness and assumption of liabilities

The entity recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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 entity.

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

Bequests

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

Gifts and donations, including goods in-kind

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

Services in-kind

Services in-kind are not recognised.

Concessionary loans received

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

1.21 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.22 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.23 Borrowing costs

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

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

1.24 Bonus pensionable service and medical boardings

The benefits of Bonus Pensionable Service and Medical Boardings are afforded to members of certain funds in terms of the applicable rules of the relevant funds. The payments are accounted for in the statement of financial performance in the period in which it is paid.

1.25 Comparative figures

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

The comparative figures have been restated

1.26 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.27 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

Detailed disclosures are made in note 63 to the financial statements as required by the Municipal Finance Management Act, (Act No. 56 of 2003).

1.28 Fruitless and wasteful expenditure

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

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

Detailed disclosures are made in note 64 to the financial statements as required by the Municipal Finance Management Act, (Act No. 56 of 2003).

1.29 Irregular expenditure

Irregular expenditure as defined in section 1 of the Municipal Finance Management Act, (Act No. 56 of 2003) is expenditure incurred by a municipality or municipal entity that is not in accordance with or in contravention of:

- a) the MFMA, and which has not been condoned in terms of section 170;
- b) the Municipal Systems Act, (Act 32 of 2000) and which has not been condoned in terms of that act;
- c) the Public Office-Bearers Act, (Act No.20 of 1998)
- d) the requirements of a supply chain management policy of the municipality or municipal entity or in accordance with the municipality's by-laws giving effect to such policy and which has not been condoned in terms of such policy or by-law.

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.

Detailed disclosures are made in note 65 to the financial statements as required by the Municipal Finance Management Act, (Act No. 56 of 2003).

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.30 Internal reserves

Self insurance reserve

The entity has a Self Insurance Reserve to set aside amounts to offset potential losses or claims, which are not insured externally. The balance of the Self Insurance Reserve is determined based on the insurance risk carried by the entity, which is calculated by the council's insurance broker and is reinstated or increased by a transfer from the accumulated surplus/(deficit).

Claims are settled by transferring a corresponding amount from the self insurance reserve to the accumulated surplus.

Compensation for occupational injuries and diseases (COID) reserve

The Compensation for Occupational Injuries and Diseases Reserve is to provide for payment of medical treatment and compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The contribution to the COID fund is determined by the Compensation Commissioner. The entity is an exempt employer in terms of Section 84 (1) (a)(ii) & (2) and as such does not pay any assessments to the COID Commissioner. In terms of the exempt status the entity is mandated to establish its own fund and administers this fund in terms of the Compensation for Occupational Injuries and Diseases Act, (Act 130 of 1993).

Amounts are transferred to the COID reserve from the accumulated surplus/(deficit) based on the amounts as approved in the annual budget and determined by the Compensation Commissioner as well as additional amounts deemed necessary to ensure that the balance of the reserve is adequate to offset potential claims.

Claims are paid as determined by the Compensation Commissioner. Claims are settled by transferring a corresponding amount from the COID reserve to the accumulated surplus/(deficit).

1.31 Revaluation reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Any impairment loss of a revalued asset shall be treated as a revaluation decrease. To the extent that the impairment loss exceeds the revaluation surplus for the same asset, the impairment loss is recognised in the accumulated surplus/(deficit).

1.32 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The entity operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements. GRAP 18 has not been considered in developing these policies

1.33 Budget information

The entity is 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 the entity 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 nature classification. The approved budget and the annual financial statements are not prepared on the same classification basis.

The approved budget covers the fiscal period from 01 July 2014 to 30 June 2015.

The annual budget figures included in the annual financial statements are for the entity and do not include budget information relating to subsidiaries or associates. The separate budget for the entity has been recompiled for the presentation in the annual financial statements. The recompilation does not constitute changes or revisions of the consolidated budget as approved by the Council.

The statement of comparison of budget and actual amounts has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury. Explanatory comments to material differences are provided in note 70 to the annual financial statements.

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.34 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity, including those charged with governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

The entity regards all individuals from the level of Accounting Officer and Council members as well as managers and directors reporting directly to the accounting officer as key management per the definition of the financial reporting standard.

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

Related party disclosures for transactions between government entities that took place on terms and conditions that are considered to be at arms length and in the ordinary course of business are not disclosed in accordance with IPSAS 20 Related Party Disclosure.

1.35 Housing development arrangements

The entity grants the right to use properties to third parties by means of contractual agreements. These agreements are classified into two categories, namely the FRESHCO Agreement and the Land Availability Agreements.

The following properties, owned by the entity, are used by third parties to provide public services subject to the entity's control of the asset.

- Brandwag Property;
- Hillside View Property;
- Vista Park Extension 2 Property; and
- Vista Park Extension 3 Property.

These agreements are binding arrangements between the entity and the third party in which:

- The third party uses the specified asset to provide a public service on behalf of the entity for a specified period of time; and
- The third party is compensated for its services over the period of the arrangement, and/or upon completion of conditions specified within the contract, and/or upon the completion of the project.

The Properties are assets used to provide public services, in an arrangement, that:

- Are provided by the entity which:
 - Are existing assets of the entity; or
 - Are upgrade to existing assets of the entity; or
- Are provided by the third party which:
 - Are existing assets of the third party; or
 - Are constructed, developed, or acquired from a third party.

The entity shall recognize an asset provided by the third party and/or an upgrade to an existing asset of the entity if:

- The entity controls or regulates what services the third party must provide with the asset, to whom it must provide them, and at what price; and
- The entity controls – through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the term of the arrangement.

The entity shall initially measure the assets recognised at fair value.

The assets received shall subsequently be accounted for in accordance with the GRAP Standard applicable to the classification of the asset received. Including but not limited to GRAP 16 – Investment Property; GRAP 17 – Property, Plant, and Equipment; and GRAP 12 – Inventory.

Where the entity recognises an asset, the entity shall also recognise a liability.

The liability recognised shall be initially measured at the same amount as the asset, adjusted by the amount of any other consideration (e.g. cash) from the entity to the third party, or from the third party to the entity.

Where the entity does not have an unconditional obligation to pay cash or another financial asset to the third party for the construction, development, acquisition, or upgrade of the property, and grants the third party the right to earn revenue from other third-party users or another revenue-generating asset, the entity shall account for the liability recognised as the unearned portion of the revenue arising from the exchange of assets between the entity and the third party.

The entity shall recognize revenue and reduce the liability recognised according to the economic substance of the arrangement.

The entity shall account for the revenues from the third party in accordance with GRAP 9 - Revenue from Exchange Transactions.

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Accounting Policies

1.36 Events after reporting date

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

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

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

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

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2015	2014

2. Changes in accounting policy

The consolidated annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

- GRAP 100, Discontinued operations

GRAP 100, Discontinued operations

During the year, the entity changed its accounting policy with respect to the treatment of Non-current assets held for sale in order to conform with the benchmark treatment of GRAP 100. The entity now accounts for Non-current assets held for sale under Property, plant and equipment. The effect of the change is as follows:

Statement of financial position

Increase in Property, plant and equipment	-	7,560,000
Decrease in Non-current assets held for sale and assets of disposal groups	-	(7,560,000)
	-	-

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 100, Discontinued operations	01 April 2014	The impact of the amendment is set out in note 2 changes in accounting policy

3.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2015 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 109, Accounting by Principles and Agents	No date has been determined	It is unlikely that the standard will have a material impact on the annual financial statements.
GRAP 18: Segment Reporting	01 April 2015	It is unlikely that the standard will have a material impact on the annual financial statements. This is due to the fact that if consolidated financial statements are prepared, segment reporting only needs to be applied to the consolidated set of financial statements. Municipalities, municipal entities, trading entities, Parliament and the Provincial Legislatures are not required to apply or early adopt GRAP 18 Segment Reporting as the Minister of Finance has not yet determined the effective date for application by these entities
GRAP 105: Transfers of functions between entities under common control	01 April 2015	It is unlikely that the standard will have a material impact on the annual financial statements.

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

3. New standards and interpretations (continued)

GRAP 106: Transfers of functions between entities not under common control	01 April 2015	The implementation of this standard may impact on the financial statements. Identifiable assets acquired and liabilities assumed will be recognised at fair value, and any difference shall be recognised in the accumulated surplus. Additional disclosures will be required in the financial statements regarding the transfer of functions.
GRAP 107: Mergers	01 April 2015	It is unlikely that the standard will have a material impact on the annual financial statements.
GRAP 20: Related parties	01 April 2016	The main impact is expected to effect the disclosure of a more disaggregated councillor remuneration.
IGRAP 11: Consolidation – Special purpose entities	No date has been determined	It is unlikely that the standard will have a material impact on the annual financial statements.
IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	No date has been determined	It is unlikely that the standard will have a material impact on the annual financial statements.
GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	No date has been determined	It is unlikely that the standard will have a material impact on the annual financial statements.
GRAP32: Service Concession Arrangements: Grantor	No date has been determined	The most significant change relates to the separate disclosure of service concession assets included in Property, Plant and Equipment. Further it is unlikely that the standard will have a material impact on the annual financial statements.
GRAP108: Statutory Receivables	No date has been determined	It is unlikely that the standard will have a material impact on the annual financial statements.
IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	No date has been determined	The impact of the amendment is not material and it is unlikely that the standard will have a material impact on the annual financial statements.
DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP	01 April 2016	The most significant change relates to the allowed adjustment to the accounting policies from Fair Value or Revaluation Model to the Cost Model for Investment Property and Property, plant and equipment, Intangible assets and Heritage Assets. It is unlikely that this directive will have a material impact on the annual financial statements.

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2015	2014

4. Inventories

Water in reservoirs	67,137,369	66,273,473
Water in pipes	1,591,816	1,319,289
Maintenance materials	467,974	370,454
Unsold Properties Held for Resale	948,999	220,396
Fuel (Diesel, Petrol)	231,709,212	186,988,427
Stores, materials and fuels	1,989,782	1,189,407
	7,688,982	6,372,611
	311,534,134	262,734,057

4.1 Inventory recognised as an expense

Inventories recognised as an expense during the year	10,601,665	7,335,685

Inventory pledged as security

No inventory was pledged as security for any financial liability.

5. Other receivables from non-exchange transactions

Fines receivables	149,634,600	77,268,182
Impairment of Fines receivables	(147,297,357)	(73,752,531)
	2,337,243	3,515,651

Fines Receivables consists out of debtors raised from Fines Revenue 34

Other receivables from non-exchange pledged as security

None of the receivables were pledged as security for any financial liability.

Credit quality of other receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

None of the financial assets that are fully performing have been renegotiated in the last year.

Other receivables from non-exchange transactions impaired

As of 30 June 2015, other receivables from non-exchange transactions of R 147,297,357 (2014: R 73,752,531) were impaired and provided for.

The amount of the provision was R 147,297,357 as of 30 June 2015 (2014: R 73,752,531).

Reconciliation of provision for impairment of other receivables from non-exchange transactions

Opening balance	73,752,531	-
Provision for impairment	73,544,826	73,752,531
	147,297,357	73,752,531

Mangaung Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	2015	2014
6. Other receivables from exchange transactions		
DOE Grant SFS	5,087,728	5,087,728
Deposits	725,341	710,779
Interest on investments	26,204	425,416
Kopanong Local Municipality	14,618,595	10,029,090
Mohokare Local Municipality	18,384,364	10,248,610
Naledi Local Municipality	15,434,905	12,223,565
Other receivables	5,240,851	1,411
Prepaid expenses	509,299	211,568
Receipt reversal	2,668	1,522,889
Staff leave days receivable	1,294,038	420,690
Vendors	815,238	22,735
Sundry debtors	40,488,472	31,980,964
Sundry debtors - Impairment	(14,255,929)	(7,575,331)
	88,371,774	65,310,114

Other receivables pledged as security

None of the receivables were pledged as security for any financial liability.

Credit quality of other receivables

The credit quality of other receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

None of the financial assets that are fully performing have been renegotiated in the last year.

Other receivables past due but not impaired:

Other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2015, R 3,701,341 (2014: R 7,137,027) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	2,314,914	1,430,715
2 months past due	1,386,427	785,143
3 months past due	-	4,921,169

Other receivables impaired

As of 30 June 2015, other receivables of R 14,255,930 (2014: R 7,575,331) were impaired and provided for.

The amount of the provision was R 14,255,930 as of 30 June 2015 (2014: R 7,575,331).

The ageing of these loans is as follows:

Over 3 months	14,255,930	7,575,331

Reconciliation of provision for impairment of other receivables

Opening balance	7,575,331	40,260,398
Provision for impairment	27,369,210	5,924
Amounts written off as uncollectible	(20,688,611)	(32,690,991)
	14,255,930	7,575,331

Sundry receivables consists out of debtors raised from other income recognised (refer to note 37).

Due to the limitations on the financial system it is impractical to disclose the impaired interest on the Other receivables from exchange transactions.

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2015	2014
7. Consumer receivables from non-exchange transactions		
Rates	377,650,411	347,938,313
Rates		
Rates - Gross balance	930,687,329	724,871,609
Rates - Impairment	(553,036,918)	(376,933,296)
	377,650,411	347,938,313
Rates Ageing		
Current (0 - 30 days)	59,950,027	127,677,910
31 - 60 days	47,711,977	46,322,075
61 - 90 days	41,033,025	44,133,183
91+ days	781,992,300	506,738,441
Subtotal	930,687,329	724,871,609
Less: Impairment	(553,036,918)	(376,933,296)
	377,650,411	347,938,313
Summary by customer classification		
Residential and sundry		
Current (0 - 30 days)	23,664,290	44,322,257
31 - 60 days	15,388,554	14,811,507
61 - 90 days	12,196,922	13,662,739
91+ days	302,402,940	239,224,076
Subtotal	353,652,706	312,020,579
Less: Impairment	(286,821,996)	(234,862,394)
	66,830,710	77,158,185
Business / Commercial		
Current (0 - 30 days)	27,551,034	46,162,647
31 - 60 days	19,464,416	14,729,248
61 - 90 days	16,356,896	13,794,338
91+ days	301,205,551	161,275,910
Subtotal	364,577,897	235,962,143
Less: Impairment	(266,214,922)	(142,070,902)
	98,362,975	93,891,241
Government		
Current (0 - 30 days)	8,734,703	37,193,006
31 - 60 days	12,859,007	16,781,320
61 - 90 days	12,479,207	16,676,106
91+ days	178,383,809	106,238,455
Subtotal	212,456,726	176,888,887
	212,456,726	176,888,887

Consumer receivables from non-exchange transactions pledged as security

None of the consumer receivables from non-exchange transactions were pledged as security for any financial liability.

Credit quality of consumer receivables from non-exchange transactions

The credit quality of consumer receivables from non-exchange transactions that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

The credit quality of consumer receivables were evaluated in terms of the risk group and ageing of the individual receivable account.

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2015	2014

7. Consumer receivables from non-exchange transactions (continued)

Consumer receivables from non-exchange transactions past due but not impaired

Consumer receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2015, R 148,695,029 (2014: R 272,735,769) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	59,950,027	49,979,769
2 months past due	47,711,977	46,323,102
3 months past due	41,033,025	176,432,898

Consumer receivables from non-exchange transactions impaired

As of 30 June 2015, other receivables from non-exchange transactions of R 553,036,918 (2014: R 376,933,296) were impaired and provided for.

The ageing of these loans is as follows:

Over 3 months	553,036,918	376,933,296

Reconciliation of provision for impairment of consumer receivables from non-exchange transactions

Opening balance	376,933,296	322,537,417
Provision for impairment	174,443,076	61,680,202
Amounts written off as uncollectible	1,660,546	(7,284,323)
	553,036,918	376,933,296

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The entity does not hold any collateral as security.

Due to the limitations on the financial system it is impractical to disclose the impaired interest on the consumer receivables from non-exchange transactions.

Mangaung Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	2015	2014
8. Consumer receivables from exchange transactions		
Net balance		
Water	308,954,683	263,159,951
Electricity	217,243,792	175,315,180
Sewerage	91,935,513	78,864,424
Refuse	23,022,668	38,103,112
Housing rental	1,665,149	1,194,040
Unallocated deposits	220,252	220,252
	643,042,057	556,856,959
Net balance reconciliation 2015		
Water	Gross balance 1,345,940,504	Impairment (1,036,985,821)
Electricity	627,432,954	(410,189,162)
Sewerage	306,011,275	(214,075,762)
Refuse	129,054,630	(106,031,962)
Housing rental	8,587,589	(6,922,440)
Unallocated deposits	220,252	-
	2,417,247,204	(1,774,205,147)
		643,042,057
Net balance reconciliation 2014		
Water	Gross balance 1,046,777,385	Impairment (783,617,434)
Electricity	577,827,457	(402,512,277)
Sewerage	237,384,326	(158,519,902)
Refuse	101,036,663	(62,933,551)
Housing rental	5,029,281	(3,835,241)
Unallocated deposits	220,252	-
	1,968,275,364	(1,411,418,405)
		556,856,959
Water		
Current (0 -30 days)	97,232,685	115,054,219
31 - 60 days	51,346,645	46,081,329
61 - 90 days	49,492,701	37,099,403
91+ days	1,130,325,023	827,231,667
Meter reading estimate	17,543,450	21,310,767
Subtotal	1,345,940,504	1,046,777,385
Less: Impairment	(1,036,985,821)	(783,617,434)
	308,954,683	263,159,951
Electricity		
Current (0 -30 days)	102,669,867	119,131,225
31 - 60 days	43,078,457	56,381,556
61 - 90 days	12,040,072	24,451,275
91 + days	317,424,697	246,021,921
Meter reading estimate	154,421,693	132,408,765
Discounting	(535,498)	(115,778)
Accrual prepaid sales	(39,983)	-
Transferred to non-current receivables	(1,626,351)	(451,507)
Subtotal	627,432,954	577,827,457
Less: Impairment	(410,189,162)	(402,512,277)
	217,243,792	175,315,180
Sewerage		
Current (0 -30 days)	18,997,461	31,163,474
31 - 60 days	13,660,769	10,801,230
61 - 90 days	12,131,906	9,675,179
91 + days	261,221,139	185,744,443
Subtotal	306,011,275	237,384,326
Less: Impairment	(214,075,762)	(158,519,902)
	91,935,513	78,864,424

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2015	2014
8. Consumer receivables from exchange transactions (continued)		
Refuse		
Current (0 -30 days)	6,562,370	18,273,244
31 - 60 days	4,317,179	7,442,723
61 - 90 days	3,821,589	7,094,731
91 + days	114,353,492	68,225,965
Subtotal	129,054,630	101,036,663
Less: Impairment	(106,031,962)	(62,933,551)
	23,022,668	38,103,112
Housing rental		
Current (0 -30 days)	259,446	453,794
31 - 60 days	396,737	227,946
61 - 90 days	386,794	216,666
91 + days	7,544,612	4,130,875
Subtotal	8,587,589	5,029,281
Less: Impairment	(6,922,440)	(3,835,241)
	1,665,149	1,194,040
Unallocated deposits		
91 + days	220,252	220,252
Summary of debtors by customer classification		
Residential and sundry		
Current (0 -30 days)	111,869,382	134,726,512
31 - 60 days	64,243,058	63,939,377
61 - 90 days	56,735,126	50,358,185
91 + days	1,443,876,664	1,097,092,134
Meter reading estimate	171,965,144	153,719,532
	1,848,689,374	1,499,835,740
Less: Allowance for impairment	(1,255,189,166)	(940,832,193)
	593,500,208	559,003,547
Business/ Commercial		
Current (0 -30 days)	83,825,311	105,430,904
31 - 60 days	30,619,915	37,711,407
61 - 90 days	10,465,413	18,939,439
91 + days	229,129,794	153,532,393
	354,040,433	315,614,143
Less: Allowance for impairment	(108,826,818)	(68,073,935)
	245,213,615	247,540,208
Government		
Current (0 -30 days)	30,027,134	43,918,537
31 - 60 days	17,936,815	19,284,001
61 - 90 days	10,672,522	9,239,630
91 + days	157,862,506	80,730,345
	216,498,977	153,172,513
Total		
Current (0 -30 days)	225,721,829	284,075,954
31 - 60 days	112,799,787	120,934,785
61 - 90 days	77,873,062	78,537,254
91 + days	1,830,868,963	1,331,354,872
Meter reading estimate - Water	17,543,450	21,310,767
Meter reading estimate - Electricity	154,421,693	132,408,765
Unallocated deposits	220,252	220,252
Discounting	(535,498)	(115,778)

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2015

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2015	2014
8. Consumer receivables from exchange transactions (continued)		
Accrual prepaid sales	(39,983)	-
Transferred to non-current receivables	(1,626,351)	(451,507)
	2,419,449,036	1,968,842,649
Less: Allowance for impairment	(1,774,205,147)	(1,411,418,405)
	643,042,057	556,856,959

Consumer receivables from exchange transactions pledged as security

None of the consumer receivables from exchange transactions have been pledged as security for any financial liabilities.

Credit quality of consumer receivables from exchange transactions

The credit quality of consumer receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

None of the consumer receivables from exchange transactions that are fully performing have been renegotiated in the last year.

Consumer receivables are only due after 30 days. Interest shall be paid on accounts which have not been paid within thirty days from the date on which the account became due, at a rate of 1% higher than the prime rate for the period.

Consumer receivables past due but not impaired

Consumer receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2015, R 331,606,508 (2014: R 268,876,722) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	133,561,534	67,248,540
2 months past due	111,138,030	64,545,076
3 months past due	86,906,944	137,083,106

Consumer receivables impaired

As of 30 June 2015, consumer receivables of R 1,774,205,147 (2014: R 1,411,418,405) were impaired and provided for.

The amount of the provision was R 1,774,205,147 as of 30 June 2015 (2014: R 1,411,418,405).

The ageing of these loans is as follows:

Over 3 months	1,774,205,147	1,411,418,405

Reconciliation of allowance for impairment of consumer receivables

Opening balance	1,411,418,405	1,255,533,478
Allowance for impairment	428,529,405	224,785,200
Amounts written off as uncollectable	(65,742,663)	(68,900,273)
	1,774,205,147	1,411,418,405

Due to the limitations on the financial system it is impractical to disclose the impaired interest on the consumer receivables from exchange transactions.

9. VAT receivable

VAT	28,550,924	-

VAT is payable on the payment basis. VAT is paid over to the South African Revenue Service (SARS) only once payment is received from debtors.

Refer to note 21 for details regarding the VAT payable as at 30 June 2014.

Mangaung Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	2015	2014

10. Investments

Bank investments

Nedbank	139,614,679	62,320,938
First National Bank	107,303,639	62,278,735
ABSA	66,544,328	61,959,337
	313,462,646	186,559,010

Nedbank

The investment is a short-term fixed deposit for a period of 365 days which earns interest at 7.40%.

First National Bank

The investment is a short-term fixed deposit for a period of 365 days which earns interest at 7.07%.

ABSA

The investment is a short-term fixed deposit for a period of 365 days which earns interest at 7.40%

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	127,549	115,849
Bank balances	97,439,007	72,625,095
Short-term deposits	264,597,363	379,526,668
	362,163,919	452,267,612

An unlimited surety is provided by Free State Provincial Government, National Treasury and the Development Bank of South Africa.

The total of the overdraft facility available to the Mangaung Metropolitan Municipality is R 50,000,000 (2014: R 50,000,000)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating of institutions where cash is held

F1+	362,036,370	452,151,763

Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for the COID reserve	32	10,628,620	8,934,694
The term deposit investment is pledged as security to the Compensation Commissioner of the Workmen's Compensation Fund to guarantee the payment of claims in respect of injuries while on duty.			

Mangaung Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand 2015 2014

11. Cash and cash equivalents (continued)

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
ABSA - Primary account - 470 000 465	72,753,889	27,491,702	46,586,845	72,753,889	30,910,107	48,690,127
ABSA - Fresh Produce - 470 001 348	2,848,076	2,043,264	3,833,927	2,848,076	2,043,264	3,833,927
ABSA - Direct deposits - 470 001 380	-	-	-	526,222	-	673,774
ABSA Bank - Cheque account - 405 883 3582	18,939,560	30,473,525	72,363,124	19,406,828	34,324,866	105,476,575
ABSA Bank - Cheque account - 405 513 3721	289	55	528,653	289	55	526,034
ABSA Bank - Cheque account - 405 406 5339	79,266	142,041	257,714	79,266	142,041	237,547
ABSA Bank - Cheque account - 47 000 1402	2,243,518	7,032,350	2,453,152	2,189,938	6,978,770	1,408,119
ABSA Bank - Cheque account - 405 453 0924	17,779	8,424	1,335,059	17,779	(6,530)	1,308,567
ABSA Bank - Cheque account - 407 820 9583	1,304,309	202,707	19,805,133	(430,655)	(1,795,792)	11,503,501
ABSA Bank - Cheque account - 408 052 2070	21,268	2,344	14,176	21,268	21,344	14,176
ABSA Bank - Cheque account - 408 052 1896	26,106	6,970	145	26,106	6,970	145
Total	98,234,060	67,403,382	147,177,928	97,439,006	72,625,095	173,672,492

Summary of Short-term deposits held

Short-term deposits held with ABSA	131,801,272	300,843,747
Short-term deposits held with FNB	7,088,839	7,933,807
Short-term deposits held with Nedbank	4,057,570	32,808,933
Short-term deposits held with Standard Bank	121,649,682	37,940,181
	264,597,363	379,526,668

Mangaung Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	2015	2014

12. Investment property

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1,670,320,863	-	1,670,320,863	1,676,857,863	-	1,676,857,863

Reconciliation of investment property - 2015

	Opening balance	Disposals	Total
Investment property	1,676,857,863	(6,537,000)	1,670,320,863

Reconciliation of investment property - 2014

	Opening balance	Additions	Disposals	WIP Additions	Fair value adjustment	Total
Investment property	1,664,741,070	2,470,000	(1,414,000)	2,613,363	8,447,430	1,676,857,863

Pledged as security

None of the properties were pledged as security for any financial liability.

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the entity.

Refer to Appendix B for further details on the movement of investment property.

Due to the limitations of the financial system it was impractical to disclose the expenditure incurred relating to the Investment Property.

Details of valuation

The investment properties were revalued with reference to comparable market data where available as well as information at the deeds office.

The entity's investment properties were revalued at 30 June 2014 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and categories of the investment properties valued.

Mangaung Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,404,611,103	-	1,404,611,103	1,409,974,069	-	1,409,974,069
Buildings	1,297,281,894	(73,276,629)	1,224,005,265	1,263,386,882	(49,511,218)	1,213,875,664
Roads Infrastructure	2,996,004,184	(1,074,512,874)	1,921,491,310	2,977,476,095	(860,548,277)	2,116,927,818
Water and Sanitation Infrastructure	3,714,841,005	(871,750,202)	2,843,090,803	3,287,241,119	(683,346,978)	2,603,894,141
Work in Progress Infrastructure	988,635,576	-	988,635,576	635,984,724	-	635,984,724
Electrical Infrastructure	3,753,551,377	(293,130,812)	3,460,420,565	2,477,431,639	(629,925,326)	1,847,506,313
Community	1,510,093,476	(667,469,974)	842,623,502	1,423,851,500	(587,122,215)	836,729,285
Other property, plant and equipment	546,180,397	(168,512,069)	377,668,328	490,353,661	(134,786,926)	355,566,735
Assets held for sale	14,650,000	-	14,650,000	7,560,000	-	7,560,000
Total	16,225,849,012	(3,148,652,560)	13,077,196,452	13,973,259,689	(2,945,240,940)	11,028,018,749

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	WIP Additions	WIP Transfers to Additions	Revaluations	Transfers to Other classes	Depreciation	Impairment loss	Total
Land	1,409,974,069	1,577,534	-	-	-	2,299,500	(9,240,000)	-	-	1,404,611,103
Buildings	1,213,875,664	99,727,801	-	19,438,627	(99,474,582)	26,528,789	-	(36,091,034)	-	1,224,005,265
Roads Infrastructure	2,116,927,818	20,282,034	-	-	-	-	-	(215,718,542)	-	1,921,491,310
Water and Sanitation Infrastructure	2,603,894,141	427,720,260	-	-	-	-	-	(186,510,721)	(2,012,877)	2,843,090,803
Work in Progress Infrastructure	635,984,724	-	-	794,384,034	(441,733,182)	-	-	-	-	988,635,576
Electrical Infrastructure	1,847,506,313	166,787,217	(10,728,770)	85,601,175	-	1,423,204,144	-	(51,949,514)	-	3,460,420,565
Community	836,729,285	22,068,293	(841,578)	102,137,740	(20,843,413)	(15,968,287)	-	(80,140,474)	(518,064)	842,623,502
Other property, plant and equipment	355,566,735	67,469,016	(1,178,363)	-	-	-	-	(38,596,508)	(5,592,552)	377,668,328
Assets held for sale	7,560,000	-	(2,150,000)	-	-	-	9,240,000	-	-	14,650,000
Total	11,028,018,749	805,632,155	(14,898,711)	1,001,561,576	(562,051,177)	1,436,064,146	-	(609,006,793)	(8,123,493)	13,077,196,452

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13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	WIP Additions	WIP Transferred to Additions	Revaluations	Transfers to/from Other classes	Depreciation	Impairment reversal	Total
Land	1,378,112,074	31,861,995	-	-	-	-	-	-	-	1,409,974,069
Buildings	1,235,124,619	60,496,468	-	7,898,637	(55,220,091)	-	-	(34,423,969)	-	1,213,875,664
Roads Infrastructure	1,960,691,894	321,449,268	(12,050,863)	-	-	-	-	(153,162,481)	-	2,116,927,818
Water and Sanitation Infrastructure	2,497,232,742	206,422,711	-	-	-	-	23,214,740	(122,976,052)	-	2,603,894,141
Work in Progress Infrastructure	520,167,050	-	-	453,448,731	(337,631,057)	-	-	-	-	635,984,724
Electrical Infrastructure	1,740,661,578	91,764,567	-	90,236,959	-	-	-	(75,156,791)	-	1,847,506,313
Community	772,143,004	65,273,687	(296,459)	98,065,531	(54,486,209)	10,208,853	-	(54,179,122)	-	836,729,285
Other property, plant and equipment	185,888,771	206,092,451	(9,507,321)	-	-	-	-	(27,238,087)	330,921	355,566,735
Assets held for sale	7,560,000	-	-	-	-	-	-	-	-	7,560,000
	10,297,581,732	983,361,147	(21,854,643)	649,649,858	(447,337,357)	10,208,853	23,214,740	(467,136,502)	330,921	11,028,018,749

Included in Property, plant and equipment are 79 assets with a nil carrying value at year end. The cost price of these assets amounts to R3,328,246. These assets are not significant to the entity's operations and service delivery objectives.

Included in Property, plant and equipment are 16 fully depreciated assets no longer in use by the municipality. The cost price of these assets amounts to R114,654,248.85 and consist of closed landfill sites and quarries.

Refer to Appendix B for further details related to PPE

Pledged as security

Carrying value of assets pledged as security:

Assets subject to finance lease (Net carrying amount)

Motor vehicles	145,176,380	135,224,397
Leasehold improvements	988,635,576	635,984,724
Centlec (SOC) Ltd leased PPE	1,704,729	285,002
Office equipment	-	1,626,114
	1,135,516,685	773,120,237

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13. Property, plant and equipment (continued)

Revaluations

The effective date of the revaluations of the entity was 30 June 2013. Revaluations were performed by independent professionally qualified valuers who hold a recognised professional qualification and have recent experience in the locations and categories of the properties valued.

The value of properties was determined based on the market values and the information obtained from the deed's office.

The valuation was performed after the following factors were taken into account:

- the useful lives and;
- the condition of the building.

There are no restrictions on the distribution of the revaluation surplus.

The effective date of the revaluations for land and buildings of the municipal entity was year end 30 June 2015. Revaluations for land and buildings were performed by the independent valuer, Mr. Theunis Hendrik Myburgh & Mr. Raymond Taylor, professional valuers in terms of the Valuer's Act (Act 23 of 1982) of Equity Valuers. Equity Valuers is not connected to the entity.

The effective date of the revaluations for the infrastructure assets of the municipal entity was year end 30 June 2015. Revaluations for infrastructure assets was performed by an independent valuer, Mr. Frederick Coenraad Edward van der Merwe, BSc(Electrical), Professional Engineer (Reg.no 9770135), Engineering Council of South Africa and member of the South African Institute of Electrical Engineers (Reg.no 11180) from FCE Consulting Engineers. FCE Consulting Engineers is not connected to the municipal entity.

The valuations were performed using the depreciated replacement costs method.

Reconciliation of Work-in-Progress 2015

	Included within Infrastructure	Included within Community	Included within Buildings	Total
Opening balance	775,673,303	77,071,873	92,817,448	945,562,624
Additions/capital expenditure	899,219,105	102,137,740	19,438,627	1,020,795,472
Transferred to completed items	(462,879,098)	(20,843,413)	(99,474,582)	(583,197,093)
	1,212,013,310	158,366,200	12,781,493	1,383,161,003

Reconciliation of Work-in-Progress 2014

	Included within Infrastructure	Included within Community	Included within Buildings	Total
Opening balance	569,618,670	33,492,552	140,138,902	743,250,124
Additions/capital expenditure	543,685,690	98,065,531	7,898,637	649,649,858
Transferred to additions/other assets	(337,631,057)	(54,486,209)	(55,220,091)	(447,337,357)
	775,673,303	77,071,874	92,817,448	945,562,625

Deemed cost

Deemed cost was determined using depreciated replacement cost.

14. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	55,934,997	(23,538,266)	32,396,731	39,103,292	(15,574,362)	23,528,930
Servitudes	84,765,627	-	84,765,627	84,745,932	-	84,745,932
Total	140,700,624	(23,538,266)	117,162,358	123,849,224	(15,574,362)	108,274,862

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14. Intangible assets (continued)

Reconciliation of intangible assets - 2015

	Opening balance	Additions	WIP Transferred to Additions	Amortisation	Total
Computer software	23,528,930	20,118,702	(562,999)	(10,687,902)	32,396,731
Servitudes	84,745,932	19,695	-	-	84,765,627
	108,274,862	20,138,397	(562,999)	(10,687,902)	117,162,358

Reconciliation of intangible assets - 2014

	Opening balance	Additions	WIP Additions	Amortisation	Total
Computer software	26,807,778	4,091,090	562,999	(7,932,937)	23,528,930
Servitudes	83,653,943	1,091,989	-	-	84,745,932
	110,461,721	5,183,079	562,999	(7,932,937)	108,274,862

Pledged as security

None of the intangible assets has been pledged as security for any financial liabilities.

Refer to Appendix B for further details on the movement of Intangible assets

Mangaung Metropolitan Municipality

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15. Heritage assets

	2015			2014		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	321,656,341	-	321,656,341	321,656,341	-	321,656,341

Reconciliation of heritage assets 2015

	Opening balance	Total
Heritage assets	321,656,341	321,656,341

Reconciliation of heritage assets 2014

	Opening balance	Transfers	Revaluation increase/ (decrease)	Total
Heritage assets	329,270,803	(9,917,272)	2,302,810	321,656,341

Restrictions on heritage assets

No restrictions are placed on any heritage assets.

Pledged as security

No heritage assets has been pledged as security for any financial liability.

Revaluations

Methods and assumptions used in determining fair value

The fair value of heritage assets were determined by an independent valuer as at 30 June 2014.

The fair value of the heritage assets were determined after considering the following conditions:

- The condition of the asset
- The useful life of the asset
- The location of the asset

There are no restrictions on the distribution of the balance of the revaluation reserve to owners of net assets.

Refer to Appendix B for further details on the movement of Heritage assets.

Mangaung Metropolitan Municipality

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Figures in Rand	2015	2014
16. Non-current receivables		
Designated at fair value		
2,535 Unlisted shares - OVK Limited	32,498	22,815
At amortised cost		
Erven loans	8,904,843	9,169,917
Housing selling scheme loans	47,924,746	47,742,835
Cricket stadium	9,372,425	9,466,383
Kopanong Local Municipality	1,629,218	1,841,385
Mohokare Local Municipality	872,545	988,848
Naledi Local Municipality	200,754	309,230
Consumer debtor arrangements	1,626,351	451,507
	70,530,882	69,970,105
Impairment - Erven loans	(8,735,906)	(9,010,111)
Impairment - Housing selling scheme loans	(47,468,253)	(47,723,463)
Impairment - Cricket stadium	(9,372,425)	(9,466,383)
	4,954,298	3,770,148
Total other financial assets	4,986,796	3,792,963
Non-current assets		
Designated at fair value	32,498	22,815
At amortised cost	4,658,753	3,333,204
	4,691,251	3,356,019
Current assets		
At amortised cost	295,545	436,944
Financial assets at fair value		
Fair values of financial assets measured or disclosed at fair value		
Class 1 - Unlisted shares	32,498	22,815
The shares were valued using quoted market prices.		
Fair value hierarchy of financial assets at fair value		
For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:		
Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.		
Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).		
Level 3 applies inputs which are not based on observable market data.		
Level 1		
Class 1 - Unlisted shares	32,498	22,815
Renegotiated terms		
None of the financial assets that are fully performing have been renegotiated in the last year.		

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16. Non-current receivables (continued)

Financial assets at amortised cost

Reconciliation of provision for impairment of financial assets at amortised cost

Impairment of erven loans

Opening balance	9,010,111	9,090,752
Unused amounts reversed	(274,205)	(80,641)
	8,735,906	9,010,111

Impairment of housing selling scheme loans

Opening balance	47,723,462	47,180,954
Provision for impairment	-	542,508
Unused amounts reversed	(255,209)	-
	47,468,253	47,723,462

Impairment of cricket stadium

Opening balance	9,466,383	9,450,444
Provision for impairment	-	15,939
Unused amounts reversed	(93,958)	-
	9,372,425	9,466,383

Erven loans

Loans were granted to the public for the sale of erven and are repayable on a monthly basis over a maximum period of 5 years, at an interest rate of 1% above the bank rate of the entity. These loans are repayable on a monthly basis and no further loans are granted.

Housing selling scheme loans

Loans were granted to qualifying individuals and public organisations in terms of the housing program. These loans attract interest of between 6% and 14% per annum and are repayable on a monthly basis by way of salary deductions for officials and six monthly payments for public organisations over a period of 20 years.

Cricket stadium

The entity has a contract with the Free State Cricket Union for the purchase of the cricket stadium. The loan bears interest at 10% per annum and is repayable on an annual basis over 27 years ending 1 July 2022.

Loans to Municipalities

The capital funding provided to Kopanong, Mohokare and Naledi Local Municipalities by the municipal entity are repayable in monthly installments based on the estimated useful life of the capital assets. The capital advances bears interest at 10%.

Consumer debtor arrangements

Consumer debtors with arrangements with the municipal entity stretches over a period longer than 12 months.

17. Payables from exchange transactions

Accrued bonus	23,313,688	21,064,971
Accrued leave pay	101,150,117	81,572,795
Claims - Unfair dismissals	6,608,171	6,608,171
Deferred revenue	9,195,258	7,882,940
Deferred lease expenditure	3,111,673	4,075,638
Electricity connections	31,962,916	19,066,252
Mantsopa Local Municipality	3,901,760	2,757,101
Operating expense accrual	10,152,644	6,102,047
Other payables	1,134,277	743,488
Other payables - Grants	8,204,077	8,760,316
Payments received in advance	76,847,219	76,976,286
Retentions	87,207,318	71,766,059
Salaries payable	2,705,134	390,483
Trade payables	490,683,267	421,916,480
Unallocated deposits received	6,093,311	6,361,095
	862,270,830	736,044,122

Mangaung Metropolitan Municipality

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17. Payables from exchange transactions (continued)

The entity defaulted on the payment of suppliers within 30 days. The average term of payment of suppliers for the current year was 60 days (2014: 60 days).

The terms were not renegotiated before the financial statements were authorised for issue.

18. Payables from non-exchange transactions

Deposits	558,047	499,837
Unallocated receipts	277,514,037	144,601,593
Other	1,342,476	1,342,476
	279,414,560	146,443,906

19. Consumer deposits

Electricity	70,796,810	49,488,463
Water	30,872,092	28,529,176
	101,668,902	78,017,639

Guarantees in lieu of consumer deposits for water amounted to R 2,063,152 (2014: R 1,781,533)

Guarantees in lieu of vendor deposits for electricity amounted to R 15,461,583 (2014: R 13,770,891)

20. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Provincial grant - Upgrading roads in Batho	76,740	76,740
Provincial grant - Stadiums	219,006	219,006
Municipal accreditation project funding - Housing grant	3,628,261	3,628,261
City of Ghent - Youth development grant	550,146	1,453,936
Motheo - Contribution environmental health grant	9,346,371	9,346,371
Sports, Arts and Culture - Admin libraries	2,000,000	-
Provincial grant - Upgrade housing in Batho	182,175	182,175
Expanded Public Works Programme Incentive Grant	38,641	138,463
Public transport infrastructure and systems fund grant	21,133,200	597,471
Urban settlement development grant	77,535,555	70,726,573
Sustainable human settlement grant	2,598,026	27,158,410
Provincial grant - Grassland area	4,500,000	4,500,000
Provincial grant - Hlasela project - Iphahamiseng centre	3,703	3,703
Provincial grant - Planning and surveying	493,144	493,144
Local government and housing grant - Infrastructure Grassland area	3,965,043	3,965,043
	126,270,011	122,489,296

The amounts will be recognised as revenue when conditions have been met.

Refer to note 40 for further details of grant movements.

21. VAT payable

VAT payable	-	43,870,503

VAT is payable on the payments basis. VAT is paid over to the South African Revenue Service (SARS) only once payment is received from debtors.

Refer to note 9 for details regarding the VAT receivable as at 30 June 2015.

Mangaung Metropolitan Municipality

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21. VAT payable (continued)		
Disclosure in terms of the MFMA		
Opening balance	43,870,503	74,215,665
VAT Payable	77,763,790	22,906,795
VAT claimed not yet received	(150,185,217)	(53,251,957)
	(28,550,924)	43,870,503
22. Finance lease obligation		
Minimum lease payments due		
- within one year	49,488,799	66,390,909
- in second to fifth year inclusive	71,022,547	94,904,508
	120,511,346	161,295,417
less: future finance charges	(12,380,174)	(17,779,849)
Present value of minimum lease payments	108,131,172	143,515,568
Present value of minimum lease payments due		
- within one year	41,538,934	55,271,514
- in second to fifth year inclusive	66,592,238	88,244,054
	108,131,172	143,515,568
Non-current liabilities	66,592,238	87,420,438
Current liabilities	41,538,934	56,095,130
	108,131,172	143,515,568

The entity leases various equipment and vehicles under finance leases. The maximum lease term is between 2 to 5 years and the average borrowing rate is between 9% and 15%. Leases are renewed automatically upon expiry, unless otherwise instructed by the entity.

No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

The entity did not default on any of the finance lease obligations, whether it be on the capital or the interest portion.

None of the terms attached to the existing finance lease obligations were renegotiated.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 13.

23. Operating lease accrual

Non-current liabilities	(96,338)	(234,323)
Current liabilities	(304,171)	(149,479)
	(400,509)	(383,802)

The municipal entity leases a building from Free State Development Corporation (FDC) situated in Botshabelo for an indefinite period which can be terminated by way of a 3 month cancellation clause. Management has estimated to rent from FDC until the year 2016. The lease rental is escalated annually on 1 December by 10%. The straight lined amount was calculated as R 30,062 per month.

The municipal entity leases a building from Telkom SA (SOC) Ltd situated in Bloemfontein for an initial rental period of 3 years, commencing on 1 November 2013 and terminating on 31 October 2016 with no option to purchase. The lease rental is escalated annually on 1 November by the prime lending rate as quoted by Standard Bank at the date of escalation plus 1%. The straight lined amount was calculated as R 233,078 per month.

Mangaung Metropolitan Municipality

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24. Borrowings

At amortised cost

DBSA Bloemfontein - Sewer 8001/104	734,556	2,088,550
DBSA Bloemfontein - Water 8001/104	658,552	1,895,438
DBSA - FS1034/01	138,000,746	142,975,727
DBSA - FS1034/03	42,555,911	44,903,752
DBSA - 6100 7294	127,000,000	-
Standard Bank Loan 3371 4314	283,235,810	-
	592,185,575	191,863,467

Total borrowings

592,185,575	191,863,467

These loans are from The Development Bank of South Africa and Standard Bank of South Africa Limited. Repayments are made either monthly or on a six monthly basis. The final loan will be redeemed at 30 January 2027 and the loans bear interest between 6% and 14%.

The entity did not default on any of the borrowings, whether it be on the capital or the interest portions, and none of the terms attached to the borrowings were renegotiated.

Non-current liabilities

At amortised cost	557,182,590	183,277,108

Current liabilities

At amortised cost	35,002,985	8,586,359

25. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Reassessment	Change in discount factor	Total
Rehabilitation of landfill sites	78,473,170	10,003,362	7,161,905	95,638,437
Rehabilitation of quarry sites	357,691,188	(26,657,192)	5,827,835	336,861,831
	436,164,358	(16,653,830)	12,989,740	432,500,268

Reconciliation of provisions - 2014

	Opening Balance	Reassessment	Change in discount factor	Total
Rehabilitation of landfill sites	92,489,137	3,602,795	(17,618,762)	78,473,170
Rehabilitation of quarry sites	358,636,622	6,854,474	(7,799,908)	357,691,188
	451,125,759	10,457,269	(25,418,670)	436,164,358

Non-current liabilities	237,691,924	229,147,931
Current liabilities	194,808,344	207,016,427
	432,500,268	436,164,358

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25. Provisions (continued)

Rehabilitation of landfill sites

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act 28 of 2002). The provision was determined by an independent expert for the rehabilitation cost in 2015 and then approximated the expected future cash flows using reasonable estimation techniques. The discount rate used for all the landfill sites is based on a CPA rate that matures as close as possible to the future date of the rehabilitation, the rate is 4.789% for the circumstances of the entity.

Landfill sites consists of:	Restoration date:
Botshabelo Landfill Site	2021
Northern Landfill Site	2036
Southern Landfill Site	2017

The final restoration of landfill sites are expected to be in the year listed above, being the estimated useful lives of landfill sites. No uncertainties were listed in the engineer's report. The certainty and the timing of the outflow of these liabilities are uncertain and the amounts disclosed are the possible outflow amounts.

Rehabilitation of quarry sites

The provision for rehabilitation of quarry sites relates to the legal obligation to rehabilitate quarry sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act 28 of 2002). The provision was determined by an independent expert for the rehabilitation cost in 2015 and then approximated the expected future cash flows using reasonable estimation techniques. The discount rate used for all the quarry sites is based on a CPA rate that matures as close as possible to the future date of the rehabilitation, the rate is 4.789% for the circumstances of the entity.

Quarries consists of:	Restoration date:
<u>Bloemfontein</u>	
Cecelia	2018
Sunnyside	2018
Kgotsoong	2015
Ipopeng	2015
Chris Hani	2015
Caleb Motsoabi	2015
<u>Botshabelo</u>	
K-Section	2015
F1-Section	2015
F2.1-Section	2015
F2.2-Section	2015
W-Section	2015
S-Section	2015
B-Section	2015
<u>Thaba Nchu</u>	
Seroala	2015
Thubisi	2015
Putsane	2015
Merino	2015
Rhakoi	2015
Sediba	2015
Rooibult	2015
Kgalala	2015
Baraclava - 1 Quarry	2015
Baraclava Quarry	2015
Bultfontein 3 Quarry	2015
Modutung Quarry	2015
Talla Quarry	2015
Nogas Pst Quarry	2015

The final restoration of quarry sites are expected to be in the year listed above, being the estimated useful lives of quarry sites. No uncertainties were listed in the engineer's report. The certainty and the timing of the outflow of these liabilities are uncertain and the amounts disclosed are the possible outflow amounts.

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26. Defined benefit obligation

Defined benefit plan

The defined benefit liability as disclosed below are represented by three different post-employment benefits. None of the benefits set out below are externally funded.

Post retirement medical aid plan

Active members receive a fixed subsidy of 60% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of an active member is entitled to a 60% subsidy of their contributions. This proportion of the subsidy will continue to be paid in the event of the principal member's death.

Continuation members receive a fixed subsidy of 60% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of a continuation member is entitled to a 60% subsidy of their contributions.

Pension benefits

Pension gratuities are payable to retired employees and pensioners who were in service of the council on or before 1 October 1981, who did not qualify to be members of the FS Joint Municipal Pension Fund or FS Local Government Pension Fund, or who were not members of a pension fund by this date, with 20 years of uninterrupted service and a minimum retirement age of 60 years have been obtained.

Long service award

Long service awards are payable to qualifying in-service employees. The leave benefits are in accordance with paragraph 11 of the South African Local Government Bargaining Council (SALGBC) collective agreement on conditions of service for the Free State division of SALGBC.

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

Carrying value

Present value of the defined benefit obligation wholly unfunded	646,465,000	560,245,000
Non-current liabilities	645,493,000	559,648,000
Current liabilities	972,000	597,000
	646,465,000	560,245,000

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

Opening balance	560,245,000	455,879,000
Interest costs	53,215,000	40,993,000
Current service costs	31,018,000	25,733,000
Benefits paid	(18,941,949)	(18,499,179)
Past service costs	24,045,000	-
Actuarial (gain)/loss	(3,116,051)	56,139,179
	646,465,000	560,245,000

2011

	Pension fund	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2010	2,693,000	348,226,000	43,222,000	394,141,000
Interest costs	236,000	34,821,000	2,948,000	38,005,000
Current service costs	-	21,278,000	4,230,000	25,508,000
Benefits paid / (expected)	(478,000)	(5,995,000)	(3,902,000)	(10,375,000)
Actuarial (gains) / losses	4,263,000	(14,372,000)	5,141,000	(4,968,000)
	6,714,000	383,958,000	51,639,000	442,311,000

2012

	Pension fund	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2011	6,714,000	383,958,000	51,639,000	442,311,000
Interest costs	555,000	35,100,000	4,744,000	40,399,000
Current service costs	61,000	14,242,000	4,518,000	18,821,000
Benefits paid / (expected)	(367,000)	(6,569,000)	(7,126,000)	(14,062,000)
Actuarial (gains) / losses	(1,769,000)	(146,180,000)	5,286,000	(142,663,000)
	5,194,000	280,551,000	59,061,000	344,806,000

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26. Defined benefit obligation (continued)

2013

Defined benefit obligation as at 30 June 2012
Interest costs
Current service costs
Benefits paid / (expected)
Actuarial (gains) / losses

Pension fund	Medical aid	Long service award	Total
5,194,000	280,551,000	59,061,000	344,806,000
407,000	25,797,000	4,648,000	30,852,000
47,000	12,922,000	5,767,000	18,736,000
(452,000)	(6,912,000)	(7,509,676)	(14,873,676)
797,000	60,044,000	15,517,676	76,358,676
5,993,000	372,402,000	77,484,000	455,879,000

2014

Defined benefit obligation as at 30 June 2013
Interest costs
Current service costs
Benefits paid / (expected)
Actuarial (gains) / losses

Pension fund	Medical aid	Long service award	Total
5,993,000	372,402,000	77,484,000	455,879,000
453,000	34,729,000	5,811,000	40,993,000
43,000	17,517,000	8,173,000	25,733,000
(381,000)	(7,566,000)	(10,552,179)	(18,499,179)
(943,000)	54,590,000	2,492,179	56,139,179
5,165,000	471,672,000	83,408,000	560,245,000

2015

Defined benefit obligation as at 30 June 2014
Interest costs
Current service costs
Past service costs
Benefits paid / (expected)
Actuarial (gains) / losses

Pension fund	Medical aid	Long service award	Total
5,165,000	471,672,000	83,408,000	560,245,000
426,000	45,955,000	6,834,000	53,215,000
49,000	22,228,000	8,741,000	31,018,000
-	24,045,000	-	24,045,000
(354,000)	(8,357,000)	(10,230,949)	(18,941,949)
(352,000)	1,635,000	(4,399,051)	(3,116,051)
4,934,000	557,178,000	84,353,000	646,465,000

Estimated future contributions

Defined benefit obligation as at 30 June 2015
Interest costs
Current service costs
Expected benefit payments

Pension fund	Medical aid	Long service award	Total
4,934,000	557,178,000	84,353,000	646,465,000
404,000	54,562,000	7,107,000	62,073,000
47,000	27,719,000	9,294,000	37,060,000
(358,000)	(8,897,000)	(6,482,000)	(15,737,000)
5,027,000	630,562,000	94,272,000	729,861,000

Key assumptions used

Assumptions used at the reporting date:

Discount rates used - pension fund	8.50 %	8.55 %
Discount rates used - medical aid	9.40 %	9.60 %
Discount rates used - long service award	8.40 %	8.55 %
Expected increase in healthcare costs	8.90 %	9.00 %
Expected increase in salaries - long service award	8.10 %	9.00 %
Expected increase in salaries - pension fund	8.25 %	9.00 %
Expected increase in salaries	9.00 %	9.00 %
Expected pension increases	6.25 %	7.00 %
Inflation rate - Medical aid	6.90 %	7.00 %
Inflation rate - Pension fund	6.25 %	7.00 %
Inflation rate - Long service awards	6.10 %	7.00 %
Membership discontinued at retirement or death-in-service	10.00 %	10.00 %
Expected retirement age (years)	63	63

Inflation sensitivities

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

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26. Defined benefit obligation (continued)		
Effect on defined benefit obligation	(675,704,000)	(468,150,000)
Effect on the aggregate of the service cost	(36,267,000)	(22,532,000)
Effect on the aggregate of the interest cost	(66,436,000)	(45,644,000)

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

	2015 R	2014 R	2013 R	2012 R	2011 R
Defined benefit obligation	646,465,000	560,245,000	455,879,000	344,806,000	442,310,000
Experience adjustments on plan liabilities	(6,659,000)	(16,647,000)	(33,624,000)	(8,418,000)	25,607,000

27. FRESHCO liability

Non-current liability	193,357,936	181,443,631

The entity has entered into an agreement with the Free State Social Housing Company (FRESHCO), a section 21 company, to implement and pursue a programme of Social Housing suitable for low to medium income households. The agreement commenced on 1 February 2010 and shall be terminated on 31 January 2033 unless both parties agree to extend the agreement period. The entity charges FRESHCO a nominal rental amount on a monthly basis which escalates by 10% annually. The rental amount is included in note 36 – Rental of facilities and equipment.

In terms of the agreement, FRESHCO will refurbish and maintain 351 existing municipal flats and build 592 additional flats in the suburb called Brandwag. This will remain the property of the entity. The entity will provide municipal infrastructure where these are not currently in existence. FRESHCO will utilise a portion of the rental income earned from renting out these properties to maintain and refurbish these flats.

The amount is recognised as revenue over the period of the agreement upon completion of the assets.

28. Land availability liability

Non-current liability	31,575,456	-

The entity has entered into an agreement with a developer to implement and pursue a programme of land development which will provide infrastructure and housing suitable for low to medium income households. The agreement commenced on 10 July 2014 and shall be terminated on 31 October 2032, unless both parties agree to extend the agreement period.

In terms of the agreement, the developer will develop 762 erven in Mangaung Extension 34, and 1580 erven in Mangaung Extension 35. This development will be known as the Hillside Development.

The land shall remain the property of the entity throughout the development. Upon completion of development, the entity shall retain 30% of the single residential erven within the development, and the infrastructure services.

The developer shall be entitled to sell the remaining developed and serviced erven to third parties, and will retain the proceeds of these sales as compensation for the developed assets retained by the entity.

The developer shall contribute to the bulk infrastructure installations within the development and shall provide a contribution for the land, upon sale to the third parties.

The revenue from these sales will be recognised upon transfer to the third party, and the related liability shall be derecognised.

The buildings retained by the entity shall be capitalised throughout the development process.

29. Revaluation reserve

Opening balance	942,625,311	931,086,893
Revaluation during the year	1,452,032,434	24,026,964
Realisation of the revaluation reserve	(12,032,306)	(12,488,546)
	2,382,625,439	942,625,311

There are no restrictions on the distribution of the revaluation surplus.

Comparative information has been restated due to correction of errors. Refer to note 59

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30. Other Non Distributable Reserve		
In accordance with the terms of the NERSA (National Energy Regulator of South Africa) agreement it was agreed that R 60,000,000 is to be held as a non-distributable reserve.		
Closing balance	60,000,000	60,000,000
31. Self insurance reserve		
Opening balance	5,000,000	77,484,513
Insurance claims processed	(264,447)	(274,940)
Contributions received	264,447	274,940
Reassessment of reserve	-	(72,484,513)
	5,000,000	5,000,000
32. COID reserve		
Opening balance	8,934,694	11,457,126
Contributions received	3,132,625	2,992,946
Insurance claims processed	(1,438,699)	(5,515,378)
	10,628,620	8,934,694

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33. Financial instruments disclosure

Categories of financial instruments

2015

Financial assets

	At fair value	At amortised cost	Total
Non-current receivables	32,498	4,954,298	4,986,796
Other receivables from exchange transactions	-	88,371,774	88,371,774
Consumer receivables from exchange transactions	-	643,042,057	643,042,057
Other receivables from non-exchange transactions	-	2,337,243	2,337,243
Consumer receivables from non-exchange transactions	-	377,650,411	377,650,411
Investments	-	313,462,646	313,462,646
Cash and cash equivalents	-	362,036,370	362,036,370
	32,498	1,791,854,799	1,791,887,297

Financial liabilities

	At fair value	At amortised cost	Total
Borrowings	-	592,185,575	592,185,575
Finance lease obligations	-	108,131,172	108,131,172
Operating lease obligations	-	400,509	400,509
Trade and other payables from exchange transactions	-	737,807,025	737,807,025
Payables from non-exchange transactions	-	279,414,560	279,414,560
Consumer deposits	101,668,902	-	101,668,902
	101,668,902	1,717,938,841	1,819,607,743

2014

Financial assets

	At fair value	At amortised cost	Total
Non-current receivables	22,815	3,770,148	3,792,963
Other receivables from exchange transactions	-	65,309,463	65,309,463
Consumer receivables from exchange transactions	-	556,856,959	556,856,959
Other receivables from non-exchange transactions	-	3,515,651	3,515,651
Consumer receivables from non-exchange transactions	-	347,938,313	347,938,313
Investments	-	186,559,010	186,559,010
Cash and cash equivalents	-	452,151,763	452,151,763
	22,815	1,616,101,307	1,616,124,122

Financial liabilities

	At fair value	At amortised cost	Total
Borrowings	-	191,863,467	191,863,467
Finance lease obligations	-	143,515,568	143,515,568
Operating lease obligations	-	383,802	383,802
Trade and other payables from exchange transactions	-	633,406,356	633,406,356
Payables from non-exchange transactions	-	146,443,906	146,443,906
Consumer deposits	78,017,639	-	78,017,639
	78,017,639	1,115,613,099	1,193,630,738

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Figures in Rand	2015	2014
34. Revenue		
Service charges	2,887,093,070	2,793,359,165
Rental of facilities and equipment	28,370,602	21,151,705
Agency services	4,750,908	4,725,488
Licences and permits	170,678	433,435
Other income from exchange transactions	58,413,923	56,346,162
Interest received	237,073,638	178,079,013
Property rates	871,212,408	975,955,420
Government grants and subsidies	1,608,312,777	1,722,782,784
Other income from non-exchange transactions	16,650,573	45,474,760
Fines	79,198,221	77,361,862
	5,791,246,798	5,875,669,794
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	2,887,093,070	2,793,359,165
Rental of facilities and equipment	28,370,602	21,151,705
Agency services	4,750,908	4,725,488
Licences and permits	170,678	433,435
Other income from exchange transactions	58,413,923	56,346,162
Interest received	237,073,638	178,079,013
	3,215,872,819	3,054,094,968
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	871,212,408	975,955,420
Transfer revenue		
Government grants and subsidies	1,608,312,777	1,722,782,784
Other income from non-exchange transactions	16,650,573	45,474,760
Fines	79,198,221	77,361,862
	2,575,373,979	2,821,574,826
35. Service charges		
Sale of electricity	1,797,950,178	1,700,313,227
Sale of water	659,267,292	618,963,466
Sewerage and sanitation charges	292,452,700	302,007,733
Refuse removal	137,422,900	172,074,739
	2,887,093,070	2,793,359,165
36. Rental of facilities and equipment		
Premises		
Premises	1,118,801	1,036,990
Venue hire	1,375,704	1,449,508
	2,494,505	2,486,498
Facilities and equipment		
Rental of facilities	24,950,902	17,633,245
Rental of equipment	568,642	555,828
Other	356,553	476,134
	25,876,097	18,665,207
	28,370,602	21,151,705

No contingent rent was due for the period.

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Figures in Rand	2015	2014
37. Other income from exchange transactions		
Analysis of industrial effluent	2,033,507	2,335,401
Building plan fees	3,557,783	3,902,727
Clearance certificates	2,371,089	1,814,478
Commission - Fresh Produce Market	17,371,615	17,895,461
Connection and reconnection of water	4,913,946	2,665,287
Insurance collection	2,559,498	1,813,161
Entrance fees	1,303,237	1,209,929
Grave plots	2,789,833	1,955,162
Parking fees	1,352,821	1,192,394
Sale of erven	5,441,315	1,418,206
Sale of redundant material	3,507	3,147,045
Sale of tender documents	2,979,225	1,149,302
Training	4,037,980	5,580,076
Unclaimed deposits and stale cheques	787,077	868,780
Sundry income	6,911,490	9,398,753
	58,413,923	56,346,162
38. Interest received		
Interest charged on long term receivables	1,414,698	1,387,443
Cash and cash equivalents	22,546,158	25,543,425
Interest charged on trade and other receivables	179,213,637	130,553,027
Interest on investments	33,899,145	20,595,118
	237,073,638	178,079,013

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39. Property rates

Rates levied

Residential and business/commercial	628,683,534	729,908,475
Government	242,528,874	246,046,945
	871,212,408	975,955,420

Valuations

Residential	78,057,664,404	69,752,244,308
Business/Commercial	21,226,868,426	20,935,681,736
Government	10,116,646,160	10,845,727,160
Municipal	4,760,661,886	4,369,644,135
	114,161,840,876	105,903,297,339

Valuations on land and buildings are performed every 4 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.

The first R 70,000 of the rateable value of residential property are exempted from taxes, including properties which are zoned for the purpose of town houses and flats, as well as smallholding's and farms used solely for residential and agricultural purposes.

In respect of qualifying senior citizens and disabled persons, the first R 250,000 of the rateable value of their residential properties is exempted from rates subject to the property value not exceeding R 2,000,000.

2015:

From 1 July 2014 the basic rates were adjusted as follows:

- R0.005784 on the value of rateable farm property
- R0.005784 on the value of rateable residential property
- R0.025005 on the value of rateable government property
- R0.025005 on the value of rateable business/commercial property

2014:

From 1 July 2013 the basic rates were adjusted as follows:

- R0.005457 on the value of rateable farm property
- R0.005457 on the value of rateable residential property
- R0.024836 on the value of rateable government property
- R0.024836 on the value of rateable business/commercial property

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40. Government grants and subsidies		
Operating grants		
Equitable share	603,581,000	605,072,000
Provincial grant - Upgrading roads in Batho	-	4,476
Provincial grant - Batho car wash	-	60,000
Provincial grant - Township establishment - Caleb Motshabi	-	135,964
Provincial grant - Stadiums	-	6,419,794
Financial management grant	1,500,000	1,500,000
Municipal accreditation project funding - Housing grant	-	1,386,002
Fuel levy	256,663,000	243,022,000
National sport and recreation grant	500,000	28,500,000
National electrification programme grant	30,200,000	42,000,000
City of Ghent - Youth development grant	1,453,935	490,515
Department of Water Affairs	3,057,723	12,900,000
Electricity demand side management grant	7,490,000	8,000,000
DBSA - Capacity building programme grant	-	234,104
Urban renewal grant	-	280,553
Motho - Contribution environmental health grant	-	466,705
Sports, Arts & Culture - Sport	4,000,000	-
Neighbourhood development grant	5,000,000	-
Lotto grant	4,912,281	-
Integrated City Development Grant	5,596,000	-
	923,953,939	950,472,113
Capital grants		
Provincial grant - Upgrade housing in Batho	-	1,567,100
Expanded Public Works Programme Incentive Grant	2,392,359	7,818,844
DWAF - Water conservation grant	942,277	7,584,395
Public transport infrastructure and systems fund grant	8,866,800	27,056,073
Urban settlement development grant	647,597,018	655,442,669
Sustainable Human Settlement Grant	24,560,384	72,841,590
	684,358,838	772,310,671
	1,608,312,777	1,722,782,784
Equitable Share		
Current year receipts	603,581,000	605,072,000
Conditions met - transferred to revenue	(603,581,000)	(605,072,000)
	-	-
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Provincial grant - Upgrading roads in Batho		
Balance unspent at beginning of year	76,740	81,216
Conditions met - transferred to revenue	-	(4,476)
	76,740	76,740
Conditions still to be met - remain liabilities (see note 20).		
The purpose of the grant is to assist the entity with the upgrading of housing in the Batho area.		
Provincial grant - Batho Car Wash		
Balance unspent at beginning of year	-	60,000
Conditions met - transferred to revenue	-	(60,000)
	-	-
The purpose of this grant is to assist the entity with the implementation of the operation Hlasela project, a car wash in the Batho area.		

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40. Government grants and subsidies (continued)

Provincial grant - Township establishment - Caleb Motshabi

Balance unspent at beginning of year	-	135,964
Conditions met - transferred to revenue	-	(135,964)
	-	-

The purpose of the grant is to assist the entity with the establishing of the township establishment Caleb Motshabi.

Provincial grant - Stadiums

Balance unspent at beginning of year	219,006	6,638,800
Conditions met - transferred to revenue	-	(6,419,794)
	219,006	219,006

Conditions still to be met - remain liabilities (see note 20).

The grant is allocated to the entity for the development and improvement of the sport stadium for the 2010 World Cup.

Financial management grant

Current-year receipts	1,500,000	1,500,000
Conditions met - transferred to revenue	(1,500,000)	(1,500,000)
	-	-

The purpose of the grant is to promote and support reforms to financial management and the implementation of the MFMA.

Municipal accreditation project funding - Housing grant

Balance unspent at beginning of year	3,628,261	14,263
Current-year receipts	-	5,000,000
Conditions met - transferred to revenue	-	(1,386,002)
	3,628,261	3,628,261

Conditions still to be met - remain liabilities (see note 20).

The grant is allocated to the entity to finance and support the entity accreditation project as well as capacity development.

Fuel levy

Current-year receipts	256,663,000	243,022,000
Conditions met - transferred to revenue	(256,663,000)	(243,022,000)
	-	-

The fuel levy is allocated to the entity from the General Fuel Levy Revenue Fund.

National sport and recreation grant

Current-year receipts	500,000	28,500,000
Conditions met - transferred to revenue	(500,000)	(28,500,000)
	-	-

The grant is used to assist host cities with the operational responsibilities associated with the hosting of sports events.

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40. Government grants and subsidies (continued)

National electrification programme grant

Current-year receipts	30,200,000	42,000,000
Conditions met - transferred to revenue	(30,200,000)	(42,000,000)
	-	-

The grant is used to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and the rehabilitation of electrification infrastructure. The grant was transferred to Centlec (SOC) Limited.

City of Ghent - Youth development grant

Balance unspent at beginning of year	1,453,936	1,640,461
Current-year receipts	550,146	303,990
Conditions met - transferred to revenue	(1,453,936)	(490,515)
	550,146	1,453,936

Conditions still to be met - remain liabilities (see note 20).

The grant is given by the City of Ghent for youth development.

Department of Water Affairs

Balance unspent at beginning of year	-	6,000,000
Current-year receipts	3,057,723	6,900,000
Conditions met - transferred to revenue	(3,057,723)	(12,900,000)
	-	-

The purpose of the grant is to subsidise and build capacity in water schemes on behalf of Department of Water and Environmental Affairs and transfer these schemes to local government.

Electricity demand side management grant

Current-year receipts	7,490,000	8,000,000
Conditions met - transferred to revenue	(7,490,000)	(8,000,000)
	-	-

The grant is allocated to municipalities to implement Energy Efficiency and Demand Side Management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

DBSA - Capacity building programme grant

Balance unspent at beginning of year	-	234,104
Conditions met - transferred to revenue	-	(234,104)
	-	-

The grant was allocated to the entity to assist with capacity building.

Urban renewal grant

Balance unspent at beginning of year	-	280,553
Conditions met - transferred to revenue	-	(280,553)
	-	-

The grant was allocated for the development of erven.

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Figures in Rand	2015	2014
40. Government grants and subsidies (continued)		
Motheo - Contribution environmental health grant		
Balance unspent at beginning of year	9,346,371	9,813,076
Conditions met - transferred to revenue	-	(466,705)
	9,346,371	9,346,371
Conditions still to be met - remain liabilities (see note 20).		
The purpose of the grant is to assist municipalities with the rendering of environmental health services.		
Sports, Arts & Culture - Admin libraries		
Current-year receipts	2,000,000	-
Conditions still to be met - remain liabilities (see note 20).		
The purpose of the grant is to fund the administration of public libraries within the Mangaung Metropolitan Municipality area.		
Sports, Arts & Culture - Sport		
Current-year receipts	4,000,000	-
Conditions met - transferred to revenue	(4,000,000)	-
	-	-
The purpose of the grant was to assist the City in hosting the Mangaung International Beach Volleyball Tournament in December 2014.		
Neighbourhood development grant		
Current-year receipts	5,000,000	-
Conditions met - transferred to revenue	(5,000,000)	-
	-	-
This grant is to be used for the development of urban network plans, to improve the quality of life and access of residents in under-served neighbourhoods.		
Provincial grant - Upgrading housing in Batho		
Balance unspent at beginning of year	182,175	1,749,275
Conditions met - transferred to revenue	-	(1,567,100)
	182,175	182,175
Conditions still to be met - remain liabilities (see note 20).		
The purpose of the grant is to assist the entity with the upgrading of housing in the Batho area.		
Expanded Public Works Programme Incentive Grant		
Balance unspent at beginning of year	138,463	4,061,307
Current-year receipts	2,431,000	3,896,000
Conditions met - transferred to revenue	(2,392,359)	(7,818,844)
Surrendered to National Treasury	(138,463)	-
	38,641	138,463
Conditions still to be met - remain liabilities (see note 20).		
The purpose of the grant is to expand work creation efforts through the use of labour incentives delivery methods in identified focus areas, in compliance with Expanded Public Works Programme (EPWP) guidelines.		

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40. Government grants and subsidies (continued)

DWAF - Water conservation grant

Balance unspent at beginning of year	-	455,016
Current-year receipts	942,277	7,129,379
Conditions met - transferred to revenue	(942,277)	(7,584,395)
	-	-

The purpose of the grant is to develop regional bulk infrastructure for water supply to supplement water treatment work and resource development.

Public Transport Infrastructure and systems fund grant

Balance unspent at beginning of year	597,471	23,661,544
Current-year receipts	30,000,000	20,000,000
Conditions met - transferred to revenue	(8,866,800)	(27,056,073)
Surrender to National Treasury	(597,471)	(16,008,000)
	21,133,200	597,471

Conditions still to be met - remain liabilities (see note 20).

The grant is allocated to the entity to improve public transport infrastructure and systems, in accordance with agreed project plans.

Urban Settlement Development Grant

Balance unspent at beginning of year	70,726,573	129,450,242
Current-year receipts	654,406,000	596,719,000
Conditions met - transferred to revenue	(647,597,018)	(655,442,669)
	77,535,555	70,726,573

Conditions still to be met - remain liabilities (see note 20).

The grant was allocated to the entity for People's Housing Process (PHP) housing infrastructure projects in Thaba Nchu.

Sustainable Human Settlement Grant

Balance unspent at beginning of year	27,158,410	-
Current-year receipts	-	100,000,000
Conditions met - transferred to revenue	(24,560,384)	(72,841,590)
	2,598,026	27,158,410

Conditions still to be met - remain liabilities (see note 20).

The grant is used to supplement the capital revenues of metropolitan municipalities in order to support the national human settlements development programme, focusing on poor households.

Integrated City Development Grant

Current-year receipts	5,596,000	-
Conditions met - transferred to revenue	(5,596,000)	-
	-	-

The purpose of the grant is to provide a financial incentive for metropolitan municipalities to integrate and focus their use of available infrastructure investment and regulatory instruments to achieve a more compact urban spatial form.

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40. Government grants and subsidies (continued)

Provincial grant - Grassland area

Balance unspent at beginning of year	4,500,000	4,500,000

Conditions still to be met - remain liabilities (see note 20).

The purpose of the grant is to assist the entity with housing infrastructure projects for the Grassland area.

Provincial grant - Hlasela project - Iphahamilseng centre

Balance unspent at beginning of year	3,703	3,703

Conditions still to be met - remain liabilities (see note 20).

The purpose of this grant is to assist the entity with the implementation of the project, for swings, computer internet services and adopting the Iphahamilseng centre for vulnerable children.

Provincial grant - Planning and surveying

Balance unspent at beginning of year	493,144	493,144

Conditions still to be met - remain liabilities (see note 20).

The purpose of the grant is to assist municipalities with the compilation of a town planning scheme to manage land development.

Local government and housing grant - Infrastructure Grassland area

Balance unspent at beginning of year	3,965,043	3,965,043

Conditions still to be met - remain liabilities (see note 20).

The grant is allocated for housing infrastructure projects for the Grassland area.

Lotto funds

Current-year receipts	4,912,281	-
Conditions met - transferred to revenue	(4,912,281)	-
	-	-

This grant is to be used for the activation of an Arts and Culture programme at the Civic Theatre.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2015), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

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41. Other income from non-exchange transactions

Donations	15,088,138	45,474,760
Penalties	1,562,435	-
	16,650,573	45,474,760

Donations 2014:

The National Heritage Council of South Africa donated R 1,000,000 to the entity as a contribution towards the hosting of the Golden Shield Heritage Awards in the city on 20 September 2013.

Nine (9) land parcels in the Thaba Nchu region, to the value of R 6,080,000 were received as a donation from the Department of Rural Development and Land Reform. These properties have been included in Property, Plant and Equipment as disclosed in note 13 to the annual financial statements.

Land with a value of R 4,400,400 were received by the entity as a donation. These properties have been included in Property, Plant and Equipment as disclosed in note 13 to the annual financial statements.

42. Employee related costs

Salaries and wages	774,464,588	702,661,776
Contribution to pensions funds	117,056,185	106,218,273
Contributions to medical aid	61,911,548	53,372,170
Contributions to UIF	6,398,973	5,997,538
Defined benefit plans - Current service costs	31,018,000	25,733,000
Defined benefit plans - Past service costs	24,045,000	-
Housing benefits and allowances	3,002,268	2,782,047
Overtime payments	130,423,568	106,739,718
Staff leave pay provision	27,489,246	28,580,913
Staff bonuses - 13th Cheques	2,248,717	2,964,672
Travel, car, accommodation, subsistence and other allowances	82,948,275	73,968,060
	1,261,006,368	1,109,018,167

Remuneration of the Accounting Officer

Annual Remuneration	2,088,238	2,022,633
Car and other allowances	338,253	278,505
Contributions to UIF, Medical and Pension Funds	68,798	55,878
	2,495,289	2,357,016

Remuneration of Chief Finance Officer

Annual Remuneration	1,430,020	1,373,022
Car and other allowances	525,655	477,032
Contributions to UIF, Medical and Pension Funds	60,492	53,920
	2,016,167	1,903,974

Remuneration of Executive Director - Human Settlements

Annual Remuneration	1,392,049	1,329,769
Car and other allowances	218,510	207,620
Contributions to UIF, Medical and Pension Funds	361,837	343,338
	1,972,396	1,880,727

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42. Employee related costs (continued)

Remuneration of Executive Director - Corporate Services

Annual Remuneration	-	714,786
Car and other allowances	-	583,471
Contributions to UIF, Medical and Pension Funds	-	140,592
	-	1,438,849

The position was filled for only 8 months during the 2013/14 financial year.

Remuneration of Acting Executive Director - Corporate Services

Annual Remuneration	109,727	235,996
Car and other allowances	28,746	46,400
Contributions to UIF, Medical and Pension Funds	28,840	58,027
	167,313	340,423

The position had an official acting for a period of 4 months during the 2013/14 financial year and 2 months during the 2014/15 financial year as it was vacant.

Remuneration of Executive Director - Corporate Services

Annual Remuneration	1,022,951	-
Car and other allowances	321,531	-
Contributions to UIF, Medical and Pension Funds	62,738	-
	1,407,220	-

The position was filled for only 10 months during the 2014/15 financial year.

Remuneration of Executive Director - Social Services

Annual Remuneration	1,357,537	1,311,135
Car and other allowances	304,383	251,373
Contributions to UIF, Medical and Pension Funds	289,323	277,989
	1,951,243	1,840,497

Remuneration of Executive Director - Engineering

Annual Remuneration	1,424,128	1,365,242
Car Allowance	494,577	447,633
Contributions to UIF, Medical and Pension Funds	38,765	35,952
	1,957,470	1,848,827

Remuneration of Executive Director - Economic Development and Planning

Annual Remuneration	1,127,900	1,616,538
Car and other allowances	216,000	267,632
Contributions to UIF, Medical and Pension Funds	14,980	20,223
	1,358,880	1,904,393

The position was filled for only 10 months during the 2014/15 financial year.

Remuneration of Executive Director - Strategic Support & Service Delivery

Annual Remuneration	1,556,297	1,509,187
Car and other allowance	334,805	206,515
Contributions to UIF, Medical and Pension Funds	61,962	72,856
	1,953,064	1,788,558

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43. Remuneration of councillors		
Councillors allowance	32,313,866	30,051,185
Cell phone allowance	2,434,213	2,753,078
Housing allowance	142,492	142,492
Medical aid contributions	478,408	423,319
Councillors pension contributions	3,187,129	3,165,613
Travel allowance	11,038,175	10,571,044
	49,594,283	47,106,731
In-kind benefits		
The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time employees of the entity and each is provided with an office and secretarial support at the cost of the Council.		
The Mayor and the Deputy Mayor each have the use of Council owned vehicles for official duties.		
Executive Mayor		
Councillor allowance	757,114	719,475
Cellphone allowance	45,420	49,020
Medical aid contributions	17,280	17,280
Pension fund contribution	108,836	104,416
Travel allowance	294,410	280,390
	1,223,060	1,170,581
Deputy Executive Mayor		
Councillor allowance	609,195	572,574
Cellphone allowance	45,420	49,020
Medical aid contributions	17,280	17,280
Pension fund contribution	86,837	83,082
Travel allowance	237,771	224,312
	996,503	946,268
Speaker		
Councillor allowance	858,172	617,411
Cellphone allowance	45,420	49,020
Housing allowance	38,246	38,246
Medical aid contributions	17,280	17,280
Travel allowance	37,385	224,312
	996,503	946,269
Chief Whip		
Councillor allowance	585,207	550,875
Cellphone allowance	24,468	28,068
Pension fund contribution	83,523	80,003
Travel allowance	222,910	210,293
	916,108	869,239
Mayoral committee members		
Councillor allowance	4,891,346	4,769,556
Cellphone allowance	214,095	250,743
Housing allowance	80,246	80,246
Medical aid contributions	119,520	109,384
Pension fund contribution	643,816	617,540
Travel allowance	1,940,999	1,892,633
	7,890,022	7,720,102

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Figures in Rand	2015	2014
43. Remuneration of councillors (continued)		
Councillors		
Councillor allowance	24,612,831	22,821,295
Cellphone allowance	2,059,390	2,327,207
Housing allowance	24,000	24,000
Medical aid contributions	307,048	262,095
Pension fund contribution	2,264,118	2,280,571
Travel allowance	8,304,700	7,739,103
	37,572,087	35,454,271
44. Depreciation and amortisation		
Property, plant and equipment	609,678,202	467,136,501
Intangible assets	9,300,147	7,932,937
	618,978,349	475,069,438
45. Impairment of assets		
Impairments and reversal of impairments		
Property, plant and equipment	8,177,088	(330,921)
The recoverable amount of the asset was assessed at the end of the 2014/15 financial year and it was found to be less than the carrying amount of the asset and an impairment loss was raised. During the 2013/14 financial year it was assessed that the conditions leading to the original impairment loss no longer exist and the impairment loss was reversed.		
Inventories	139,813	40,067
An assessment of the net realisable value against cost was performed and inventory was written down.		
	8,316,901	(290,854)
46. Finance costs		
Defined benefit obligation	53,215,000	40,993,000
Finance leases	12,176,532	7,734,083
Non-current borrowings	31,668,069	21,637,284
Trade and other payables	4,368	14,622
	97,063,969	70,378,989
47. Debt impairment		
Consumer and other receivables impaired and written off	636,516,081	593,106,050
48. Bulk purchases		
Electricity	1,183,803,965	1,104,234,872
Water	430,764,023	382,809,314
	1,614,567,988	1,487,044,186

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49. Contracted services		
Audit fees	22,358,971	22,690,954
Consultant fees	51,301,723	31,235,404
Debt collection fees	42,243,986	19,640,754
Integrated call centre	9,620,061	10,223,123
IPTN Planning	-	26,189,538
Meter reading services	31,737,748	36,427,594
Meter replacement	8,318,616	18,371,567
Security services	35,320,601	29,790,863
Other Contractors	76,011,868	47,397,543
Internal audit fees	4,845,150	3,717,812
	281,758,724	245,685,152
50. Grants and subsidies paid		
Bursaries paid to employees	1,353,179	1,186,044
Central Agricultural Society	10,751	10,239
Free Electricity Services	8,432,753	9,580,765
Subsidised municipal services	172,409,402	164,027,429
Miscellaneous grants	447,762	161,859
SPCA	434,931	414,220
	183,088,778	175,380,556

Bursaries paid to employees

Bursaries are paid to employees in accordance with the approved study scheme.

Central Agricultural Society

The payments to the society is for the maintenance of Council's property at the show grounds which are used in accordance with an agreement with the society.

Free electricity services

The free electricity provided by Centlec (SOC) Limited and Eskom is recoverable from the equitable share grant.

Subsidised Municipal Services

The municipal services provided to indigents and other qualifying individuals is recoverable from the equitable share grant.

Miscellaneous grants

These grants are allocated mainly for ad hoc grants and the free use of Council facilities, as approved during the year.

SPCA - Society for the Prevention of Cruelty to Animals

The subsidy is paid annually to the society to assist them in performing their tasks.

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Figures in Rand	2015	2014
51. General expenses		
Advertising	10,546,222	8,067,604
Animal Costs	3,299,684	1,572,711
Bank charges & commission	7,889,762	9,368,040
CHAN 2014 Expenses	-	31,442,284
Chemicals	4,359,287	4,227,104
Cleaning	1,879,242	4,794,088
Commission paid	68,656,820	61,697,635
Community development and training	1,835,151	984,470
Computer expenses	240,545	414,860
Conferences and seminars	10,176,245	10,249,637
Consumables	10,601,665	7,335,685
Credit control fees	7,602,107	871,903
Discount allowed	2,583,966	-
Electricity	2,004,386	1,512,558
Financial management grant projects	2,940,022	3,518,797
Fuel and oil	35,445,724	30,918,963
Hire	4,321,846	10,929,277
ICT Strategy system integration	3,462,158	-
Indigent burials	1,894,383	987,270
Insurance	32,019,076	32,819,460
Lease rentals on operating lease	3,188,917	3,564,194
Legal expenses	34,691,291	26,292,809
Marketing	20,747,374	17,038,911
Metro transitional arrangements	-	310,264
Motor vehicle expenses	14,274,974	17,217,978
Penalties and interest	89,398	465,902
Postage and courier	5,318,004	5,828,692
Printing and stationery	12,342,041	9,784,510
Protective clothing	641,688	786,293
Reconnection test and removal - meters	7,166,977	(467,871)
Refreshments	1,189,053	1,084,549
Refuse	36,982,826	26,736,867
Rehabilitation of landfill sites and quarries	22,699,082	(16,034,775)
Royalties and license fees	11,758,382	12,444,118
Sewerage and waste disposal	641,082	700,153
Skills development levy	10,595,101	9,348,075
Software expenses	409,455	340,209
Special projects	14,946,924	26,955,084
Staff welfare	1,598,462	624,368
Subscriptions and membership fees	11,147,277	10,758,709
Telephone and fax	14,627,584	14,758,350
Title deed search fees	14,651,077	11,914,858
Tools, plant and equipment	5,959,919	6,827,667
Tourism development	2,805,933	2,408,665
Training	30,193,128	9,919,287
Travel - local	1,551,099	1,938,341
Uniforms	5,135,467	3,638,218
Vacuum services	102,066	612,009
Utilities - Water & Electricity	850,514	1,239,460
Water research	3,070,234	3,132,558
Sundry expenses	35,981,960	28,226,603
	537,115,580	460,107,401
52. Fair value adjustments		
Investment property (Fair value model)	9,683	8,453,463

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Figures in Rand	2015	2014
53. Cash generated from operations		
Surplus	118,264,291	858,317,679
Adjustments for:		
Depreciation and amortisation	618,978,349	475,069,438
(Loss)/gain on sale of assets and liabilities	17,829,844	(6,295,498)
Fair value adjustments	(9,683)	(8,453,463)
Finance costs	43,844,601	29,371,367
Interest income	(35,313,843)	(21,982,561)
Impairment loss (reversal)	8,177,088	(330,922)
Movements in retirement benefit assets and liabilities	86,220,000	104,366,000
Movements in provisions	(3,664,090)	(14,961,401)
Land donation received	-	(11,357,593)
Operating leases	16,707	180,553
Unwinding of Freshco Liability	(7,524,321)	(3,596,386)
Changes in working capital:		
Inventories	(29,011,149)	(57,129,485)
Other receivables from exchange transactions	(23,061,657)	16,538,677
Consumer receivables from exchange transactions	(29,712,098)	(233,906,078)
Consumer receivables from non-exchange transactions	(86,185,098)	(12,305,703)
Other receivables from non-exchange transactions	1,178,408	(3,515,651)
Payables from exchange transactions	126,226,708	42,361,277
VAT	(72,421,427)	(38,546,491)
Payables from non-exchange transactions	132,970,654	(18,861,910)
Unspent conditional grants and receipts	3,780,715	(70,748,415)
	870,583,999	1,024,213,434

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54. Commitments

Commitments in respect of capital expenditure

Approved and contracted for

• Infrastructure assets	342,623,876	277,239,674
• Other asset classes	50,349,680	82,305,477
	392,973,556	359,545,151

The capital expenditure will be financed from:

Unspent conditional grants and receipts	126,270,011	122,489,296
Non-current borrowings	266,703,545	191,863,467
Own resources	-	45,192,388
	392,973,556	359,545,151

The commitment register was reconstructed during the year resulting in the following changes to the comparative figures:

Commitments in respect of capital expenditure
Approved and contracted for
Infrastructure assets decreased by R 98,433,9921
Other asset classes decreased by R 12,454,704

Capital expenditure financed from
Own resources decreased by R 110,888,697

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	4,349,291	3,579,996
- in second to fifth year inclusive	2,250,278	4,945,938
	6,599,569	8,525,934

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of three to five years and rentals are fixed for an average of three years. The lease agreements have escalations of 8% to 10% per year. There are no renewal and/or purchase options. No contingent rent is payable.

The comparative figures have been restated as follows:

Minimum lease payments due
- within one year has decreased by R163,613
- in second to fifth year inclusive as increased by R170,383

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	5,633,273	5,313,103
- in second to fifth year inclusive	19,297,005	20,704,231
- later than five years	33,652,079	37,878,126
	58,582,357	63,895,460

The entity leases various fixed properties under non-cancelable operating leases to various institutions. The lease agreements have escalations between 8 and 12% per year with the agreements varying between 2 to 50 years. Rental income, for these agreements, to the value of R 24,950,902 (2014: R 17,929,384) has been recognised in the Statement of Financial Performance during the year. Renewal options have been taken into account during the calculation of the deferred lease. There are no purchase options. There was no contingent rent during the year.

The lease register was reconstructed resulting in the following changes to the comparative figures:

Minimum lease payments due
- within one year increasing by R722,544
- in second to fifth year inclusive increasing by R8,535,637
- later than five years decreasing with R16,545,416

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55. Contingencies		
Guarantees:		
The entity has provided housing guarantees for bonds of municipal officials. The certainty and the timing of the outflow of these guarantees are uncertain. The amounts disclosed below are the possible outflow amounts.		
Housing guarantees	3,686,859	3,857,056
Contingent liabilities		
The entity is being sued for some of the following pending claims. All the claims are being contested based on legal advice. The certainty and the timing of the outflow of these liabilities are uncertain. The amounts disclosed below are possible outflow amounts:		
Probable legal costs to be incurred for various matters handled by various attorneys	27,578,703	28,549,767
Labour cases and employee related matters	7,523,441	6,250,000
Claims by individuals due to property damages in various incidents	2,024,930	1,966,307
Claims by individuals due to various incidents	5,026,744	-
Claims from suppliers due to contractual disputes	43,133,786	41,630,753
Litigations of Centlec (SOC) Ltd vs M Coetzee - Litigation against Centlec (SOC) Ltd to prohibit them from disconnecting electricity supply.	200,000	200,000
Litigations of Centlec (SOC) Ltd vs MNK Accountants - Litigation against Centlec (SOC) Ltd relating to service agreement termination and non payment by Centlec (SOC) Ltd due to non performance.	50,000,000	50,000,000
Litigations of Centlec (SOC) Ltd vs Ramakarane - Litigation against Centlec (SOC) Ltd for breach of employment contract.	3,000,000	3,000,000
Investigations of garnishes on employee payslips.	-	200,000
Litigations of Centlec (SOC) Ltd vs Pogieter - Litigation against Centlec (SOC) Ltd relating to labour disputes.	1,000,000	250,000
Litigations of Centlec (SOC) Ltd vs Easy Pay - Litigation against Centlec (SOC) Ltd relating to extension of Easy Pay contract.	400,000	400,000
Litigations of Centlec (SOC) Ltd vs Vuyani Security Services.	-	750,000
Litigations of Centlec (SOC) Ltd vs Tlelai N.O. & Power Trust 66 (Lengau Hotel) - Litigation against Centlec (SOC) Ltd to prohibit them from disconnecting electricity supply.	62,000	200,000
Litigations of Centlec (SOC) Ltd vs D.M. Letseli relating to re-instatement from suspension.	-	479,682
Litigations of Centlec (SOC) Ltd vs M.P. Seboka relating to disciplinary hearings.	-	909,728
Litigations of Centlec (SOC) Ltd vs Chabas CL & SD - Litigation against Centlec (SOC) Ltd relating to Discovery.	2,747	-
Litigations of Centlec (SOC) Ltd vs Polixeni Aresti & 1 other - Litigation against Centlec (SOC) Ltd relating to taxation.	74,981	-
	140,027,332	134,786,237

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56. Related parties

Related party transactions

Operating expense transactions with related parties of the municipal entity

Jager Technologies CC / Exilasolve Pty Ltd trading as Aqua-Elec Utility Solution - Meter reading & -audit services	26,970,434	17,239,405
Sentech SOC Ltd	2,315,668	917,002

Key management information

No transactions took place between the entity and key management personnel or their close family members during the reporting period.

Details relating to remuneration are disclosed in note 42 for key management and note 43 for Councillors. Furthermore, details relating to the emoluments of directors of Centlec (SOC) Ltd are disclosed in note 57.

Compensation to directors and other key management of Centlec (SOC) Ltd

Annual remuneration	6,201,338	7,999,639
Travel, motor car, accommodation, subsistence and other allowances	557,938	955,941
Contributions to UIF, Medical and Pension Funds	328,709	367,875
Acting allowance	155,331	531,852
Directors fee	1,331,395	1,248,024
	8,574,711	11,103,331

57. Directors' Emoluments

2015

	Directors' fees	Company contribution - UIF	Company contribution - SDL	Total
Mr. ML Mbali (Chairperson)	361,992	1,785	3,620	367,397
Ms. FP Zitha (Deputy Chairperson)	241,332	1,785	2,413	245,530
Mr. N Mokhesi	143,376	1,279	1,434	146,089
Mr. TJ Mongake	143,376	1,279	1,434	146,089
Mr. KM Moroka	92,820	774	928	94,522
Mrs. ZC Uwah	57,903	518	579	59,000
Mr. SG Xulu	143,376	1,279	1,434	146,089
Mr. SM Zimu	143,376	1,279	1,434	146,089
Prof. L de Jager	3,844	38	38	3,920
	1,331,395	10,016	13,314	1,354,725

2014

	Directors' fees	Company contribution - UIF	Company contributions - SDL	Company contribution - SALGBC Fee	Total
Mr. ML Mbali (Chairperson)	312,012	1,785	3,120	51	316,968
Ms. FP Zitha (Deputy Chairperson)	208,008	1,785	2,080	51	211,924
Mr. N Mokhesi	121,334	1,213	1,213	51	123,811
Mr. TJ Mongake	121,334	1,213	1,213	51	123,811
Mr. KM Moroka	121,334	1,213	1,213	51	123,811
Mr. SG Xulu	121,334	1,213	1,213	51	123,811
Mr. SM Zimu	121,334	1,213	1,213	51	123,811
Prof. L de Jager	121,334	1,213	1,213	51	123,811
	1,248,024	10,848	12,478	408	1,271,758

58. Change in estimate

Property, plant and equipment

In the current reporting period as part of the preparation of the Annual Financial Statement the municipality reviewed the useful lives and conditions of its assets. This resulted in the adjustment of the remaining useful lives of various assets. The effect of the revision is an increase in depreciation for the current year amounting to R 110,214,547. It is impracticable to estimate the effect on future periods as the remaining useful lives is reviewed at each reporting date.

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59. Prior period errors

During the current year errors were identified which were corrected in terms of GRAP 3, Accounting policies, changes in accounting estimates and errors.

The correction of the errors resulted in adjustments as follows:

1. Prior period error - Input VAT denied

During the current year SARS denied input VAT relating to the prior financial year. The effect of the restatement is as follows:

Statement of financial position		
Increase in VAT payable	-	(395,673)
Statement of financial performance		
Increase in General expenditure - Sundry expenses	-	395,673
	-	-

2. Prior period error - Deferred lease disclosure

During the prior year the deferred lease payable were incorrectly disclosed as Other receivables from exchange transactions. The effect of the restatement is as follows:

Statement of financial position		
Increase in Other receivables from exchange transactions - Deferred lease	-	109,552
Increase in Payables from exchange transactions - Deferred lease expenditure	-	(109,552)
	-	-

3. Prior period error - VAT apportionment

In the current year the refund was received for the apportionment of 2013/14 VAT. The effect of the restatement is as follows:

Statement of financial position		
Increase in VAT payable	-	(279,446)
Statement of financial performance		
Increase in General expenditure	-	279,446
	-	-

4. Prior period error - Unallocated receipt written off

In prior years, long outstanding unallocated receipts were written off. During the current year, a consumer presented evidence to allocate one of these receipts to the consumer account. This receipt was then allocated to the consumer during the current year. The effect of the restatement is as follows:

Statement of financial position		
Increase in Payables from exchange transactions	-	(213,363)
Decrease in Accumulated surplus	-	213,363
	-	-

5. Prior period error - Creditor balances corrected

During the current year, long overdue creditors were written off. The effect of the restatement is as follows:

Statement of financial position		
Decrease in Payables from exchange transactions	-	857,511
Decrease in Payables from non-exchange transactions	-	249,129
Decrease in Other receivables from exchange transactions	-	(10,422)
Increase in Accumulated Suplus	-	(1,096,218)
	-	-

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59. Prior period errors (continued)

6. Prior period error - FRESHCO transactions

During the year, additional information relating to the FRESHCO transaction was available and corrections were made. The effect of the restatement is as follows:

Statement of financial position		
Decrease in FRESHCO liability	-	1,529,655
Increase in accumulated depreciation	-	(258,003)
Increase in accumulated surplus	-	(14,981)
Decrease in property, plant and equipment	-	(11,509,530)
Increase in property, plant and equipment - work in progress	-	10,595,858
Statement of financial performance		
Increase in rental income	-	(735,822)
Increase in depreciation	-	392,823
	-	-

7. Prior period error - Correction of deferred lease revenue

During the prior year, an error was made in the calculation of the deferred lease revenue. This amount was adjusted. The effect of the restatement is as follows:

Statement of financial position		
Decrease in payables from exchange transactions	-	567,131
Statement of financial performance		
Decrease in general expenses	-	(567,131)
	-	-

8. Prior period error - Revenue forgone

During the prior year, an error regarding the classification between revenue forgone and grant expenditure was made. The effect of the restatement is as follows:

Statement of financial performance		
Increase in Grants and subsidies paid	-	164,027,429
Increase in Service charges - Refuse removal	-	(50,343,329)
Increase in Service charges - Sale of water	-	(6,699,155)
Increase in Service charges - Sewerage and sanitation charges	-	(100,511,973)
Increase in Property rates	-	(6,472,972)
	-	-

9. Prior period error - Reclassification of investment property

Re-classification of land parcels originally classified as Investment property, to PPE and Inventory. The re-classification was done based on information that became available during the transfer of assets to the Asset Management System and linking individual properties to a Geographical information system. The effect of the restatement is as follows:

Statement of financial position		
Increase in cost of PPE - Land	-	500,272,915
Increase in cost of PPE - Buildings	-	4,281,485
Decrease in Investment property	-	(583,086,000)
Increase in Inventory	-	13,715,966
Increase in Revaluation reserve	-	(148,156,163)
Decrease in Accumulated surplus	-	184,705,367
Increase in Accumulated depreciation	-	(119,622)
Statement of financial performance		
Increase in Depreciation	-	119,622
Decrease in Fair value adjustments	-	32,666,830
Increase in Other income from non-exchange transactions - Donations	-	(4,400,400)
	-	-

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59. Prior period errors (continued)

10. Prior period error - Adjustment to buildings (Supplementary valuation roll 8)

Valuations of 3 Heidedal properties (22064, 9367 and 9492) adjusted downwards as per Supplementary roll 8. The effect of the restatement is as follows:

Statement of financial position		
Decrease in Cost of PPE - Land	-	(945,533)
Increase in Cost of PPE - Buildings	-	23,533
Decrease in Revaluation reserve	-	261,532
Decrease in Accumulated surplus	-	665,348
Increase in Accumulated depreciation	-	(5,230)
Statement of financial performance		
Increase in Depreciation	-	350
	-	-

11. Prior period error - Adjustment to buildings (Supplementary valuation roll 3)

Valuations adjusted as per Supplementary roll 3, applicable to Investment Property not considered. During the reclassification of Investment Properties to PPE, the value to two Grassland plots were adjusted from R57 million to R110 thousand each. The effect of the restatement is as follows:

Statement of financial position		
Decrease in Cost of PPE - Land	-	(113,890,000)
Decrease in Accumulated surplus	-	80,360,030
Decrease in Revaluation reserve	-	33,529,970
	-	-

12. Prior period error - Reclassification of land to inventory

Land was reclassified to inventory as a result of additional information identified. The effect of the restatement is as follows:

Statement of financial position		
Increase in Inventory		24,112
Decrease in Cost of PPE - Land		(150,000)
Decrease in Revaluation reserve		38,583
Decrease in Accumulated surplus		87,305
		-

13. Prior period error - Transfer of work in progress

Community assets completed in the prior year were not transferred from the work in progress account during the prior year. The effect of the restatement is as follows:

Statement of financial position		
Increase in Cost of PPE - Community assets	-	16,712,065
Decrease in Cost of PPE - Buildings	-	(16,712,065)
	-	-

14. Prior period error - Accruals from prior years not reversed

Accruals that were raised in prior financial years were not correctly reversed. The effect of the restatement is as follows:

Statement of financial position		
Decrease in Payables from exchange transactions - Trade payables	-	11,701,538
Increase in accumulated surplus	-	(4,347,162)
Increase in VAT payable	-	(985,494)
Statement of financial performance		
Decrease in general expenditure - Sundry expenses	-	(6,368,882)
	-	-

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59. Prior period errors (continued)

15. Prior period error - Finance leases current and non-current portion

During the current year it was noted that the current and non-current portion of the finance leases were incorrectly disclosed in the prior year. The effect of the restatement is as follows:

Statement of financial position

Decrease in the current portion of finance leases	-	31,374,974
Increase in the non-current portion of finance leases	-	(31,374,974)
	-	-

16. Prior period error - Intangible Assets

Intangible assets that should have been expensed in prior years were incorrectly capitalised. Furthermore the accumulated amortisation on intangible assets were now correctly disclosed. The effect of the restatement is as follows:

Statement of financial position

Decrease in Intangible assets	-	(2,000,000)
Increase in Accumulated amortisation of intangible assets	-	(5,313)
Decrease in Accumulated surplus	-	2,005,313
	-	-

17. Prior period error - Land Availability Agreement

Land relating to the Land Availability Agreement was not allocated to inventory and property, plant and equipment in prior years. The effect of the restatement is as follows:

Statement of financial position

Increase in Inventory	-	4,879,977
Increase in Cost of PPE - Land	-	4,770,740
Increase in Accumulated surplus	-	(9,650,717)
	-	-

18. Prior period error - Sidewalks

Sidewalks from 2014 capitalised from expenditure to work in progress. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Infrastructure WIP	-	17,244,753

Statement of financial performance

Increase in Repairs and maintenance	-	(17,244,753)
	-	-

19. Prior period error - Cemeteries

During the year under review the cemeteries register was reconstructed. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Community Assets	-	18,053,582
Decrease in Cost of PPE - Community Assets - WIP	-	(1,162,516)
Increase in Accumulated depreciation of PPE - Community assets	-	(6,857,788)
Increase in Accumulated surplus	-	(10,940,039)

Statement of financial performance

Increase in Depreciation	-	906,761
	-	-

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59. Prior period errors (continued)

20. Prior period error - Restatement of water meter register

Amendments due to revised asset register. The effect of the restatement is as follows:

Statement of financial position		
Increase in Cost of PPE - Infrastructure	-	40,080,878
Increase in Accumulated depreciation of PPE - Infrastructure	-	(19,580,722)
Increase in Accumulated surplus	-	(24,156,274)
Statement of financial performance		
Increase in Depreciation	-	3,656,118
	-	-

21. Prior period error - Restatement of the intersections register

During the year under review the intersections register was reconstructed. The effect of the restatement is as follows:

Statement of financial position		
Decrease in Cost of PPE - Infrastructure	-	(43,478,161)
Decrease in Accumulated depreciation of PPE - Infrastructure	-	32,774,414
Decrease in Accumulated surplus	-	14,663,318
Statement of financial performance		
Decrease in depreciation	-	(3,959,571)
	-	-

22. Prior period error - VAT Payable correction

During the current year a reconciliation was performed on the VAT Payable (Input VAT and Output VAT) and long outstanding items were written off. The effect of the restatement is as follows:

Statement of financial position		
Increase in VAT Payable	-	(26,835,975)
Decrease in Payables from exchange transactions	-	17,077,791
Decrease in Accumulated surplus	-	9,758,184
	-	-

23. Prior period error - Depreciation on Other PPE not recorded

Depreciation on Other assets were not recorded on the financial system as per the asset registers. The effect of the restatement is as follows:

Statement of financial position		
Increase in Accumulated depreciation of PPE - Other PPE	-	(9,042,535)
Statement of financial performance		
Increase in Depreciation	-	9,042,535
	-	-

24. Prior period error - Swimming pools

During the year, it was identified that projects captured in work in progress should have been capitalised during the prior year. The effect of the restatement is as follows:

Statement of financial position		
Increase in Cost of PPE - Community Assets	-	2,500,829
Decrease in Cost of PPE - Community Assets WIP	-	(733,850)
Increase in Accumulated depreciation of PPE - Community Assets	-	(757,527)
Increase in Accumulated surplus	-	(1,128,629)
Statement of financial performance		
Increase in Depreciation	-	119,177
	-	-

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59. Prior period errors (continued)

25. Prior period error - Sports grounds

During the year, it was identified that projects captured in work in progress should have been capitalised during the prior year. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Community Assets	-	268,205,998
Decrease in Cost of PPE - Community Assets WIP	-	(2,759,415)
Increase Accumulated depreciation of PPE - Community Assets	-	(72,517,893)
Increase in Accumulated surplus	-	(203,375,606)

Statement of financial performance

Increase in Depreciation	-	10,446,916
	-	-

26. Prior period error - Parks

During the year, the asset register was reconstructed. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Community assets	-	62,048,576
Increase in Accumulated depreciation of PPE - Community assets	-	(22,096,960)
Increase in Accumulated surplus	-	(43,107,992)

Statement of financial performance

Increase in Depreciation	-	3,156,376
	-	-

27. Prior period error - Landfill sites

During the year, it was identified that projects captured in work in progress should have been capitalised during the prior year. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Community Assets	-	20,311,931
Decrease in Cost of PPE - Community Assets - WIP	-	(20,311,931)

28. Prior period error - Hawker Stalls

During the year, the asset register was reconstructed. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Community assets	-	7,855,755
Increase in Accumulated depreciation of PPE - Community assets	-	(4,830,824)
Increase in Accumulated surplus	-	(3,715,442)

Statement of financial performance

Increase in Depreciation	-	690,511
	-	-

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59. Prior period errors (continued)

29. Prior period error - CCTV Cameras - Law enforcement Additions

During the current year CCTV cameras used for law enforcement were identified which replaced old cameras, but were not recorded as additions. The effect of the restatement is as follows:

Statement of financial position		
Increase in Cost of PPE - Community Assets	-	16,270,907
Decrease in Cost of PPE - Community Assets - WIP	-	(2,000,000)
Increase in Accumulated depreciation of PPE - Community Assets	-	(8,059,409)
Increase in Accumulated surplus	-	(7,997,538)
Statement of financial performance		
Increase in Depreciation	-	1,786,040
	-	-

30. Prior period error - CCTV Cameras - Law enforcement Disposals

Statement of financial position		
Decrease in Cost of PPE - Community Assets	-	(18,456,436)
Decrease in Accumulated depreciation of PPE - Community Assets	-	7,758,387
Decrease in Accumulated surplus	-	11,806,390
Statement of financial performance		
Decrease in depreciation	-	(1,108,341)
	-	-

31. Prior period error - Fire arms disposal

During the prior year fire arms were disposed of but not recorded in the accounting records. The effect of the restatement is as follows:

Statement of financial position		
Decrease in Cost of PPE - Other PPE	-	(4,533)
Increase in Accumulated depreciation of PPE - Other PPE	-	1,463
Decrease in Accumulated surplus	-	3,070
	-	-

32. Prior period error - Owned fleet disposals

During the prior year fleet were disposed of but not recorded in the accounting records. The effect of the restatement is as follows:

Statement of financial position		
Decrease in Cost of PPE - Other PPE	-	(993,800)
Increase in Accumulated depreciation of PPE - Other PPE	-	90,225
Statement of financial performance		
Decrease in Depreciation	-	(13,225)
Increase in Loss on disposal of assets	-	916,800
	-	-

33. Prior period error - Owned fleet - add back

During the prior year fleet were recorded as disposed of, but were not disposed of. The effect of the restatement is as follows:

Statement of financial position		
Increase in Cost of PPE - Other PPE	-	828,448
Increase in Accumulated depreciation of PPE - Other Assets	-	(517,671)
Increase in Accumulated surplus	-	(415,960)
Statement of financial performance		
Increase in Depreciation	-	105,183
	-	-

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59. Prior period errors (continued)

34. Prior period error - Infrastructure additions

During the current year Delphi sessions were conducted and additional assets were identified and recorded on the asset register. The effect of the restatement is as follows:

Statement of financial position		
Increase in Cost of PPE - Infrastructure assets	-	391,046,265
Increase in Accumulated depreciation of PPE - Infrastructure assets	-	(127,798,779)
Increase in Accumulated surplus	-	(282,531,950)
Statement of financial performance		
Increase in Depreciation	-	19,284,464
	-	-

35. Prior period error - Infrastructure WIP capitalisation

Infrastructure assets constructed and completed in prior years were now unbundled and capitalised. These assets were previously disclosed as work in progress. The effect of the transaction is as follows:

Statement of financial position		
Decrease in Cost of PPE - Infrastructure WIP	-	(401,346,670)
Increase in Cost of PPE - Infrastructure assets	-	356,086,110
Increase Accumulated depreciation of PPE - Infrastructure	-	(10,186,005)
Decrease in Accumulated surplus	-	47,391,433
Statement of financial performance		
Increase in Depreciation	-	8,055,132
	-	-

36. Prior period error - Leave provision

The leave provision calculation performed by management in the past did not account for the sick leave benefit provided by council. The effect of the restatement is as follows:

Statement of financial position		
Increase in Payables from exchange transactions - Accrued leave pay	-	(10,697,428)
Decrease in Accumulated surplus	-	9,810,186
Statement of financial performance		
Increase in Employee related costs - Staff leave pay provision	-	887,242
	-	-

37. Prior period error - Leased fleet disposal

During the prior year vehicles were disposed of but not recorded in the accounting records of the entity. The effect of the restatement is as follows:

Statement of financial position		
Decrease in Cost of PPE - Other PPE	-	(1,621,232)
Increase in Accumulated depreciation of PPE - PPE	-	44,121
Statement of financial performance		
Increase in Loss on disposal of assets	-	1,621,232
Decrease in Depreciation	-	(44,121)
	-	-

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59. Prior period errors (continued)		
38. Prior period error - Movables disposed of in the prior year		
During the prior year movable assets were incorrectly recorded as disposals. The effect of the restatement is as follows:		
Statement of financial position		
Increase in Cost of PPE - Other Assets	-	1,075,493
Increase in Accumulated depreciation of PPE - Other Assets	-	(404,359)
Statement of financial performance		
Increase in Depreciation	-	62,892
Decrease in Loss on disposal of assets	-	(734,026)
	-	-
39. Prior period error - Expenditure incorrectly capitalised		
During the prior year general expenditure which does not meet the definition of assets were incorrectly capitalised to Other assets. The effect of the restatement is as follows:		
Statement of financial position		
Decrease in Cost of PPE - Other PPE	-	(5,474,705)
Statement of financial performance		
Increase in General Expenses	-	5,474,705
	-	-
40. Prior period error - Other Assets opening balances		
During the prior year the Other Asset asset registers did not agree to the opening balances of Other assets. The effect of the correction is as follows:		
Statement of financial position		
Increase in the Cost of PPE - Other PPE	-	4,690
Increase in Accumulated depreciation of PPE - Other PPE	-	(1,000,180)
Decrease in Accumulated surplus	-	995,490
	-	-
41. Prior period error - Disposal not completed		
During the year it was identified that other assets were incorrectly derecognised. The effect of the restatement is as follows:		
Statement of financial position		
Increase in the Cost of PPE - Other Assets	-	563,112
Increase in Accumulated depreciation of PPE - Other Assets	-	(195,715)
Statement of financial performance		
Increase in Depreciation	-	11,853
Decrease in loss on sale of assets	-	(379,250)
	-	-
42. Prior period error - Debtors with credit balances not cleared		
Debtors with credit balances which have no supporting documentation were reversed. The effect of the restatement is as follows:		
Statement of financial position		
Decrease in Payables from non-exchange transactions - Payments received in advance	-	1,469,076
Increase in Accumulated surplus	-	(1,469,076)
	-	-

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59. Prior period errors (continued)

43. Prior period error - Inaccurate classification of Revenue

During the prior year, Donations received were incorrectly classified as Other income under Revenue from exchange transactions, The effect of the correction is as follows:

Statement of financial performance

Decrease in Other income from exchange transactions - Donations	-	6,957,193
Increase in Other income from non-exchange transactions - Donations	-	(6,957,193)
	-	-

44. Prior period error - Inaccurate classification of Fines Receivables

During the prior year the Receivables raised in respect of Fines revenue were incorrectly classified as Other receivables from exchange transactions. The effect of the restatement is as follows:

Statement of financial position

Decrease in Other Receivables from exchange transactions - Sundry Receivables	-	(77,268,182)
Decrease in Other Receivables from exchange transactions - Sundry Receivables Impairment	-	73,752,531
Increase in Other Receivables from non-exchange transactions - Sundry Receivables	-	77,268,182
Increase in Other Receivables from non-exchange transactions - Sundry Receivables Impairment	-	(73,752,531)
	-	-

45. Prior period error - Assets with zero carrying values

During the current year assets were identified which are significant to the service delivery of the entity, and have been fully depreciated. The effect of the restatement is as follows:

Statement of financial position

Increase in the Cost of PPE - Infrastructure assets	-	60,792,848
Decrease in the Accumulated depreciation of PPE - Infrastructure assets	-	105,408,859
Increase in Accumulated surplus	-	(141,411,960)

Statement of financial performance

Increase in Depreciation	-	10,422,394
Decrease in loss on sale of assets	-	(35,212,141)
	-	-

46. Prior period error - Buildings on Naval Hill

The Observatory building was incorrectly disclosed as part of land in the prior years. The effect of the restatement is as follows:

Statement of financial position

Decrease in Cost of PPE - Land	-	(6,030,000)
Increase in Cost of PPE - Buildings	-	6,030,000
Increase in Accumulated depreciation	-	(177,353)
Increase in Revaluation reserve	-	(1,345,490)
Decrease in Accumulated surplus	-	1,345,490

Statement of financial performance

Increase in Depreciation	-	177,353
	-	-

47. Prior period error - Land duplicated

Correction of Investment Property and Inventory. The Momument Clinic was duplicated on the investment property register, and a substation was incorrectly included in the inventory register. The effect of the restatement is as follows:

Statement of financial position

Decrease in Investment property	-	(73,000)
Decrease in Inventory	-	(19,822)
Decrease in Accumulated surplus	-	92,822
	-	-

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59. Prior period errors (continued)		
48. Prior period error - Expenditure incorrectly capitalised		
During the prior year expenditure relating to the maintenance and repairs of landfill sites were incorrectly capitalised to the WIP of Community assets.		
Statement of financial position		
Decrease in Cost of PPE - Community assets WIP	-	(10,586,134)
Decrease in Accumulated surplus	-	1,202,239
Statement of financial performance		
Increase in General expenditure - Rehabilitation of landfill sites and quarries	-	9,383,895
	-	-
50. Prior period error - Self insurance reserve		
During the year, comprehensive short-term insurance was acquired to insure the entity against asset loss and claims. An adjustment was made to decrease the value of the self-insurance reserve as a result of the reduced risk.		
Statement of financial position		
Decrease in Self insurance reserve	-	72,209,573
Increase in Accumulated surplus	-	(72,209,573)
	-	-
51. Prior period error - Water meters		
Derecognition of the actual cost for water meters recorded on deemed cost. The effect of the restatement is as follows:		
Statement of financial position		
Decrease in Cost of PPE - Infrastructure WIP	-	(86,661,872)
Decrease in Accumulated surplus	-	28,644,588
Statement of financial performance		
Increase in Repairs & Maintenance	-	58,017,284
	-	-
52. Prior period error - Infrastructure WIP capitalised		
Infrastructure projects capitalised out of WIP. The effect of the restatement is as follows:		
Statement of financial position		
Increase in Cost of PPE - Infrastructure	-	111,768,822
Decrease in Cost of PPE - Infrastructure WIP	-	(111,768,822)
Increase in Accumulated Depreciation of PPE - Infrastructure	-	(22,353,764)
Statement of financial performance		
Increase in Depreciation	-	22,353,764
	-	-
53. Prior period error - Rehabilitation provision		
During the prior year the time value of money was not taken into account when the rehabilitation provision was calculated. The effect of the restatement is as follows:		
Statement of financial position		
Increase in Cost of PPE - Community assets	-	27,419,593
Increase in Provisions - Short term portion	-	(233,272,236)
Decrease in Provisions - Long term portion	-	243,978,526
Statement of financial performance		
Decrease in General expenses	-	(38,125,883)
	-	-

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59. Prior period errors (continued)

54. Prior period error - Correction of WIP classification

During the current year WIP classification between Infrastructure assets and Community assets were corrected. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Community WIP	-	17,658,387
Decrease in Cost of PPE - Infrastructure WIP	-	(18,991,965)
Decrease in Accumulated surplus	-	1,333,578
	-	-

55. Prior period error - Classification of land

During the current year it was identified that certain properties were incorrectly classified as Investment property and Land instead of Inventory. The effect of the restatement is as follows:

Statement of financial position

Increase in Inventory	-	2,746,537
Decrease in Cost of PPE - Land	-	(9,074,795)
Decrease in Investment property	-	(7,352,000)
Decrease in Revaluation reserve	-	2,397,301
Decrease in Accumulated surplus	-	11,074,957

Statement of financial performance

Decrease in Fair value adjustment	-	208,000
	-	-

56. Prior period error - Public connection income

During the period under review it was noted that amounts received during the 2013/2014 financial year was never recognised as revenue after the connections were made due to the fact that the completions date of the connections was not available at that time.

The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position

Decrease in payables from exchange transactions	-	8,505,658

Statement of financial performance

Increase in public connection income	-	(8,505,658)
	-	-

57. Prior period error - Public connection refunds

During the period under review it was noted that amounts received during the 2013/2014 financial year for public connections were incorrectly recognised as revenue even though the amount received was refunded to the applicant. This revenue was derecognised due to the fact that the connections were never made and a refund was made as per the applicant's requests. The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position

Increase in payables from exchange transaction	-	(8,339)

Statement of financial performance

Decrease in public connection income	-	8,339
	-	-

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59. Prior period errors (continued)

58. Prior period error - Provision for leave pay understated

During the period under review it was noted that the provision for leave was understated. The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position		
Increase in payables from exchange transactions	-	(2,216,547)
Statement of financial performance		
Increase in employee related costs	-	2,216,547
	-	-

59. Prior period error - Third party vendors commission

During the period under review it was noted that an amount for third party vendors commission owed at year end was never accrued for as at 30 June 2014. The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position		
Increase in payables from exchange transactions	-	(1,749)
Statement of financial performance		
Increase in general expenditure	-	1,749
	-	-

60. Prior period error - Insurance claims received not recorded in Statement of Financial Performance

During the period under review it was noted that amounts relating to insurance debtors recorded in 2012/13 financial year will not be received as it was held as a credit amount under consumer receivables from exchange transactions and should not have been recognised as income received from insurance. The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position		
Decrease in other receivables from exchange transactions	-	(2,976,249)
Decrease in accumulated surplus or deficit	-	2,976,249
	-	-

61. Prior period error - Interest earned by the Southern Free State Towns

During the period under review it was noted that interest income levied on Southern Free State Towns consumer receivables in arrears was recorded as Centlec interest income. The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position		
Decrease in other receivables from exchange transactions	-	(285,052)
Statement of financial performance		
Decrease in interest income	-	285,052
	-	-

62. Prior period error - ACB's uncashed

During the period under review it was noted that uncashed ACB's was never reversed and cancelled. These cheques relate to payments that were made during the 2012/2013 year. The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position		
Increase in cash and cash equivalents	-	58,688
Increase in accumulated surplus or deficit	-	(58,688)
	-	-

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59. Prior period errors (continued)

63. Prior period error - Public connection income

During the period under review it was noted that an amount was incorrectly recognised as public connection income. The comparative statements for the 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position		
Increase in payables from exchange transactions	-	(44,872)
Statement of financial performance		
Decrease in public connection income	-	44,872
	-	-

64. Prior period error - Operating lease liability

During the period under review it was noted that the straight lining calculation for the Free State Development Corporation operating lease was incorrect. The calculation was corrected and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position		
Increase in operating lease liability	-	(11,782)
Statement of financial performance		
Increase in general expenditure	-	11,782
	-	-

65. Prior period error - Operating lease utility expense

During the period under review it was noted a amount for utilities payable to TFMC was never accrued as at 30 June 2014. The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position		
Increase in payables from exchange transactions	-	(669,922)
Statement of financial performance		
Increase in general expense	-	669,922
	-	-

66. Prior period error - Interest on long outstanding debtors

During the period under review it was noted that an amount relating to prior year interest on long outstanding consumer debtors was incorrectly reversed in the current year. A correction was made and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position		
Increase in payments received in advance	-	(15,860,436)
Decrease in accumulated surplus or deficit	-	5,347,339
Statement of financial performance		
Decrease in interest income	-	10,513,097
	-	-

67. Prior period error - Reclassifying of Vendors accounts receivable

During the period under review it was noted that in the prior year, vendor accounts were incorrectly allocated to consumer deposits and payments received in advance instead of other receivables from exchange transactions. A reclassification correction was made and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position		
Increase in other receivables from exchange transactions	-	22,735
Decrease in consumer deposits	-	5,000
Increase in payments received in advance	-	(27,735)
	-	-

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59. Prior period errors (continued)		
68. Prior period error - Reclassifying of utilities expense		
During the period under review it was decided to show utilities expense as a separate line item under general expense. A reclassification was done for the prior period and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of financial performance		
Decrease in general expense - other expenses	-	(185,891)
Increase in general expense - utilities expense	-	185,891
	-	-
69. Prior period error - Reclassifying of input VAT		
During the period under review it was noted that the input VAT relating to the Southern Free State towns was incorrectly classified as part of the Southern Free State towns loan accounts. A reclassification was done for the prior period and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of financial position		
Decrease in Other receivables from exchange transactions	-	(9,636,459)
Decrease in VAT liability	-	9,636,459
	-	-
70. Prior period error - Revaluation reserve		
During the period under review it was noted that the revaluation done during the 2012/13 financial year was not done per individual asset and subsequently the amount transferred for each revalued asset can not be determined. The revaluation was not done in such a way that the revaluation surplus could be transferred to the accumulated surplus when the assets were derecognised. The revaluation reserve was adjusted and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of financial position		
Decrease in the Revaluation reserve	-	70,967,507
Increase in Accumulated surplus	-	(70,967,507)
	-	-
71. Prior period error - VAT on debt impairment calculation		
During the period under review it was noted that the provision for debt impairment included VAT. This resulted in VAT incorrectly being expensed in the statement of financial performance. A correction was made and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of financial position		
Increase in VAT Payable	-	1,464,159
Statement of financial performance		
Decrease in Debt impairment	-	(1,464,159)
	-	-
72. Prior period error - Inter departmental consumption		
During the period under review it was noted that inter departmental consumption was incorrectly accounted for as both a service charge and a general expense. A correction was made and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of financial performance		
Decrease in general expenses	-	(1,027,519)
Decrease in service charges	-	1,027,519
	-	-

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60. Comparative figures

Certain comparative figures have been reclassified to more closely reflect their purpose.

The effects of the reclassification are as follows:

Statement of financial performance

Loss on disposal of assets	-	(1,421,276)
Gain on fair value adjustments on assets	-	41,322,260
Gain on disposal of non-current assets	-	1,421,276
Fair value adjustments	-	(98,099,260)
Actuarial gains/losses	-	56,777,000

Gain on disposal of assets	-	1,418,206
Other income - Sale of erven	-	(1,418,206)

Other income

Analysis of industrial effluent	-	(2,335,401)
Clearance certificates	-	(1,814,478)
Connection and reconnection of water	-	(1,356,677)
Entrance fees	-	(40,970)
Parking fees	-	(1,982)
Sale of redundant material	-	(4,749)
Sale of tender documents	-	(1,149,302)
Unclaimed deposits and stale cheques	-	(868,780)
Sundry income	-	7,572,339

Contracted services

Meter reading services	-	20,124,785
Other contractors	-	(20,124,785)

61. Risk management

Financial risk management

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

This note presents information about the entity's exposure to each of the financial risks below and the entity's objectives, policies and processes for measuring and managing financial risks. Further quantitative disclosures are included throughout the Annual Financial Statements.

The Council has overall responsibility for the establishment and oversight of the entity's risk management framework.

The entity's audit committee oversees the monitoring of compliance with the entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The audit committee is assisted in its oversight role by the entity's internal audit function.

The entity monitors and manages the financial risks relating to the operations of the entity through internal risk reports which analyse exposures by degree and magnitude of risks.

The entity seeks to minimise the effects of these risks in accordance with the entity's policies approved by the Council. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk and in the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The entity does not enter into or trade in financial instruments for speculative purposes.

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61. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its 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, the entity maintains flexibility in funding by maintaining availability under committed credit lines.

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

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

The entity has not defaulted on external loans, payables and lease commitment payments and no re-negotiation of terms were made on any of these instruments.

All of the entity's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly. The impaired receivables are mostly due from customers defaulting on service costs levied by the entity.

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

At 30 June 2015	Less than 1 year	Between 1 and 5 years	More than 5 years
Borrowings	35,002,985	178,048,790	379,133,799
Finance lease obligation	41,538,934	66,592,238	-
Trade payables from exchange transactions	737,807,025	-	-
Trade payables from non-exchange transactions	279,414,560	-	-
Operating lease obligations	304,171	96,338	-
At 30 June 2014	Less than 1 year	Between 1 and 5 years	More than 5 years
Borrowings	8,586,358	40,010,501	143,266,607
Finance lease obligation	56,095,130	87,420,438	-
Trade payables from exchange transactions	633,406,356	-	-
Trade payables from non-exchange transactions	146,443,906	-	-
Operating lease obligations	149,479	234,323	-

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61. Risk management (continued)

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, derivative financial instruments and trade debtors. The entity 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.

All of the entity's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly. The impaired receivables are mostly due from customers defaulting on service costs levied by the entity.

Receivables are presented net of an allowance for impairment.

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

Financial instrument	2015	2014
Cash and cash equivalents	362,036,370	452,151,763
Investments	313,462,646	186,559,010
Consumer receivables from exchange transactions	643,042,057	556,856,959
Consumer receivables from non-exchange transactions	377,650,411	347,938,313
Other receivables from exchange transactions	88,371,774	65,309,463
Other receivables from non-exchange transactions	2,337,243	3,515,651
Other non-current receivables from exchange transactions	4,954,298	3,770,148
Financial instruments designated at fair value	32,498	22,815

The entity is exposed to a number of guarantees for housing loans of employees. Refer to note 55 for additional details.

These balances represent the maximum exposure to credit risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's revenue or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no change, since the previous financial year to the entity's exposure to market risks or the manner in which it manages and measures the risk.

Market risk consists of interest rate risks and foreign currency risks:

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61. Risk management (continued)

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

The entity's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer term borrowings are therefore usually at fixed rates.

At year-end, financial instruments exposed to interest rate risk were as follows:

- Call, notice and fixed deposits
- Development Bank of South Africa and Standard Bank of South Africa Limited loans
- Finance and operating lease obligation

The entity's interest rate risk arises from long-term borrowings and lease obligations. Borrowings and lease obligations issued at variable rates expose the entity to cash flow interest rate risk.

Borrowings and lease obligations issued at fixed rates expose the entity to fair value interest rate risk. Entity policy is to make as far as possible use of fixed rate instruments. During 2015 and 2014, the entity's borrowings at variable rate were denominated in the Rand.

Fair values:

The fair value of financial assets with standard terms and conditions and traded in an active market is determined with reference to quoted market bid prices and ask prices respectively.

Figures in Rand	Cost Price		Fair Value	
	2015	2014	2015	2014
Financial instrument				
Financial instruments at fair value - OVK Limited	2,535	2,535	32,498	22,815

Foreign exchange risk

The entity does not enter into significant foreign currency transactions and has had very limited exposure to foreign currency risk, it also does not hedge foreign exchange fluctuations.

62. Going concern

We draw attention to the fact that at 30 June 2015, the entity had an accumulated surplus of R 11,485,941,640 and that the entity's total assets exceed its liabilities by R 13,944,195,699.

The consolidated 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.

Although certain going concern ratios may appear unfavourable, the entity still has the power to levy rates and taxes and it will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act, (Act 1 of 2015).

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Figures in Rand	2015	2014
63. Unauthorised expenditure		
Opening balance	1,067,601,004	394,504,039
Unauthorised expenditure - current year	996,013,695	673,096,965
	2,063,614,699	1,067,601,004
Incidents regarding 2014/2015		
	Disciplinary steps taken / criminal proceedings	
Overspending by Infrastructural services	None	445,098,667
Overspending by Water services	None	27,683,276
Overspending by Miscellaneous services	None	523,231,753
		996,013,696
Incidents regarding 2013/2014		
	Disciplinary steps taken / criminal proceedings	
Overspending by Infrastructure services	None	-
Water services	None	335,548,820
Overspending by Miscellaneous services	None	6,503,968
		324,571,205
		666,623,993
Incidents regarding 2012/2013		
	Disciplinary steps taken / criminal proceedings	
Overspending by Infrastructure services	None	-
		19,535,661
Incidents regarding 2011/2012		
	Disciplinary steps taken / criminal proceedings	
Overspending by Finance directorate	None	-
Overspending by Infrastructure services	None	35,020,886
Overspending by Regional operations	None	29,551,033
Overspending by Miscellaneous services	None	159,247,863
Overspending by Corporate services	None	44,318,396
Overspending by Fresh Produce Market	None	37,317,682
Overspending by Water services	None	177,295
		1,623,331
		307,256,486
Incidents regarding 2010/2011		
	Disciplinary steps taken / criminal proceedings	
Overspending by Fresh Produce Market	None	-
Overspending by Miscellaneous services	None	417,912
Overspending by Water services - Operating	None	29,774,764
Overspending by Water services - Capital	None	23,353,983
		14,165,233
		67,711,892

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Figures in Rand	2015	2014

63. Unauthorised expenditure (continued)

The unauthorized expenditure relates to the following:

Infrastructural services:

The following were the major contributors to the over expenditure on Infrastructure

Depreciation, Amortisation and Impairment of assets over expenditure amounted to R308,499,080 (budgeted amount of R235,937,962 vs actual expenditure amounting to R544,387,042).

Expenditure relating to the fair value adjustments on the landfill and quarries provision was not budgeted for resulting in an over expenditure of R19,335,897.

Water:

Expenditure budgeted under capital expenditure which related to the actual cost of water meters amounted to R37 462 092. The expenditure did not meet the capitalisation criteria and could therefore not be capitalised, but expensed.

Miscellaneous services:

The over expenditure on Miscellaneous services relates to the following items:

1. Impairment of receivables exceeded the budget amount by R365,188,219.
2. Fair value adjustments to the defined benefit obligation resulted in current and past service costs, actuarial gain and interest costs exceeding the budgeted amount by R38,491,465.

Refer to Appendix E(1) and E(2) for more details.

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64. Fruitless and wasteful expenditure		
Opening balance	28,324,936	97,244,905
Fruitless and wasteful expenditure for the current year	213,967	225,791
Amounts written off by council	-	(69,145,760)
	28,538,903	28,324,936
Incidents regarding 2014/2015		
	Disciplinary steps taken / criminal proceedings	
Interest paid to Eskom due to late payment	None	20,469
Interest paid to FDC due to late payment	None	256
Interest paid to Lawyers due to late payment	None	5,549
Interest paid to Pec Marketing due to late payment	None	402
Interest paid to Telkom due to late payment	None	57,044
Interest paid to SARS due to late payment	None	45,077
Interest paid to Phethogo Consulting CC due to late payment	None	78,938
Interest paid to UMFA due to late payment	None	213
Interest paid to Merchant West (Pty) Ltd due to late payment	None	1,155
Interest on late payment of SDL to SARS. (Centlec (SOC) Ltd)	None	210
Late payment of FDC rentals (Centlec (SOC) Ltd)	None	4,586
Interest incurred on late payment of ESKOM Electricity accounts (Centlec (SOC) Ltd)	None	68
		213,967
Incidents regarding 2013/2014		
	Disciplinary steps taken / criminal proceedings	
Interest paid to Eskom due to late payment	None	138,247
Interest paid to FDC due to late payment	None	783
Interest paid to Broll due to late payment	None	976
Interest paid to Bloemwater due to late payment	None	240
Interest paid to Lawyers due to late payment	None	769
Interest paid to Pec Marketing due to late payment	None	417
Interest paid to Dlamini and Associates due to late payment	None	525
Interest paid to Standard Bank of South Africa due to late payment	None	3,818
Interest paid to Wright Rose Innes INC due to late payment	None	2,360
Interest paid to Dierehospitaal due to late payment	None	208
		148,343
Incidents regarding 2012/2013		
	Disciplinary steps taken / criminal proceedings	
Interest paid to Ruwacon (Pty) Ltd due to late payment	None	42,879
Interest paid to Eskom due to late payment	None	41,415
Interest paid to FDC due to late payment	None	804
Interest paid to Rossouws Attorneys due to late payment	None	390
Interest paid to Rural Maintenance (Pty) Ltd due to late payment	None	57
No Show penalty for 7 Councillors on 29 January 2013, for accommodation at Protea Hotel	None	12,247
Interest paid to UMFA/FS Business Trust due to late payment	None	165
Interest and penalties paid to SARS due to late submission of a VAT return	None	147,204
Interest paid to Bloemwater due to late payment	None	4,851
Interest paid to Merchant West (Pty) Ltd due to late payment	None	60,820
Interest paid to Telkom SA limited due to late payment	None	100,031
Interest paid to Lawyers due to late payment	None	11,506
Councillor T.J Makae annual salary was paid to him but was however no longer a councillor	None	375,765
		798,134
Incidents regarding 2011/2012		
	Disciplinary steps taken / criminal proceedings	
Penalties and interest paid on the late submission of a VAT return.	None	113,832

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Figures in Rand		2015	2014
64. Fruitless and wasteful expenditure (continued)			
Penalties and interest paid on the late submission VAT return of prior years	None	-	13,816,522
Interest paid on overdue accounts	None	-	31,163
Interest paid on overdue accounts - Telkom	None	-	38,520
Councillor T.J Makae annual salary was paid to him but was however no longer a councillor	None	-	378,254
		-	14,378,291
Incidents regarding 2010/2011			
	Disciplinary steps taken / criminal proceedings		
Penalties and interest paid on the late submission of a VAT return.	None	-	7,729,134
Penalties and interest paid on the late submission of PAYE, UIF and SDL	None	-	171,147
		-	7,900,281
Incidents regarding 2009/2010			
	Disciplinary steps taken / criminal proceedings		
Penalties and interest paid on the late submission of VAT return.	None	-	5,099,888
65. Irregular expenditure			
Opening balance		247,819,554	540,288,069
Add: Irregular Expenditure - current year		41,614,683	46,980,591
Add: Irregular Expenditure - prior years		-	498,737
Less: Irregular expenditure - write off in respect of prior years		-	(310,515,976)
Less: Irregular expenditure - write off in respect of current year		-	(29,431,867)
		289,434,237	247,819,554
Analysis of expenditure awaiting condonation per age classification			
Current year		41,614,683	17,548,724
Prior years		247,819,554	230,270,830
		289,434,237	247,819,554
Details of irregular expenditure – current year			
Expenditure items identified where the supply chain process was not followed	Disciplinary steps taken/criminal proceedings The expenditure was identified during the current financial year and still needs to be investigated.		41,614,683
66. Additional disclosure in terms of Municipal Finance Management Act			
Contributions to organised local government			
Current year subscription / fee		11,096,000	10,400,000
Amount paid - current year		(11,096,000)	(10,400,000)
		-	-

Contributions to organised local government consists of annual subscriptions paid to SALGA.

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

Audit fees

Opening balance	1,002,948	744,426
Current year regularity audit fees	22,254,989	22,605,301
Amount paid - previous years	(1,002,948)	(744,426)
Amount paid - current year	(22,254,989)	(21,602,353)
	-	1,002,948

During the current year an error was discovered in the disclosure of the prior year audit fees.

The following corrections were made:

Opening balance has increased by R 4,584

Amount paid - previous year increased by R 4,584

Amount paid - current year decreased by R195,225

PAYE and UIF

Opening balance	65	11,274,173
Current year subscription / fee	192,383,800	170,352,838
Interest and penalties - current year	70,748	216,202
Interest and penalties - reversed by SARS	-	(213,273)
Amount paid - current year	(192,557,975)	(181,640,675)
Amount paid / refunded - previous years	(65)	10,800
	(103,427)	65

During the current year an error was discovered in the disclosure of the prior year PAYE and UIF.

The following corrections were made:

Amount paid - current year increased by R12,887,824.

Pension and Medical Aid Deductions

Opening balance	(3,335)	16,017
Payable for the current year	270,623,335	245,769,959
Amount paid - current year	(270,596,525)	(245,773,584)
Amount paid - previous years	-	(15,727)
	23,475	(3,335)

During the year an error was discovered in the disclosure of the prior year PAYE and UIF.

The following corrections were made:

Amount paid - current year increased by R12,887,824

Councillors' arrear consumer accounts

Refer to Appendix H for details regarding the councillors' arrear consumer accounts owed to the entity.

Bulk water losses

Material bulk water losses during the year under review were as follows and are not recoverable.

The main reason for incurring water losses related to burst water pipes, leaks and unmetered sites.

	Kilo litre	Cost per kilo litre	Total loss in Rands
2015	33281104	R 5.04	167,576,335
2014	24,735,277	R 4.75	117,245,213

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

Electricity distribution losses:

In the current year the energy losses were 14.73 % (2014: 13.80%). These losses are the result off theft, vandalism, faulty meters and variances in monthly consumption estimates. Management has determined that these losses are not recoverable.

Electricity losses - 2015	219,417,828 kWh	R 154,232,114	12.89%
Electricity losses - 2014	207,981,120 kWh	R 132,167,135	12.07%

The electricity distribution loss comprises of technical and non-technical losses. For the 2014/15 financial year the distribution losses amount to 12.89% (2014:12.07%). The annual electricity distribution loss are made up of technical and non-technical losses which are the difference between electricity purchased and electricity sold.

Non-technical losses:

Non-technical losses are amongst others the result of administrative and technical errors, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumption, faulty meters, etc. Non-technical losses amounted to 83,205,603 kWh - units (2014: 70,131,165 kWh - units) with a Rand value of R 58,486,478 (2014: R 44,566,714).

Technical losses:

Technical losses are the result of electricity losses while being distributed from the source of generation through the transmission and distribution network to the final consumer. The wires (copper or aluminium) being used to distribute electricity has certain resistance which resist the throughput of current, as a result there is a certain portion of electricity that is lost due to distribution. Technical losses amounted to 136 212 225 kWh - units (2014: 137 849 955 kWh - units) with a Rand value of R 95,745,636 (2014: R 87,600,421).

Comparative adjustment:

During the current financial year it was noted that the effect of the streetlight consumption was never brought into consideration when calculating the distribution losses. A correction was made and the comparative statements for 2013/14 financial year have been restated.

67. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E(1) for the comparison of actual operating expenditure versus budgeted expenditure.

68. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix E(2) for the comparison of actual capital expenditure versus budgeted expenditure.

Mangaung Metropolitan Municipality

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69. Deviation from supply chain management regulations

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

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

For the financial year there were instances where goods and services were procured and deviated from the normal supply chain management policy.

The reasons for these deviations were documented and reported to the Accounting officer who considered them and approved the deviation from the normal Supply Chain Management Regulations.

Deviations 2015

	Rands	Number of deviations
Emergency	6,403,085	40
Sole supplier	6,291,152	35
Impractical	9,833,291	38
Urgent	226,444	10
Other	5,224,144	77
	27,978,116	200

Deviations 2014

	Rands	Number of deviations
Emergency	668,227	10
Sole supplier	13,509,292	47
Impractical	31,215,579	91
Urgent	28,470,381	117
Other	23,572,962	680
	97,436,441	945

Mangaung Metropolitan Municipality

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70. Budget differences

Changes from the approved budget to the final budget

Statement of financial performance:

A1 - Property rates were adjusted downwards mainly as a result of the downward adjustment of major market values of commercial properties in the City

A2 - Service charges were adjusted downwards mainly as a result of lower market valuation of major commercial properties within the city and based on the current levels of performance.

A3 - Revenue from grants were increased due to the allocation of unspent conditional grants as the end of 2013/14 and newly received grants.

A4 & A6 - These expenditure were adjusted downwards due to lower projected property rates and municipal services charges revenues.

A5 & A7 - These expenditure were adjusted to provide for the allocation of unspent conditional grants at the end of the 2013/14 budget year, and newly allocated grants received.

Statement of financial position:

A8 - Changes to the statement of financial position budget were made due to the audited financial statements as at 30 June 2014 becoming available after the finalisation of the audit. The changes therefore were done in order to align the budget statement of financial position taking into account the closing balances as per the financial statements as well as the changes made on the statement of financial performance and budgeted capital expenditure.

Cash flow statement:

A9 - Changes to the cash flow statement were made due to the anticipated cash position of the entity due to the adjustments made in the statement of financial performance and position.

Material differences between the budget and actual amounts

Statement of financial performance

B1 - Unfavourable variance due the finalisation of the appeals process regarding the valuation roll. The credits for the appeals were passed during the current financial year.

B2 - Favourable variance due to increased billing for services supplied.

B3 - Unfavourable variance due to the slow implementation of projects funded by conditional government grants

B4 - Favourable variance due to the increase in traffic fines and interest levied on arrear consumer accounts.

B5 - Unfavourable variance due to the additional debt written off.

B6 - Unfavourable variance due to the increased asset base.

B7 - Unfavourable variance due to the allocation of grant expenditure for subsidised municipal services as a result of additional indigents included in the register receiving these benefits..

B8 - Favourable variance due to less expenditure on projects.

Statement of financial position

B9 - Variance due to the activities reported on the statement of financial performance and the resultant financial position of the entity.

Cash flow statement

B10 - Variance due to the activities reported on the statement of financial performance and the resultant financial position of the entity.

Reconciliation between Total Revenue and Total Expenditure

R1 - Fair value adjustments and gains on the disposal of non-current assets are classified under total revenue for budget purposes, while the financial statements classify them as an adjustment to expenditure.

Mangaung Metropolitan Municipality

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71. Events after the reporting date

On 20 August 2015 the Council resolved that 17 984 indigents be included in the indigent register. These indigents had outstanding balances amounting to R103 586 201 at the date of inclusion. Council approved the write off of these balances in the same meeting.

72. Non-compliance with the MFMA

During the current financial year the following non-compliance matters were identified:

Supply chain management regulations 12(1)(c), 17(1)(a) - (c)

Goods and services of a transaction value between R 10,000 and R 200,000 were procured without inviting at least three written price quotations from accredited prospective providers and the deviation was not approved by the CFO or his delegate.

Supply chain management regulations 36(1)

Goods and services with a transaction value above R 200,000 were not procured by means of a competitive bidding process and the deviation was not approved by the accounting officer or her delegate in accordance with the supply chain management policy.

Deviations from competitive bidding were approved on the basis of it being an emergency, even though immediate action was not necessary and sufficient time was available to follow a bidding process.

Deviations from competitive bidding were approved on the basis of it being an emergency, even though proper planning would have prevented such emergency.

Appendix A - Unaudited

June 2015

Schedule of external loans as at 30 June 2015

	Loan Number	Redeemable	Balance at 30 June 2014	Received during the period	Redeemed written off during the period	Balance at 30 June 2015
			Rand	Rand	Rand	Rand
Development Bank of South Africa @ 12.62%	103433/01	31 March 2026	44,903,752	-	2,347,841	42,555,911
Development Bank of South Africa @ 6.75%	103433/02	31 March 2026	142,975,728	-	4,974,982	138,000,746
Development Bank of South Africa @ 10.00%	8001/104	31 December 2015	3,983,987	-	2,590,879	1,393,108
Development Bank of South Africa @ 10.642%	12007885	30 June 2025	-	127,000,000	-	127,000,000
Standard Bank of South Africa Limited	33714314	30 June 2025	-	300,000,000	16,764,190	283,235,810
			191,863,467	427,000,000	26,677,892	592,185,575

Appendix B - Audited

June 2015

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation

Accumulated depreciation

	Opening Balance	Additions	Disposals	WIP Transfers In	WIP Transfers to Additions	Transfers to/from Other Classes	Revaluation s / Fair value adjustments	Closing Balance	Opening Balance	Disposals	Depreciation	Impairment loss	Revaluation s / Fair value adjustments	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings															
Land	1,409,974,067	1,577,534	-	-	-	(9,240,000)	2,299,500	1,404,611,101	-	-	-	-	-	-	1,404,611,101
Buildings	1,105,385,262	99,474,582	-	-	-	-	-	1,204,859,844	(38,945,373)	-	(32,766,239)	-	-	(71,711,612)	1,133,148,232
Work in progress	92,817,448	-	-	19,438,627	(99,474,582)	-	-	12,781,493	-	-	-	-	-	-	12,781,493
Buildings - Centlec	65,183,372	253,219	-	-	-	-	14,203,166	79,639,757	(10,565,513)	-	(3,324,795)	-	12,325,623	(1,564,685)	78,075,072
	2,673,360,149	101,305,335	-	19,438,627	(99,474,582)	(9,240,000)	16,502,666	2,701,892,195	(49,510,886)	-	(36,091,034)	-	12,325,623	(73,276,297)	2,628,615,898
Infrastructure															
Roads	2,645,605,144	20,282,034	-	-	-	-	-	2,665,887,178	(755,653,533)	-	(186,583,318)	(53,595)	-	(942,290,446)	1,723,596,732
Street lighting	10,474,432	-	-	-	-	-	-	10,474,432	(3,187,559)	-	(3,643,427)	-	-	(6,830,986)	3,643,446
Bridges	110,317,619	-	-	-	-	-	-	110,317,619	(12,008,136)	-	(1,992,583)	-	-	(14,000,719)	96,316,900
Intersections	6,154,449	-	-	-	-	-	-	6,154,449	(4,387,867)	-	(1,093,096)	-	-	(5,480,963)	673,486
Road Furniture	8,414,581	-	-	-	-	-	-	8,414,581	(5,629,428)	-	(902,970)	-	-	(6,532,398)	1,882,183
Side walks	173,172,011	-	-	-	-	-	-	173,172,011	(71,299,784)	-	(16,085,089)	-	-	(87,384,873)	85,787,138
Rail road sidings	23,337,859	-	-	-	-	-	-	23,337,859	(6,574,430)	-	(5,418,059)	-	-	(11,992,489)	11,345,370
Sanitation	1,404,486,364	94,035,798	-	-	-	-	-	1,498,522,162	(285,578,874)	-	(67,043,793)	(1,928,576)	-	(354,551,243)	1,143,970,919
Water	1,711,683,342	283,490,075	-	-	-	-	-	1,995,173,417	(359,887,241)	-	(104,536,457)	(84,301)	-	(464,507,999)	1,530,665,418
Stormwater	75,981,174	39,337,262	-	-	-	-	-	115,318,436	(9,688,518)	-	(4,172,533)	-	-	(13,861,051)	101,457,385
Water meters	95,090,218	10,910,720	-	-	-	-	-	106,000,938	(28,192,345)	-	(10,637,564)	-	-	(38,829,909)	67,171,029
Work in Progress	635,984,724	-	-	792,655,678	(441,916,846)	-	-	986,723,556	-	-	-	-	-	-	986,723,556
Electrical infrastructure	2,477,431,639	166,787,217	(10,728,770)	85,601,175	-	-	1,034,424,243	3,753,515,504	(629,925,326)	-	(51,949,514)	-	388,779,901	(293,094,939)	3,460,420,565
	9,378,133,556	614,843,106	(10,728,770)	878,256,853	(441,916,846)	-	1,034,424,243	11,453,012,142	(2,172,013,041)	-	(454,058,403)	(2,066,472)	388,779,901	(2,239,358,015)	9,213,654,127
Community Assets															
Parks	128,679,166	-	-	-	-	-	-	128,679,166	(37,300,262)	-	(12,895,983)	-	-	(50,196,245)	78,482,921
Fresh Produce Market	54,402,649	1,368,364	-	-	-	-	-	55,771,013	(27,931,146)	-	(4,626,873)	-	-	(32,558,019)	23,212,994
Swimming pools	49,332,792	2,625,292	-	-	-	-	-	51,958,084	(12,148,232)	-	(2,980,346)	(383,575)	-	(15,512,153)	36,445,931
Cemeteries	51,710,643	-	-	-	-	-	-	51,710,643	(17,364,193)	-	(2,900,615)	-	-	(20,264,808)	31,445,835
Landfill sites	119,033,324	-	-	-	-	-	10,003,360	129,036,684	(87,369,992)	-	(5,863,354)	-	-	(93,233,346)	35,803,338
Quarry sites	345,699,006	-	-	-	-	-	(26,657,191)	319,041,815	(228,774,602)	-	(10,582,431)	-	-	(239,357,033)	79,684,782
Sports Grounds	355,163,379	400,025	-	-	-	-	-	355,563,404	(88,825,132)	-	(14,618,447)	(50,900)	-	(103,494,479)	252,068,925
Sport Stadiums	126,328,376	12,400,094	-	-	-	-	-	138,728,470	(44,836,828)	-	(11,174,607)	-	-	(56,011,435)	82,717,035
Law enforcement cameras - CCTV	52,566,237	4,049,638	-	-	-	-	-	56,615,875	(23,209,162)	-	(9,833,954)	-	-	(33,043,116)	23,572,759
Zoo	47,240,586	-	-	-	-	-	-	47,240,586	(13,225,758)	-	(3,517,490)	-	-	(16,743,248)	30,497,338
Zoo Animals	5,637,629	1,224,880	(860,499)	-	-	-	453,908	6,455,918	(726)	20,305	(252,008)	-	231,636	(793)	6,455,125
Hawker stalls	8,577,889	-	-	-	-	-	-	8,577,889	(4,960,032)	-	(725,380)	(83,589)	-	(5,769,001)	2,808,888
Environmental facilities	1,926,911	-	-	-	-	-	-	1,926,911	(722,517)	-	(160,586)	-	-	(883,103)	1,043,808
Law enforcement dogs	61,500	-	(5,500)	-	-	-	-	56,000	(34,096)	4,116	(8,400)	-	-	(38,380)	17,620
Work In Progress	77,071,874	-	-	102,137,740	(20,843,413)	-	-	158,366,201	-	-	-	-	-	-	158,366,201
	1,423,431,961	22,068,293	(865,999)	102,137,740	(20,843,413)	-	(16,199,923)	1,509,728,659	(586,702,678)	24,421	(80,140,474)	(518,064)	231,636	(667,105,159)	842,623,500

Appendix B - Audited

June 2015

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation								Accumulated depreciation						
Opening Balance	Additions	Disposals	WIP Transfers In	WIP Transfers to Additions	Transfers to/from Other Classes	Revaluations / Fair value adjustments	Closing Balance	Opening Balance	Disposals	Depreciation	Impairment loss	Revaluations / Fair value adjustments	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

Assets held for sale

Land	7,560,000	-	(2,150,000)	9,240,000	-	-	-	14,650,000	-	-	-	-	-	14,650,000
	7,560,000	-	(2,150,000)	9,240,000	-	-	-	14,650,000	-	-	-	-	-	14,650,000

Other assets

Fire arms	790,258	136,887	-	-	-	-	-	927,145	(215,706)	-	(55,822)	-	-	(271,528)	655,617
Motor vehicles	166,082,866	1,114,474	-	-	-	-	-	167,197,340	(47,717,927)	-	(5,168,824)	(4,158,081)	-	(57,044,832)	110,152,508
Tools, plant and equipment	12,682,995	1,572,187	(14,694)	-	-	-	-	14,240,488	(3,388,672)	4,981	(1,782,005)	-	-	(5,165,696)	9,074,792
Furniture & Office Equipment	31,581,688	9,807,344	(102,111)	-	-	-	-	41,286,921	(5,483,271)	52,076	(5,269,992)	-	-	(10,701,187)	30,585,734
Capitalised leased assets	157,071,297	18,700,710	-	-	-	-	-	175,772,007	(20,220,786)	-	(9,300,279)	(1,074,562)	-	(30,595,627)	145,176,380
Motor vehicles - Centlec	88,952,682	23,057,437	(9,821,502)	-	-	-	-	102,188,617	(45,787,085)	9,131,706	(10,999,089)	(359,909)	-	(48,014,377)	54,174,240
Office equipment - Centlec	32,346,164	11,455,971	(1,299,091)	-	-	-	-	42,503,044	(11,412,768)	870,273	(5,816,231)	-	-	(16,358,726)	26,144,318
Leased assets - Centlec	845,713	1,623,993	(404,870)	-	-	-	-	2,064,836	(560,711)	404,871	(204,266)	-	-	(360,106)	1,704,730
	490,353,663	67,469,003	(11,642,268)	-	-	-	-	546,180,398	(134,786,926)	10,463,907	(38,596,508)	(5,592,552)	-	(168,512,079)	377,668,319

Appendix B - Audited

June 2015

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation	Accumulated depreciation

	Opening Balance	Additions	Disposals	WIP Transfers In	WIP Transfers to Additions	Transfers to/from Other Classes	Revaluation s / Fair value adjustments	Closing Balance	Opening Balance	Disposals	Depreciation	Impairment loss	Revaluation s / Fair value adjustments	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Total property plant and equipment															
Land and buildings	2,673,360,149	101,305,335	-	19,438,627	(99,474,582)	(9,240,000)	16,502,666	2,701,892,195	(49,510,886)	-	(36,091,034)	-	12,325,623	(73,276,297)	2,628,615,898
Infrastructure	9,378,133,556	614,843,106	(10,728,770)	878,256,853	(441,916,846)	-	1,034,424,243	11,453,012,142	(2,172,013,041)	-	(454,058,403)	(2,066,472)	388,779,901	2,239,358,015	9,213,654,127
Community Assets	1,423,431,961	22,068,293	(865,999)	102,137,740	(20,843,413)	-	(16,199,923)	1,509,728,659	(586,702,678)	24,421	(80,140,474)	(518,064)	231,636	(667,105,159)	842,623,500
Assets held for sale	7,560,000	-	(2,150,000)	9,240,000	-	-	-	14,650,000	-	-	-	-	-	-	14,650,000
Other assets	490,353,663	67,469,003	(11,642,268)	-	-	-	-	546,180,398	(134,786,926)	10,463,907	(38,596,508)	(5,592,552)	-	(168,512,079)	377,668,319
	13,972,839,329	805,685,737	(25,387,037)	1,009,073,220	(562,234,841)	(9,240,000)	1,034,726,986	16,225,463,394	(2,943,013,531)	10,488,328	(608,886,419)	(8,177,088)	401,337,160	(3,148,251,550)	13,077,211,844
Intangible assets															
Computers - software & programming	38,540,293	20,118,702	-	-	-	-	-	58,658,995	(15,574,362)	-	(10,687,902)	-	-	(26,262,264)	32,396,731
Servitudes	84,745,932	19,695	-	-	-	-	-	84,765,627	-	-	-	-	-	-	84,765,627
WIP	562,999	-	-	-	(562,999)	-	-	-	-	-	-	-	-	-	-
	123,849,224	20,138,397	-	-	(562,999)	-	-	143,424,622	(15,574,362)	-	(10,687,902)	-	-	(26,262,264)	117,162,358
Investment properties															
Investment property	1,674,244,500	-	-	-	-	(6,537,000)	-	1,667,707,500	-	-	-	-	-	-	1,667,707,500
Work in Progress	2,613,363	-	-	-	-	-	-	2,613,363	-	-	-	-	-	-	2,613,363
	1,676,857,863	-	-	-	-	(6,537,000)	-	1,670,320,863	-	-	-	-	-	-	1,670,320,863
Heritage assets															
Buildings	317,080,000	-	-	-	-	-	-	317,080,000	-	-	-	-	-	-	317,080,000
Nature reserve	3,892,105	-	-	-	-	-	-	3,892,105	-	-	-	-	-	-	3,892,105
Work in Progress	684,236	-	-	-	-	-	-	684,236	-	-	-	-	-	-	684,236
	321,656,341	-	-	-	-	-	-	321,656,341	-	-	-	-	-	-	321,656,341
Total															
Land and buildings	2,673,360,149	101,305,335	-	19,438,627	(99,474,582)	(9,240,000)	16,502,666	2,701,892,195	(49,510,886)	-	(36,091,034)	-	12,325,623	(73,276,297)	2,628,615,898
Infrastructure	9,378,133,556	614,843,106	(10,728,770)	878,256,853	(441,916,846)	-	1,034,424,243	11,453,012,142	(2,172,013,041)	-	(454,058,403)	(2,066,472)	388,779,901	2,239,358,015	9,213,654,127
Community Assets	1,423,431,961	22,068,293	(865,999)	102,137,740	(20,843,413)	-	(16,199,923)	1,509,728,659	(586,702,678)	24,421	(80,140,474)	(518,064)	231,636	(667,105,159)	842,623,500
Assets held for sale	7,560,000	-	(2,150,000)	9,240,000	-	-	-	14,650,000	-	-	-	-	-	-	14,650,000
Other assets	490,353,663	67,469,003	(11,642,268)	-	-	-	-	546,180,398	(134,786,926)	10,463,907	(38,596,508)	(5,592,552)	-	(168,512,079)	377,668,319
Intangible assets	123,849,224	20,138,397	-	-	(562,999)	-	-	143,424,622	(15,574,362)	-	(10,687,902)	-	-	(26,262,264)	117,162,358
Investment properties	1,676,857,863	-	-	-	-	(6,537,000)	-	1,670,320,863	-	-	-	-	-	-	1,670,320,863
Heritage assets	321,656,341	-	-	-	-	-	-	321,656,341	-	-	-	-	-	-	321,656,341
	16,095,202,757	825,824,134	(25,387,037)	1,009,073,220	(562,797,840)	(15,777,000)	1,034,726,986	18,360,865,220	(2,958,587,893)	10,488,328	(619,574,321)	(8,177,088)	401,337,160	(3,174,513,814)	15,186,351,406

Appendix B - Audited

June 2015

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

Cost/Revaluation	Accumulated depreciation

	Opening Balance	Additions	Disposals	WIP Transfers In	WIP Transfers to Additions	Transfers to/from Other Classes	Revaluations / Fair value adjustments	Closing Balance	Opening Balance	Disposals	Depreciation	Impairment loss	Revaluations / Fair value adjustments	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings															
Land	1,378,112,074	31,861,993	-	-	-	-	-	1,409,974,067	-	-	-	-	-	-	1,409,974,067
Buildings	1,047,836,335	57,548,927	-	-	-	-	-	1,105,385,262	(7,458,738)	-	(31,486,635)	-	-	(38,945,373)	1,066,439,889
Work in Progress	140,138,902	-	-	7,898,637	(55,220,091)	-	-	92,817,448	-	-	-	-	-	-	92,817,448
Buildings - Centlec	62,235,831	2,947,541	-	-	-	-	-	65,183,372	(7,628,177)	-	(2,937,334)	-	-	(10,565,511)	54,617,861
	2,628,323,142	92,358,461	-	7,898,637	(55,220,091)	-	-	2,673,360,149	(15,086,915)	-	(34,423,969)	-	-	(49,510,884)	2,623,849,265
Infrastructure															
Roads	2,340,714,566	321,449,268	(16,558,690)	-	-	-	-	2,645,605,144	(624,033,784)	4,507,827	(137,935,116)	-	-	(757,461,073)	1,888,144,071
Street lighting	10,474,432	-	-	-	-	-	-	10,474,432	(2,732,149)	-	(455,410)	-	-	(3,187,559)	7,286,873
Bridges	110,317,619	-	-	-	-	-	-	110,317,619	(10,267,626)	-	(1,740,510)	-	-	(12,008,136)	98,309,483
Intersections	6,154,449	-	-	-	-	-	-	6,154,449	(3,294,771)	-	(1,093,096)	-	-	(4,387,867)	1,766,582
Road furniture	8,414,581	-	-	-	-	-	-	8,414,581	(4,817,598)	-	(811,830)	-	-	(5,629,428)	2,785,153
Side walks	173,172,011	-	-	-	-	-	-	173,172,011	(61,112,561)	-	(10,187,223)	-	-	(71,299,784)	101,872,227
Rail road sidings	23,337,859	-	-	-	-	-	-	23,337,859	(5,635,134)	-	(939,296)	-	-	(6,574,430)	16,763,429
Sanitation	1,252,743,881	151,742,483	-	-	-	-	-	1,404,486,364	(238,521,939)	-	(47,056,935)	-	-	(285,578,874)	1,118,907,490
Water	1,708,577,061	3,106,282	-	-	-	-	-	1,711,683,343	(294,167,927)	-	(65,719,314)	-	-	(359,887,241)	1,351,796,102
Stormwater	22,724,885	30,041,569	-	-	-	23,214,740	-	75,981,194	(6,980,882)	-	(2,707,636)	-	-	(9,688,518)	66,292,676
Water meters	73,557,841	21,532,377	-	-	-	-	-	95,090,218	(20,700,178)	-	(7,492,167)	-	-	(28,192,345)	66,897,873
Work in Progress	520,167,050	-	-	453,448,731	(337,631,057)	-	-	635,984,724	-	-	-	-	-	-	635,984,724
Electrical Infrastructure - Centlec	2,295,430,113	91,764,567	-	90,236,959	-	-	-	2,477,431,639	(554,768,535)	-	(75,156,791)	-	-	(629,925,326)	1,847,506,313
	8,545,786,348	619,636,546	(16,558,690)	543,685,690	(337,631,057)	23,214,740	-	9,378,133,577	1,827,033,084	4,507,827	(351,295,324)	-	-	2,173,820,581	7,204,312,996
Community Assets															
Parks	113,606,585	15,072,581	-	-	-	-	-	128,679,166	(30,859,294)	-	(6,440,968)	-	-	(37,300,262)	91,378,904
Fresh produce market	54,402,649	-	-	-	-	-	-	54,402,649	(24,516,724)	-	(3,414,421)	-	-	(27,931,145)	26,471,504
Swimming pools	29,805,357	19,527,435	-	-	-	-	-	49,332,792	(10,371,911)	-	(1,776,321)	-	-	(12,148,232)	37,184,560
Cemeteries	48,087,237	3,623,405	-	-	-	-	-	51,710,642	(14,534,861)	-	(2,829,332)	-	-	(17,364,193)	34,346,449
Landfill sites	111,314,663	4,115,866	-	-	-	-	3,602,796	119,033,325	(82,246,538)	-	(5,123,454)	-	-	(87,369,992)	31,663,333
Quarries	338,844,531	-	-	-	-	-	6,854,475	345,699,006	(222,816,777)	-	(5,957,825)	-	-	(228,774,602)	116,924,404
Sports grounds	335,303,164	19,860,216	-	-	-	-	-	355,163,380	(75,709,059)	-	(13,116,073)	-	-	(88,825,132)	266,338,248
Stadiums	126,328,376	-	-	-	-	-	-	126,328,376	(38,397,479)	-	(6,439,349)	-	-	(44,836,828)	81,491,548
Law enforcement cameras	52,566,237	-	-	-	-	-	-	52,566,237	(17,224,192)	-	(5,984,970)	-	-	(23,209,162)	29,357,075
Zoo	47,240,586	-	-	-	-	-	-	47,240,586	(11,164,521)	-	(2,061,237)	-	-	(13,225,758)	34,014,828
Zoo animals	3,603,976	3,074,184	(317,110)	-	-	-	(723,420)	5,637,630	(313,885)	20,651	(182,496)	-	475,002	(728)	5,636,902
Hawker stalls	8,577,889	-	-	-	-	-	-	8,577,889	(4,236,581)	-	(723,451)	-	-	(4,960,032)	3,617,857
Environmental facilities	1,926,911	-	-	-	-	-	-	1,926,911	(602,077)	-	(120,439)	-	-	(722,516)	1,204,395
Law enforcement dogs	61,500	-	-	-	-	-	-	61,500	(25,310)	-	(8,786)	-	-	(34,096)	27,404
Work in Progress	33,492,552	-	-	98,065,531	(54,486,209)	-	-	77,071,874	-	-	-	-	-	-	77,071,874
	1,305,162,213	65,273,687	(317,110)	98,065,531	(54,486,209)	-	9,733,851	1,423,431,963	(533,019,209)	20,651	(54,179,122)	-	475,002	(586,702,678)	836,729,285

Appendix B - Audited

June 2015

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

Cost/Revaluation							Accumulated depreciation							
Opening Balance	Additions	Disposals	WIP Transfers In	WIP Transfers to Additions	Transfers to/from Other Classes	Revaluations / Fair value adjustments	Closing Balance	Opening Balance	Disposals	Depreciation	Impairment loss	Revaluations / Fair value adjustments	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

Assets held for sale

Land	7,560,000	-	-	-	-	-	7,560,000	-	-	-	-	-	-	7,560,000
	7,560,000	-	-	-	-	-	7,560,000	-	-	-	-	-	-	7,560,000

Other assets

Fire arms	790,258	-	-	-	-	-	790,258	(181,981)	-	(33,725)	-	-	(215,706)	574,552
Motor vehicles	177,554,709	-	(11,471,844)	-	-	-	166,082,865	(46,134,085)	3,604,328	(5,188,170)	-	-	(47,717,927)	118,364,938
Tools, plant and equipment	12,682,995	-	-	-	-	-	12,682,995	(1,675,409)	-	(1,713,263)	-	-	(3,388,672)	9,294,323
Furniture & Office Equipment	16,415,842	15,166,360	(514)	-	-	-	31,581,688	(3,659,000)	154	(1,824,425)	-	-	(5,483,271)	26,098,417
Capitalised leased assets	19,540,218	139,152,311	(1,621,232)	-	-	-	157,071,297	(12,409,257)	-	(7,811,529)	-	-	(20,220,786)	136,850,511
Motor vehicles - Centlec	51,408,448	37,786,178	(241,944)	-	-	-	88,952,682	(39,644,006)	223,731	(6,697,731)	330,921	-	(45,787,085)	43,165,597
Office equipment - Centlec	18,596,496	13,749,668	-	-	-	-	32,346,164	(7,739,955)	-	(3,672,813)	-	-	(11,412,768)	20,933,396
Leased assets - Centlec	905,010	237,934	(297,231)	-	-	-	845,713	(561,511)	297,231	(296,431)	-	-	(560,711)	285,002
	297,893,976	206,092,451	(13,632,765)	-	-	-	490,353,662	(112,005,204)	4,125,444	(27,238,087)	330,921	-	(134,786,926)	355,566,736

Appendix B - Audited

June 2015

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

Cost/Revaluation Accumulated depreciation

	Opening Balance	Additions	Disposals	WIP Transfers In	WIP Transfers to Additions	Transfers to/from Other Classes	Revaluations / Fair value adjustments	Closing Balance	Opening Balance	Disposals	Depreciation	Impairment loss	Revaluations / Fair value adjustments	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Total property plant and equipment															
Land and buildings	2,628,323,142	92,358,461	-	7,898,637	(55,220,091)	-	-	2,673,360,149	(15,086,915)	-	(34,423,969)	-	-	(49,510,884)	2,623,849,265
Infrastructure	8,545,786,348	619,636,546	(16,558,690)	543,685,690	(337,631,057)	23,214,740	-	9,378,133,577	1,827,033,084	4,507,827	(351,295,324)	-	-	(2,173,820,581)	7,204,312,996
Community Assets	1,305,162,213	65,273,687	(317,110)	98,065,531	(54,486,209)	-	9,733,851	1,423,431,963	(533,019,209)	20,651	(54,179,122)	-	475,002	(586,702,678)	836,729,285
Assets held for sale	7,560,000	-	-	-	-	-	-	7,560,000	-	-	-	-	-	-	7,560,000
Other assets	297,893,976	206,092,451	(13,632,765)	-	-	-	-	490,353,662	(112,005,204)	4,125,444	(27,238,087)	330,921	-	(134,786,926)	355,566,736
	2,784,725,679	983,361,145	(30,508,565)	649,649,858	(447,337,357)	23,214,740	9,733,851	3,972,839,351	2,487,144,412	8,653,922	(467,136,502)	330,921	475,002	2,944,821,069	1,028,018,282
Intangible assets															
Computers - software & programming	34,449,201	4,091,092	-	-	-	-	-	38,540,293	(7,641,425)	-	(7,932,937)	-	-	(15,574,362)	22,965,931
Servitudes	83,653,943	1,091,989	-	-	-	-	-	84,745,932	-	-	-	-	-	-	84,745,932
Work in Progress	-	-	-	562,999	-	-	-	562,999	-	-	-	-	-	-	562,999
	118,103,144	5,183,081	-	562,999	-	-	-	123,849,224	(7,641,425)	-	(7,932,937)	-	-	(15,574,362)	108,274,862
Investment properties															
Investment property	1,664,741,070	2,470,000	(1,414,000)	-	-	-	8,447,430	1,674,244,500	-	-	-	-	-	-	1,674,244,500
Work in Progress	-	-	-	2,613,363	-	-	-	2,613,363	-	-	-	-	-	-	2,613,363
	1,664,741,070	2,470,000	(1,414,000)	2,613,363	-	-	8,447,430	1,676,857,863	-	-	-	-	-	-	1,676,857,863
Heritage assets															
Buildings	314,777,190	-	-	-	-	-	2,302,810	317,080,000	-	-	-	-	-	-	317,080,000
Nature reserve	3,892,105	-	-	-	-	-	-	3,892,105	-	-	-	-	-	-	3,892,105
Work in Progress	10,601,508	-	-	-	-	(9,917,272)	-	684,236	-	-	-	-	-	-	684,236
	329,270,803	-	-	-	-	(9,917,272)	2,302,810	321,656,341	-	-	-	-	-	-	321,656,341
Total															
Land and buildings	2,628,323,142	92,358,461	-	7,898,637	(55,220,091)	-	-	2,673,360,149	(15,086,915)	-	(34,423,969)	-	-	(49,510,884)	2,623,849,265
Infrastructure	8,545,786,348	619,636,546	(16,558,690)	543,685,690	(337,631,057)	23,214,740	-	9,378,133,577	1,827,033,084	4,507,827	(351,295,324)	-	-	(2,173,820,581)	7,204,312,996
Community Assets	1,305,162,213	65,273,687	(317,110)	98,065,531	(54,486,209)	-	9,733,851	1,423,431,963	(533,019,209)	20,651	(54,179,122)	-	475,002	(586,702,678)	836,729,285
Assets held for sale	7,560,000	-	-	-	-	-	-	7,560,000	-	-	-	-	-	-	7,560,000
Other assets	297,893,976	206,092,451	(13,632,765)	-	-	-	-	490,353,662	(112,005,204)	4,125,444	(27,238,087)	330,921	-	(134,786,926)	355,566,736
Intangible assets	118,103,144	5,183,081	-	562,999	-	-	-	123,849,224	(7,641,425)	-	(7,932,937)	-	-	(15,574,362)	108,274,862
Investment properties	1,664,741,070	2,470,000	(1,414,000)	2,613,363	-	-	8,447,430	1,676,857,863	-	-	-	-	-	-	1,676,857,863
Heritage assets	329,270,803	-	-	-	-	(9,917,272)	2,302,810	321,656,341	-	-	-	-	-	-	321,656,341
	4,896,840,696	991,014,226	(31,922,565)	652,826,220	(447,337,357)	13,297,468	20,484,091	6,095,202,779	2,494,785,837	8,653,922	(475,069,439)	330,921	475,002	2,960,395,431	3,134,807,348

Appendix C - Unaudited

June 2015

Segmental analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation

Accumulated Depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Executive & Council/Mayor and Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance & Admin/Finance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and Development/Economic Development/Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health/Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Comm. & Social/Libraries and archives	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety/Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Protection/Pollution Control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Water Management/Sewerage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road Transport/Roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water/Water Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity /Electricity Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other/Air Transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix D - Unaudited

June 2015

Segmental Statement of Financial Performance for the year ended Prior Year ended 30 June 2014

Current Year ended 30 June 2015

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality						
-	-	-	Office of the Executive Mayor	-	162,064,253	(162,064,253)
-	180,657,596	(180,657,596)	Office of the City Manager	-	36,368,875	(36,368,875)
6,612,285	192,291,085	(185,678,800)	Corporate Services	6,219,113	208,943,010	(202,723,897)
1,452,239,073	153,798,399	1,298,440,674	Finance	1,395,529,936	229,490,881	1,166,039,055
94,379,105	287,522,186	(193,143,081)	Community and Social Development	89,177,044	341,372,002	(252,194,958)
6,719,791	100,311,061	(93,591,270)	Economic Development and Planning	6,616,747	98,018,335	(91,401,588)
20,935,957	13,423,072	7,512,885	Fresh Produce Market	20,654,288	13,040,917	7,613,371
639,787,456	816,552,264	(176,764,808)	Infrastructural Services	593,995,420	1,255,070,557	(661,075,137)
698,977,911	616,190,152	82,787,759	Water	740,333,009	746,631,618	(6,298,609)
1,498,507,122	929,772,687	568,734,435	Miscellaneous Services	1,441,227,182	913,707,071	527,520,111
6,661,766	83,708,682	(77,046,916)	Housing	26,290,876	109,288,854	(82,997,978)
-	52,672,239	(52,672,239)	Regional Operations	-	42,005,099	(42,005,099)
1,450,849,328	1,590,452,692	(139,603,364)	Centlec (SOC) Ltd	1,456,499,073	1,502,276,925	(45,777,852)
5,875,669,794	5,017,352,115	858,317,679		5,776,542,688	5,658,278,397	118,264,291
-	-	-		-	-	-
-	-	-		-	-	-

Appendix E(1) - Audited

June 2015

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2015

	Current year 2012 Act. Bal. Rand	Current year 2012 Adjusted budget Rand	Variance Rand	Var
Revenue				
Property rates	871,212,408	903,089,386	(31,876,978)	(3.5)
Service charges	2,887,093,070	3,101,631,721	(214,538,651)	(6.9)
Rental of facilities and equipment	28,370,602	27,674,760	695,842	2.5
Agency services	4,750,908	7,741,299	(2,990,391)	(38.6)
Licences and permits	170,678	927,623	(756,945)	(81.6)
Transfer revenue	1,704,161,571	1,725,027,533	(20,865,962)	(1.2)
Other income	58,413,923	441,254,674	(382,840,751)	(86.8)
Interest received	237,073,638	349,898,293	(112,824,655)	(32.2)
	5,791,246,798	6,557,245,289	(765,998,491)	(11.7)
Expenses				
Employee related costs	(1,261,006,368)	(1,371,819,295)	110,812,927	(8.1)
Remuneration of councillors	(49,594,283)	(51,641,158)	2,046,875	(4.0)
Depreciation	(609,678,202)	(434,844,470)	(174,833,732)	40.2
Amortisation	(9,300,147)	-	(9,300,147)	-
Impairments	(8,316,901)	-	(8,316,901)	-
Finance costs	(97,063,969)	(226,900,314)	129,836,345	(57.2)
Debt impairment	(636,516,081)	(214,628,485)	(421,887,596)	196.6
Repairs and maintenance - General	(370,271,376)	(396,885,935)	26,614,559	(6.7)
Bulk purchases	(1,614,567,988)	(1,501,580,051)	(112,987,937)	7.5
Contracted Services	(281,758,724)	(377,480,293)	95,721,569	(25.4)
Transfers and Subsidies	(183,088,778)	(128,165,657)	(54,923,121)	42.9
General Expenses	(537,115,580)	(947,155,529)	410,039,949	(43.3)
	(5,658,278,397)	(5,651,101,187)	(7,177,210)	0.1
Other revenue and costs				
Gain or loss on disposal of assets and liabilities	(17,829,844)	-	(17,829,844)	-
Gain or loss on exchange differences	-	-	-	-
Actuarial gains/(losses)	3,116,051	-	3,116,051	-
Gains or losses on biological assets and agricultural produce	9,683	-	9,683	-
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	-
	(14,704,110)	-	(14,704,110)	-
Net surplus/ (deficit) for the year	118,264,291	906,144,102	(787,879,811)	(86.9)

Appendix E(2) - Audited

June 2015

Budget Analysis of Capital Expenditure as at 30 June 2015

	Additions Rand	Final Budget Rand	Variance Rand	Variance %
Corporate Services	35,370,978	55,863,546	20,492,568	37
Finance	5,957,125	6,275,000	317,875	5
Community and Social Development	57,858,921	85,796,884	27,937,963	33
Economic Development and Planning	64,202,385	128,900,210	64,697,825	50
Fresh Produce Market	2,357,458	2,400,000	42,542	2
Infrastructural Services	555,777,336	593,303,471	37,526,135	6
Water	310,166,639	370,309,406	60,142,767	16
Housing	9,945,645	10,629,124	683,479	6
Strategic Projects and Service Delivery	5,000,000	5,400,000	400,000	7
Centlec	282,576,832	299,093,299	16,516,467	6
	1,329,213,319	1,557,970,940	228,757,621	15

Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2015

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**Appendix G1 - Unaudited
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2015**

2014/2015

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard								
Governance and administration	2,974,879,450	(95,256,559)	-	2,879,622,891	2,854,078,356	(25,544,535)	99 %	96 %
Executive and council	1,630,411	-	-	1,630,411	-	(1,630,411)	- %	- %
Budget and treasury office	2,924,760,151	(95,108,462)	-	2,829,651,689	2,836,757,118	7,105,429	100 %	97 %
Corporate services	48,488,888	(148,097)	-	48,340,791	17,321,238	(31,019,553)	36 %	36 %
Community and public safety	32,378,339	(321,323)	-	32,057,016	102,509,186	70,452,170	320 %	317 %
Community and social services	5,431,157	-	-	5,431,157	5,913,408	482,251	109 %	109 %
Sport and recreation	1,907,948	-	-	1,907,948	1,884,423	(23,525)	99 %	99 %
Public safety	9,158,587	-	-	9,158,587	80,744,495	71,585,908	882 %	882 %
Housing	15,538,476	-	-	15,538,476	13,962,946	(1,575,530)	90 %	90 %
Health	342,171	(321,323)	-	20,848	3,914	(16,934)	19 %	1 %
Economic and environmental services	9,043,498	(31,522)	-	9,011,976	7,854,470	(1,157,506)	87 %	87 %
Planning and development	6,523,452	-	-	6,523,452	6,616,747	93,295	101 %	101 %
Road transport	2,300,516	(31,522)	-	2,268,994	1,102,107	(1,166,887)	49 %	48 %
Environmental protection	219,530	-	-	219,530	135,616	(83,914)	62 %	62 %
Trading services	4,032,081,560	216,400,647	-	4,248,482,207	2,790,827,501	(1,457,654,706)	66 %	69 %
Electricity	2,716,704,664	316,660,055	-	3,033,364,719	1,456,499,072	(1,576,865,647)	48 %	54 %
Water	756,655,972	-	-	756,655,972	740,333,009	(16,322,963)	98 %	98 %
Waste water management	310,788,521	(25,767,107)	-	285,021,414	363,835,777	78,814,363	128 %	117 %
Waste management	247,932,403	(74,492,301)	-	173,440,102	230,159,643	56,719,541	133 %	93 %
Other	20,844,241	547,050	-	21,391,291	21,273,175	(118,116)	99 %	102 %
Other	20,844,241	547,050	-	21,391,291	21,273,175	(118,116)	99 %	102 %
Total Revenue - Standard	7,069,227,088	121,338,293	-	7,190,565,381	5,776,542,688	(1,414,022,693)	80 %	82 %

Appendix G1 - Unaudited
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2015

2014/2015

Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard							
Governance and administration	1,312,718,103	44,034,799	4,516,200	1,361,269,102	1,722,875,250	361,606,148	127 %
Executive and council	347,601,554	2,367,586	6,387,000	356,356,140	262,826,383	(93,529,757)	74 %
Budget and treasury office	611,439,256	23,983,540	-	635,422,796	1,127,090,241	491,667,445	177 %
Corporate services	353,677,293	17,683,673	(1,870,800)	369,490,166	332,958,626	(36,531,540)	90 %
Community and public safety	509,022,487	44,388,838	3,883,800	557,295,125	426,807,826	(130,487,299)	77 %
Community and social services	165,776,827	6,800,000	150,000	172,726,827	122,253,954	(50,472,873)	71 %
Sport and recreation	46,350,080	240,827	(1,038,000)	45,552,907	23,491,526	(22,061,381)	52 %
Public safety	209,909,410	33,459,751	200,000	243,569,161	187,911,846	(55,657,315)	77 %
Housing	73,869,781	3,568,260	4,271,800	81,709,841	81,539,022	(170,819)	100 %
Health	13,116,389	320,000	300,000	13,736,389	11,611,478	(2,124,911)	85 %
Economic and environmental services	481,314,521	860,121	(50,000)	482,124,642	794,331,581	312,206,939	165 %
Planning and development	112,521,601	880,741	(30,000)	113,372,342	79,212,883	(34,159,459)	70 %
Road transport	339,465,688	-	(20,000)	339,445,688	697,188,491	357,742,803	205 %
Environmental protection	29,327,232	(20,620)	-	29,306,612	17,930,207	(11,376,405)	61 %
Trading services	3,600,510,331	(370,579,749)	-	3,229,930,582	2,700,918,587	(529,011,995)	84 %
Electricity	2,416,469,540	(317,684,966)	-	2,098,784,574	1,502,276,925	(596,507,649)	72 %
Water	734,135,201	(15,186,859)	-	718,948,342	746,631,618	27,683,276	104 %
Waste water management	254,722,116	(27,136,076)	-	227,586,040	233,668,123	6,082,083	103 %
Waste management	195,183,474	(10,571,848)	-	184,611,626	218,341,921	33,730,295	118 %
Other	20,481,736	-	-	20,481,736	13,345,153	(7,136,583)	65 %
Other	20,481,736	-	-	20,481,736	13,345,153	(7,136,583)	65 %
Total Expenditure - Standard	5,924,047,178	(281,295,991)	8,350,000	5,651,101,187	5,658,278,397	7,177,210	100 %
Surplus/(Deficit) for the year	1,145,179,910	402,634,284	(8,350,000)	1,539,464,194	118,264,291	(1,421,199,903)	8 %

**Appendix G2 - Unaudited
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2015**

2014/2015

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote										
Property Rates	-	-	-	-	-	-		-	DIV/0 %	DIV/0 %
Office of the City Manager	-	-	-	-	-	-		-	DIV/0 %	DIV/0 %
Corporate Services	12,469,774	(321,323)	12,148,451	-	12,148,451	6,219,113		(5,929,338)	51 %	50 %
Finance	1,571,066,272	(181,144,417)	1,389,921,855	-	1,389,921,855	1,395,529,936		5,608,081	100 %	89 %
Community and Social Development	16,290,343	(31,522)	16,258,821	-	16,258,821	89,177,044		72,918,223	548 %	547 %
Economic Development and Planning	6,523,452	-	6,523,452	-	6,523,452	6,616,747		93,295	101 %	101 %
Fresh Produce Market	20,437,840	547,050	20,984,890	-	20,984,890	20,654,288		(330,602)	98 %	101 %
Infrastructural Services	560,104,869	(100,407,505)	459,697,364	-	459,697,364	593,995,420		134,298,056	129 %	106 %
Water	756,655,972	-	756,655,972	-	756,655,972	740,333,009		(16,322,963)	98 %	98 %
Miscellaneous Services	1,355,324,290	86,035,955	1,441,360,245	-	1,441,360,245	1,441,227,182		(133,063)	100 %	106 %
Housing	53,649,612	-	53,649,612	-	53,649,612	26,290,876		(27,358,736)	49 %	49 %
Centlec	-	-	-	-	-	-		-	DIV/0 %	DIV/0 %
Total Revenue by Vote	4,352,522,424	(195,321,762)	4,157,200,662	-	4,157,200,662	4,320,043,615		162,842,953	104 %	99 %
Expenditure by Vote to be appropriated										
Property Rates	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Office of the City Manager	258,336,739	1,136,085	259,472,824	-	259,472,824	198,433,128	-	(61,039,696)	76 %	77 %
Corporate Services	291,666,974	16,907,500	308,574,474	-	308,574,474	208,950,042	-	(99,624,432)	68 %	72 %
Finance	236,560,706	25,179,540	261,740,246	-	261,740,246	229,490,881	-	(32,249,365)	88 %	97 %
Community and Social Development	417,649,754	41,479,751	459,129,505	350,000	459,479,505	341,372,002	-	(118,107,503)	74 %	82 %
Economic Development and Planning	149,689,471	(5,978,378)	143,711,093	-	143,711,093	98,018,335	-	(45,692,758)	68 %	65 %
Fresh Produce Market	20,083,777	-	20,083,777	-	20,083,777	13,040,917	-	(7,042,860)	65 %	65 %
Infrastructural Services	847,679,814	(37,707,924)	809,971,890	-	809,971,890	1,255,070,557	-	445,098,667	155 %	148 %
Water	734,135,201	(15,186,859)	718,948,342	-	718,948,342	746,631,618	-	27,683,276	104 %	102 %
Miscellaneous Services	390,475,318	-	390,475,318	-	390,475,318	913,707,071	-	523,231,753	234 %	234 %
Housing	107,636,332	3,628,260	111,264,592	-	111,264,592	109,288,854	-	(1,975,738)	98 %	102 %
Regional Operations	53,663,552	6,931,000	60,594,552	8,000,000	68,594,552	42,005,099	-	(26,589,453)	61 %	78 %
Total Expenditure by Vote	3,507,577,638	36,388,975	3,543,966,613	8,350,000	3,552,316,613	4,156,008,504	-	603,691,891	117 %	118 %
Surplus/(Deficit) for the year	844,944,786	(231,710,737)	613,234,049	(8,350,000)	604,884,049	164,035,111		(440,848,938)	27 %	19 %

**Appendix G3 - Unaudited
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2015**

2014/2015

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source											
Property rates	1,084,200,413	(181,111,027)	903,089,386	-		903,089,386	871,212,408		(31,876,978)	96 %	80 %
Service charges - electricity revenue	-	-	-	-		-	1,797,950,178		1,797,950,178	DIV/0 %	DIV/0 %
Service charges - water revenue	677,957,521	-	677,957,521	-		677,957,521	659,267,292		(18,690,229)	97 %	97 %
Service charges - sanitation revenue	240,416,285	(79,675,300)	160,740,985	-		160,740,985	292,452,700		131,711,715	182 %	122 %
Service charges - refuse revenue	154,967,413	(20,584,108)	134,383,305	-		134,383,305	137,422,900		3,039,595	102 %	89 %
Service charges - other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %
Rental of facilities and equipment	-	-	-	-		-	28,370,602		28,370,602	DIV/0 %	DIV/0 %
Interest earned - external investments	34,140,321	-	34,140,321	-		34,140,321	57,860,001		23,719,680	169 %	169 %
Interest earned - outstanding debtors	132,916,780	-	132,916,780	-		132,916,780	179,213,637		46,296,857	135 %	135 %
Fines	6,124,578	-	6,124,578	-		6,124,578	79,198,221		73,073,643	1,293 %	1,293 %
Licences and permits	927,623	-	927,623	-		927,623	170,678		(756,945)	18 %	18 %
Agency services	-	-	-	-		-	4,750,908		4,750,908	DIV/0 %	DIV/0 %
Transfers recognised - operational	617,571,000	15,362,966	632,933,966	-		632,933,966	-		(632,933,966)	- %	- %
Other revenue	646,667,490	12,718	646,680,208	-		646,680,208	334,853,230		(311,826,978)	52 %	52 %
Gains on disposal of PPE	-	-	-	-		-	(17,829,844)		(17,829,844)	DIV/0 %	DIV/0 %
Total Revenue (excluding capital transfers and contributions)	3,595,889,424	(265,994,751)	3,329,894,673	-		3,329,894,673	4,424,892,911		1,094,998,238	133 %	123 %

**Appendix G3 - Unaudited
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2015**

2014/2015

Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Employee related costs	-	4,207,340	4,207,340	120,000	-	4,327,340	1,261,006,368	-	1,256,679,028	29,140 %
Remuneration of councillors	-	-	-	(120,000)	-	(120,000)	49,594,283	-	49,714,283	(41,329)%
Debt impairment	-	-	-	-	-	-	636,516,081	-	636,516,081	DIV/0 %
Depreciation & asset impairment	-	-	-	-	-	-	627,295,250	-	627,295,250	DIV/0 %
Finance charges	-	(17,020,235)	(17,020,235)	(700,000)	-	(17,720,235)	97,063,969	-	114,784,204	(548)%
Bulk purchases	-	-	-	-	-	-	1,614,567,988	-	1,614,567,988	DIV/0 %
Other materials	256,481,728	21,666,341	278,148,069	463,841	-	278,611,910	-	-	(278,611,910)	- %
Contracted services	-	-	-	-	-	-	281,758,724	-	281,758,724	DIV/0 %
Transfers and grants	-	(33,029,507)	(33,029,507)	(300,000)	-	(33,329,507)	183,088,778	-	216,418,285	(549)%
Other expenditure	737,334,627	60,565,036	797,899,663	8,886,159	-	806,785,822	907,386,956	-	100,601,134	112 %
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	DIV/0 %
Total Expenditure	993,816,355	36,388,975	1,030,205,330	8,350,000	-	1,038,555,330	5,658,278,397	-	4,619,723,067	545 %
Surplus/(Deficit)	2,602,073,069	(302,383,726)	2,299,689,343	(8,350,000)	-	2,291,339,343	(1,233,385,486)	-	(3,524,724,829)	(54)%
Transfers recognised - capital	-	70,672,989	70,672,989	-	-	70,672,989	-	-	(70,672,989)	- %
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	DIV/0 %
Contributed assets	-	-	-	-	-	-	-	-	-	DIV/0 %
Surplus/(Deficit) after capital transfers & contributions	2,602,073,069	(231,710,737)	2,370,362,332	(8,350,000)	-	2,362,012,332	(1,233,385,486)	-	(3,595,397,818)	(52)%
Surplus/(Deficit) for the year	2,602,073,069	(231,710,737)	2,370,362,332	(8,350,000)	-	2,362,012,332	(1,233,385,486)	-	(3,595,397,818)	(52)%

Appendix G4 - Unaudited

Budgeted Capital Expenditure by vote, standard classification and funding

for the year ended 30 June 2015

2014/2015

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote										
Multi-year expenditure										
Vote 1 - City Manager	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Vote 2 - Executive Mayor	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Vote 3 - Corporate Services	19,353,868	18,621,475	37,975,343	6,897,000	44,872,343	32,051,782	-	(12,820,561)	71 %	166 %
Vote 4 - Finance	2,075,000	-	2,075,000	(1,231,840)	843,160	525,481	-	(317,679)	62 %	25 %
Vote 5 - Social Services	56,807,160	7,887,724	64,694,884	750,000	65,444,884	53,294,498	-	(12,150,386)	81 %	94 %
Vote 6 - Planning	175,191,775	(98,015,565)	77,176,210	1,864,295	79,040,505	43,383,702	-	(35,656,803)	55 %	25 %
Vote 7 - Human Settlement and Housing	-	365,061	365,061	-	365,061	-	-	(365,061)	- %	DIV/0 %
Vote 8 - Fresh Produce Market	500,000	1,660,000	2,160,000	-	2,160,000	2,157,838	-	(2,162)	100 %	432 %
Vote 9 - Engineering Services	301,048,494	(12,117,696)	288,930,798	125,531,230	414,462,028	390,896,571	-	(23,565,457)	94 %	130 %
Vote 10 - Water Services	274,720,069	71,070,004	345,790,073	20,519,333	366,309,406	306,166,639	-	(60,142,767)	84 %	111 %
Vote 11 - Miscellaneous Services	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Vote 12 - Regional Operations	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Vote 13 - Strategic Projects and Service Delivery Regulation	5,400,000	-	5,400,000	-	5,400,000	5,000,000	-	(400,000)	93 %	93 %
Vote 14 - Centlec (SOC)	298,963,243	130,056	299,093,299	-	299,093,299	282,576,832	-	(16,516,467)	94 %	95 %
Capital multi-year expenditure sub- total	1,134,059,609	(10,398,941)	1,123,660,668	154,330,018	1,277,990,686	1,116,053,343	-	(161,937,343)	87 %	98 %
Single-year expenditure										
Vote 1 - City Manager	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Vote 2 - Executive Mayor	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Vote 3 - Corporate Services	7,355,000	4,050,000	11,405,000	(413,797)	10,991,203	3,319,196	-	(7,672,007)	30 %	45 %
Vote 4 - Finance	3,000,000	-	3,000,000	2,431,840	5,431,840	5,431,645	-	(195)	100 %	181 %
Vote 5 - Social Services	22,452,000	(1,500,000)	20,952,000	(600,000)	20,352,000	4,564,423	-	(15,787,577)	22 %	20 %
Vote 6 - Planning	76,224,000	(26,500,000)	49,724,000	135,705	49,859,705	20,818,683	-	(29,041,022)	42 %	27 %
Vote 7 - Human Settlement and Housing	19,264,063	(9,000,000)	10,264,063	-	10,264,063	9,945,645	-	(318,418)	97 %	52 %
Vote 8 - Fresh Produce Market	200,000	40,000	240,000	-	240,000	199,620	-	(40,380)	83 %	100 %
Vote 9 - Engineering Services	202,907,976	(2,555,193)	200,352,783	(21,511,340)	178,841,443	164,880,765	-	(13,960,678)	92 %	81 %
Vote 10 - Water Services	4,000,000	-	4,000,000	-	4,000,000	4,000,000	-	-	100 %	100 %
Vote 11 - Miscellaneous Services	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Vote 12 - Regional Operations	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Vote 13 - Strategic Projects and Service Delivery Regulation	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Capital single-year expenditure sub- total	335,403,039	(35,465,193)	299,937,846	(19,957,592)	279,980,254	213,159,977	-	(66,820,277)	76 %	64 %
Total Capital Expenditure - Vote	1,469,462,648	(45,864,134)	1,423,598,514	134,372,426	1,557,970,940	1,329,213,320	-	(228,757,620)	85 %	90 %

Appendix G4 - Unaudited
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2015

2014/2015

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard										
Governance and administration	-	22,605,007	22,605,007	5,383,203	27,988,210	-	-	(27,988,210)	- %	DIV/0 %
Executive and council	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Budget and treasury office	-	-	-	1,200,000	1,200,000	-	-	(1,200,000)	- %	DIV/0 %
Corporate services	-	22,605,007	22,605,007	4,183,203	26,788,210	-	-	(26,788,210)	- %	DIV/0 %
Community and public safety	-	(2,680,747)	(2,680,747)	1,450,000	(1,230,747)	-	-	1,230,747	- %	DIV/0 %
Community and social services	-	1,550,583	1,550,583	(1,100,000)	450,583	-	-	(450,583)	- %	DIV/0 %
Sport and recreation	-	431,529	431,529	2,300,000	2,731,529	-	-	(2,731,529)	- %	DIV/0 %
Public safety	-	4,337,141	4,337,141	250,000	4,587,141	-	-	(4,587,141)	- %	DIV/0 %
Housing	-	(9,000,000)	(9,000,000)	-	(9,000,000)	-	-	9,000,000	- %	DIV/0 %
Health	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Economic and environmental services	-	(148,891,304)	(148,891,304)	31,012,999	(117,878,305)	-	-	117,878,305	- %	DIV/0 %
Planning and development	-	(124,515,565)	(124,515,565)	2,000,000	(122,515,565)	-	-	122,515,565	- %	DIV/0 %
Road transport	-	(24,875,739)	(24,875,739)	28,012,999	3,137,260	-	-	(3,137,260)	- %	DIV/0 %
Environmental protection	-	500,000	500,000	1,000,000	1,500,000	-	-	(1,500,000)	- %	DIV/0 %
Trading services	537,965,314	81,402,910	619,368,224	379,103,056	998,471,280	-	-	(998,471,280)	- %	- %
Electricity	298,963,243	130,056	299,093,299	282,576,832	581,670,131	-	-	(581,670,131)	- %	- %
Water	-	71,070,004	71,070,004	20,519,333	91,589,337	-	-	(91,589,337)	- %	DIV/0 %
Waste water management	239,002,071	12,081,415	251,083,486	79,610,991	330,694,477	-	-	(330,694,477)	- %	- %
Waste management	-	(1,878,565)	(1,878,565)	(3,604,100)	(5,482,665)	-	-	5,482,665	- %	DIV/0 %
Other	-	1,700,000	1,700,000	-	1,700,000	-	-	(1,700,000)	- %	DIV/0 %
Other	-	1,700,000	1,700,000	-	1,700,000	-	-	(1,700,000)	- %	DIV/0 %
Total Capital Expenditure - Standard	537,965,314	(45,864,134)	492,101,180	416,949,258	909,050,438	-	-	(909,050,438)	- %	- %
Funded by:										
National Government	701,433,000	70,285,575	771,718,575	-	771,718,575	-		(771,718,575)	- %	- %
Provincial Government	25,000,000	2,377,416	27,377,416	-	27,377,416	-		(27,377,416)	- %	- %
District Municipality	-	-	-	-	-	-		-	DIV/0 %	DIV/0 %
Other transfers and grants	-	-	-	-	-	-		-	DIV/0 %	DIV/0 %
Transfers recognised - capital	726,433,000	72,662,991	799,095,991	-	799,095,991	-		(799,095,991)	- %	- %
Public contributions & donations	-	-	-	-	-	-		-	DIV/0 %	DIV/0 %
Borrowing	368,517,759	(110,757,847)	257,759,912	-	257,759,912	-		(257,759,912)	- %	- %
Internally generated funds	75,548,646	126,473,092	202,021,738	-	202,021,738	-		(202,021,738)	- %	- %
Total Capital Funding	1,170,499,405	88,378,236	1,258,877,641	-	1,258,877,641	-		1,258,877,641	- %	- %

Appendix G5 - Unaudited Budgeted Cash Flows for the year ended 30 June 2015

2014/2015

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand
	Rand		Rand	Rand	Rand			
Cash flow from operating activities								
Receipts								
Ratepayers and other	2,234,272,732	(448,809,333)	1,785,463,399	1,785,463,399	3,159,287,974	1,373,824,575	177 %	141 %
Government grants	1,345,204,000	(34,741,091)	1,310,462,909	1,310,462,909	1,429,004,714	118,541,805	109 %	106 %
Interest	149,387,089	(133,432,979)	15,954,110	15,954,110	201,759,795	185,805,685	1,265 %	135 %
Payments								
Suppliers and employees	(2,433,788,117)	(425,689,758)	(2,859,477,875)	(2,859,477,875)	(3,919,464,770)	(1,059,986,895)	137 %	161 %
Finance charges	(104,405,876)	309,018,305	204,612,429	204,612,429	(4,368)	(204,616,797)	- %	- %
Transfers and Grants	(58,938,215)	43,134,623	(15,803,592)	(15,803,592)	-	15,803,592	- %	- %
Net cash flow from/used operating activities	1,131,731,613	(690,520,233)	441,211,380	441,211,380	870,583,345	429,371,965	197 %	77 %
Cash flow from investing activities								
Receipts								
Proceeds on disposal of PPE	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Decrease (increase) other non-current receivables	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Decrease (increase) in non-current investments	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Payments								
Capital assets	(994,924,494)	39,644,343	(955,280,151)	(955,280,151)	(1,305,432,066)	(350,151,915)	137 %	131 %
Net cash flow from/used investing activities	(994,924,494)	39,644,343	(955,280,151)	(955,280,151)	(1,305,432,066)	(350,151,915)	137 %	131 %
Cash flow from financing activities								
Receipts								
Borrowing long term/refinancing	368,517,759	58,482,241	427,000,000	427,000,000	321,093,111	(105,906,889)	75 %	87 %
Increase (decrease) in consumer deposits	2,500,000	(216,118)	2,283,882	2,283,882	23,651,263	21,367,381	1,036 %	946 %
Payments								
Repayment of borrowing	(64,935,775)	39,934,684	(25,001,091)	(25,001,091)	-	25,001,091	- %	- %
Net cash flow from/used financing activities	306,081,984	98,200,807	404,282,791	404,282,791	344,744,374	(59,538,417)	85 %	113 %
Net increase/(decrease) in cash held	442,889,103	(552,675,083)	(109,785,980)	(109,785,980)	(90,104,347)	19,681,633	82 %	(20)%
Cash/cash equivalents at the year begin:					452,267,612			
Cash/cash equivalents at the year end:	442,889,103	(552,675,083)	(109,785,980)	(109,785,980)	362,163,265	19,681,633	(330)%	82 %

**Appendix H - Audited
Councillors' arrear consumer accounts (over 90 days)
Water and Other services**

Year end 30 June 2015

Surname and Initials	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015
Bacela G M	1,645	1,459	1,276	1,107	936	764	590	415	236	58	-	-
Lekgela L E	-	-	-	-	-	-	-	-	-	-	74	536
Manyoni T M	-	-	-	-	-	1,067	3,074	5,516	25	-	-	-
Mashoane E D	24,462	24,579	24,695	24,812	24,931	25,050	25,169	25,289	25,408	25,527	25,647	25,766
Matsemelela M V	-	-	-	-	-	-	417	359	469	656	599	340
Matsoetlane M J	-	-	-	-	-	-	-	-	-	1,057	889	744
Mbange M B	4,202	4,790	5,502	6,153	6,861	7,361	7,735	8,325	8,971	9,929	10,537	11,094
Minnie H	435	753	1,358	2,030	2,187	427	443	460	462	577	714	472
Mononyane M B	43,325	44,904	45,760	48,675	48,610	50,070	50,875	51,689	52,507	51,233	52,059	34,935
Mpakathe T S	-	-	-	-	-	-	-	-	-	-	109	115
Mpheqeka M S	28,928	29,444	29,362	30,435	30,404	30,428	30,265	30,322	30,293	30,444	30,412	30,049
Mtshwane K J	-	-	-	-	-	-	-	91	191	-	-	-
Naile T J	-	-	177	508	1,189	1,566	1,746	1,930	2,118	2,300	2,482	-
Ndamane S S	100	-	-	-	-	-	-	-	53	-	775	645
Nkoe M J	66,597	67,067	67,526	67,891	66,941	67,582	67,086	67,746	68,215	68,649	69,249	69,734
Nothnagel J	4,683	3,911	3,161	22	36	789	2,164	4,085	5,991	9,245	132	-
Petersen J E	15,746	16,444	17,099	17,841	18,629	19,455	20,895	21,762	23,664	25,445	20,070	21,449
Phajane M A	-	-	-	-	35	1,102	-	6	19	2,437	4,151	5,379
Sechoaro C S K	1,304	2,179	2,554	2,998	2,403	3,180	4,131	4,189	4,843	-	-	-
Siyonzana M A	-	-	-	-	-	-	-	-	-	-	-	-
Thipenyane G	-	-	-	-	-	503	1,006	513	1,025	-	-	-
Tsomela M M	918	944	1,074	1,032	1,407	174	370	343	982	1,503	-	-
Ward V W	112,255	112,024	109,413	109,153	108,738	107,442	107,692	107,922	101,525	100,732	100,464	101,130
GRAND TOTAL	304,600	308,498	308,957	312,657	313,307	316,960	323,658	330,962	326,997	329,792	318,363	302,388

Appendix H - Audited (cont.)
Councillors' arrear consumer accounts (over 90 days)
Water and Other services

Year end 30 June 2014

Surname and Initials	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
Bacela G M	-	-	-	248	496	745	997	1,250	1,506	1,763	2,021	1,832
Lekgela L E	49,844	49,488	48,016	48,568	45,121	43,666	42,199	8,190	4,870	3,370	1,632	78
Manyoni T M	20	24	-	-	-	-	-	3	-	-	-	-
Masoetsa L A	-	2	-	436	-	-	-	-	-	18	32	-
Matsoetlane M J	-	-	-	-	-	-	-	-	-	36	72	-
Mbange M B	848	848	848	848	848	1,166	1,901	2,519	2,999	3,175	2,936	3,279
Minnie H	-	-	-	-	-	-	-	44	93	142	191	241
Mononyane M B	19,666	20,416	35,753	68,227	38,678	40,971	41,432	42,214	42,930	43,650	44,387	44,091
Mpeqeka M S	30,397	30,257	30,066	30,570	29,931	29,881	29,803	29,721	29,640	29,556	29,473	29,389
Mtshwane K J	-	-	-	-	-	-	-	-	-	-	-	-
Ndamane S S	-	-	-	49	98	147	196	246	296	347	397	249
Nkoe M J	55,553	58,364	59,103	60,196	57,915	59,024	60,620	62,623	63,413	65,015	65,576	66,075
Nothnagel J	3,940	4,463	3,905	4,552	5,204	5,837	6,489	7,146	6,807	6,473	7,144	5,396
Olivier G J	192	-	-	-	-	-	-	-	-	-	-	-
Sechoaro C S K	-	-	-	-	333	330	812	1,502	1,365	2,199	2,976	1,848
Teko E D	67,243	69,106	72,974	76,881	80,784	15,048	19,229	23,432	24,003	24,113	24,230	24,346
Thipenyane G	1,696	1,345	1,187	1,187	874	1,187	1,591	1,999	2,487	1,983	-	-
Toba A L	184	152	-	189	-	-	-	-	-	-	-	-
Tsomela M M	-	22	3	-	11	-	-	-	228	527	800	680
Van Der Merwe R	-	-	-	85	171	257	343	431	518	607	-	-
Ward V W	10,769	8,938	10,014	9,252	10,952	12,675	14,628	16,622	18,539	18,881	18,857	20,855
GRAND TOTAL	<u>240,352</u>	<u>243,425</u>	<u>261,869</u>	<u>301,288</u>	<u>271,416</u>	<u>210,934</u>	<u>220,240</u>	<u>197,942</u>	<u>199,694</u>	<u>201,855</u>	<u>200,724</u>	<u>198,359</u>

Appendix H - Audited (cont.)
Councillors' arrear consumer accounts (over 90 days)
Electricity services

Year end 30 June 2015

Surname and Initials	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015
Snyman van Deventer E	469	469	469	469	469	469	469	469	469	469	469	469
Monanyane MB	69,647	70,923	72,257	73,714	75,335	75,767	76,235	76,707	77,178	77,649	78,120	78,591
Masoetsa LA	7,066	5,940	9,541	10,953	11,945	12,700	11,938	11,610	10,689	10,222	9,307	7,235
Siyonzana MA	11,461	14,680	18,485	15,897	18,079	20,110	21,727	23,346	24,796	26,150	27,807	29,534
Mashoane ED	78,054	78,551	79,048	79,546	80,043	80,541	81,038	81,535	82,033	82,530	83,028	83,525
Nothnagel J	21,901	21,901	21,901	21,901	21,901	21,901	21,901	21,901	21,901	21,901	21,901	21,901
Sechoaro CSK	5,750	5,788	5,826	3,826	3,826	3,826	3,826	3,826	3,826	3,826	3,826	3,826
Peterson JE	17,384	17,501	17,618	17,618	17,618	17,618	17,618	16,618	15,618	15,618	15,618	15,618
GRAND TOTAL	<u>211,732</u>	<u>215,753</u>	<u>225,145</u>	<u>223,924</u>	<u>229,216</u>	<u>232,932</u>	<u>234,752</u>	<u>236,012</u>	<u>236,510</u>	<u>238,365</u>	<u>240,076</u>	<u>240,699</u>

Year end 30 June 2014

Surname and Initials	Outstanding less than 90 days	Outstanding more than 90 days	Total
Nothnagel J	1,357	1,357	1,357
Snyman van Deventer E	-	3	3
Monanyane MB	5,524	64,684	70,208
Pongolo DX	10	387	397
Masoetsa LA	3,966	-	3,966
Siyonzana MA	7,394	2,634	10,028
Mashoane ED	1,941	76,113	78,054
Manyoni TM	4,092	-	4,092
Sechoaro CSK	3,164	3,664	6,828
Viviers BJ	2,214	-	2,214
GRAND TOTAL	<u>29,662</u>	<u>148,842</u>	<u>177,147</u>



Mangaung Metropolitan Municipality
Annual Financial Statements
for the year ended 30 June 2015

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

General Information

Legal form of entity	Municipality
Nature of business and principal activities	Providing municipal services and maintaining the best interest of the local community, mainly in the Mangaung area.
Executive Mayor	T M Manyoni
Deputy Executive Mayor	C L M Rampai
Speaker	M A Siyonzana
Chief Whip	Z E Mangcotywa
Mayoral Committee Members	L A Masoetsa M J Matsoelane M A Moeng N G Mokotjo S A Monnakgori X D Pongolo K N Rabela D M Sekakanyo M M Tsomela
Grading of local authority	Metropolitan
Accounting Officer	S Mazibuko
Chief Finance Officer (CFO)	M E Mohlahlo
Registered office and business address	Bram Fischer Building Cnr Nelson Mandela Drive and Markgraaf Street Bloemfontein 9301
Postal address	PO Box 3704 Bloemfontein 9301
Bankers	ABSA Bank Limited Development Bank of South Africa First National Bank Nedbank Limited Standard Bank of South Africa Limited
Auditors	The Auditor-General of South Africa
Enabling legislation	Local Government: Municipal Finance Management Act, (Act 56 of 2003) Local Government: Municipal Systems Act, (Act 32 of 2000) Local Government: Municipal Structures Act, (Act 117 of 1998) Municipal Property Rates Act, (Act 6 of 2004) Division of Revenue Act, (Act 10 of 2014) Municipal Demarcation Act, (Act 27 of 1998)

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

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The reports and statements set out below comprise the annual financial statements presented to the Council and the Provincial Legislature:

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Abbreviations

1. Abbreviations used within the annual financial statements

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
FV	Fair Value
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act, (Act 56 of 2003)
MIG	Municipal Infrastructure Grant (Previously CMIP)
PPE	Property, Plant and Equipment
SALGA	South African Local Government Association
VAR	Variance
BAL	Balance
ACT	Actual
VAT	Value Added Tax

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

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 entity 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, other than those identified in note 2, and are supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the entity and places 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures.

The accounting officer is responsible for the preparation of these annual financial statements in terms of Section 126(1) of the Municipal Finance Management Act, (Act 56 of 2003), and has signed on behalf of the entity.

The accounting officer certifies that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 45 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

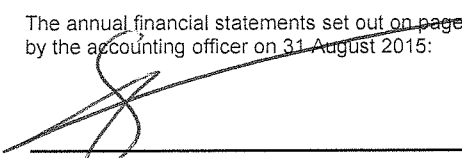
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

The accounting officer has reviewed the entity's cash flow forecast for the year to 30 June 2016 and in the light of this review and the current financial position, she is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future. Details regarding this assumption have been included in note 63.

Although the accounting officer is primarily responsible for the financial affairs of the entity, she is supported by the entity's external auditors to express an independent opinion on the fair presentation of the financial statements.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors.

The annual financial statements set out on pages 6 to 116, which have been prepared on the going concern basis, were approved and signed by the accounting officer on 31 August 2015:



Accounting Officer
S Mazibuko

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2015.

1. Review of activities

Main business and operations

The entity is engaged in providing municipal services and maintaining the best interest of the local community, mainly in the Mangaung area and operates principally in South Africa.

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

Net surplus of the entity was R 164,042,145 (2014: surplus R 749,162,392).

2. Going concern

I draw attention to the fact that at 30 June 2015, the entity had an accumulated surplus of R 10,692,768,369 and that the entity's total assets exceed its liabilities by R 11,593,218,113.

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.

The entity still has the power to levy rates and taxes and it will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act, (Act 1 of 2015).

3. Subsequent events

On 9 December 2013 the Council approved the commencement of the initial processes that would lead to the entity issuing bonds to banks and/or pension funds. This process has been initiated, and it is expected that the project will be implemented during the next financial year.

On 2 July 2015 the Municipal Demarcation Board issued circular 8/2015 which re-determined certain municipal boundaries. As a result of this re-determination, the boundaries of Mangaung Metropolitan Municipality may extend to include Naledi Local Municipality. It is expected that this change may be implemented as of 1 July 2016.

On 20 August 2015 the Council resolved that 17 984 indigents be included in the indigent register. These indigents had outstanding balances amounting to R103 586 201 at the date of inclusion. Council approved the write off of these balances in the same meeting.

4. Accounting Officer's interest in contracts

None.

5. Accounting policies

The annual financial statements are prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any directives and interpretations of such Standards issued by the Accounting Standards Board, and in accordance with section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003). The accounting policies are presented on pages 13 to 43, and unless indicated in note 2 are consistent with the prior year.

6. Credit rating obtained

During the current financial year the entity was evaluated by Moody's Investors' Services South Africa (Pty) Ltd. The entity obtained a A3.za/P-2.za rating, with stable outlook, which reflect the entity's strong operating balance and improving cash flows supported by low debt levels relative to other rated metropolitan municipalities in the country.

7. Accounting Officer

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

Name: S Mazibuko
Nationality: South African

Mangaung Metropolitan Municipality
Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

Figures in Rand	Notes	2015	2014 Restated*
Assets			
Current Assets			
Inventories	4	244,396,765	196,460,584
Other receivables from non-exchange transactions	5	2,337,243	3,515,651
Other receivables from exchange transactions	6	31,552,781	29,251,736
Consumer receivables from non-exchange transactions	7	377,650,412	347,938,313
Consumer receivables from exchange transactions	8	425,798,265	381,541,779
VAT receivable	9	12,441,227	-
Cash and cash equivalents	10	224,833,757	132,390,525
Centlec Intercompany loan	11	712,058,928	-
Current portion of Centlec receivables	17	7,300,043	275,182,415
		2,038,369,421	1,366,281,003
Non-Current Assets			
Investment property	12	1,670,320,863	1,676,857,863
Property, plant and equipment	13	9,446,818,027	9,053,950,583
Intangible assets	14	9,894,820	8,494,700
Heritage assets	15	321,656,341	321,656,341
Investments in controlled entities	16	100	100
Centlec receivables	17	1,166,741,997	2,452,122,567
Non-current receivables	18	657,928	201,993
		12,616,090,076	13,513,284,147
Total Assets		14,654,459,497	14,879,565,150
Liabilities			
Current Liabilities			
Centlec payable	19	-	895,125,926
Payables from exchange transactions	20	626,052,602	683,553,671
Payables from non-exchange transactions	21	279,414,560	146,443,906
Consumer deposits	22	30,872,092	28,529,176
Unspent conditional grants and receipts	23	126,270,010	122,489,296
VAT payable	24	-	64,946,734
Finance lease obligation	25	40,940,164	55,917,906
Current portion of borrowings	26	35,002,986	8,586,359
Provisions	27	194,808,344	207,016,427
		1,333,360,758	2,212,609,401
Non-Current Liabilities			
Finance lease obligation	25	65,478,721	87,292,880
Borrowings	26	557,182,589	183,277,108
Provisions	27	237,691,924	229,147,931
Defined benefit obligation	28	642,594,000	557,216,000
FRESHCO liability	29	193,357,936	181,443,631
Land availability liability	30	31,575,456	-
		1,727,880,626	1,238,377,550
Total Liabilities		3,061,241,384	3,450,986,951
Net Assets		11,593,218,113	11,428,578,199
Reserves			
Revaluation reserve	31	884,821,124	896,853,430
Self insurance reserve	32	5,000,000	5,000,000
COID reserve	33	10,628,620	8,934,694
Accumulated surplus		10,692,768,369	10,517,790,075
Total Net Assets		11,593,218,113	11,428,578,199

* See Note 2 & 60

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

Figures in Rand	Notes	2015	2014 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	36	1,089,142,892	1,093,045,939
Rental of facilities and equipment	37	28,370,602	21,151,705
Licences and permits		170,678	433,435
Income from agency services	38	109,470,784	100,666,986
Other income from exchange transactions	39	53,139,274	49,697,476
Interest received	40	473,938,677	420,889,744
Total revenue from exchange transactions		1,754,232,907	1,685,885,285
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	41	871,212,409	975,955,418
Transfer revenue			
Government grants and subsidies	42	1,608,312,777	1,722,782,785
Other income from non-exchange transactions	43	1,562,435	11,357,593
Fines		79,198,221	77,361,862
Total revenue from non-exchange transactions		2,560,285,842	2,787,457,658
Total revenue	35	4,314,518,749	4,473,342,943
Expenditure			
Employee related costs	44	(1,165,268,010)	(1,030,231,774)
Remuneration of councillors	45	(49,594,283)	(47,106,731)
Depreciation and amortisation	46	(536,569,863)	(378,699,470)
Impairment loss/ Reversal of impairments	47	(7,817,179)	-
Finance costs	48	(172,309,584)	(145,596,732)
Debt impairment	49	(629,607,301)	(569,684,182)
Repairs and maintenance		(280,123,160)	(266,111,990)
Bulk purchases	50	(430,764,023)	(382,809,314)
Contracted services	51	(229,381,906)	(182,965,345)
Grants and subsidies paid	52	(218,665,541)	(256,299,189)
General expenses	53	(424,547,014)	(422,665,997)
Total expenditure		(4,144,647,864)	(3,682,170,724)
Operating surplus		169,870,885	791,172,219
Gains/(losses) on disposal of assets and liabilities		(9,092,424)	6,313,711
Fair value adjustments	54	9,683	8,453,463
Actuarial gains/(losses)	28	3,254,000	(56,777,000)
		(5,828,741)	(42,009,826)
Surplus for the year		164,042,144	749,162,393

* See Note 2 & 60

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Self Insurance reserve	COVID reserve	Total reserves	Accumulated surplus	Total net assets
Opening balance as previously reported	790,800,654	77,484,513	11,457,126	879,742,293	9,366,174,108	10,245,916,401
Adjustments						
Prior year adjustments	94,514,358	-	-	94,514,358	315,017,286	409,531,644
Balance at 01 July 2013 as restated*	885,315,012	77,484,513	11,457,126	974,256,651	9,681,191,394	10,655,448,045
Changes in net assets						
Surplus for the year	-	-	-	-	749,162,392	749,162,392
Reduction of Reserve	-	(72,484,513)	-	(72,484,513)	72,484,513	-
Revaluation of assets	24,026,964	-	-	24,026,964	-	24,026,964
Realisation of revaluation reserve	(12,488,546)	-	-	(12,488,546)	12,429,344	(59,202)
Contributions received	-	274,940	2,992,946	3,267,886	(3,267,886)	-
Insurance claims processed	-	(274,940)	(5,515,378)	(5,790,318)	5,790,318	-
Total changes	11,538,418	(72,484,513)	(2,522,432)	(63,468,527)	836,598,681	773,130,154
Opening balance as previously reported	783,579,162	77,209,573	8,934,694	869,723,429	10,257,262,484	11,126,985,913
Adjustments						
Prior year adjustments	113,274,268	(72,209,573)	-	41,064,695	260,527,591	301,592,286
Balance at 01 July 2014 as restated*	896,853,430	5,000,000	8,934,694	910,788,124	10,517,790,075	11,428,578,199
Changes in net assets						
Surplus for the year	-	-	-	-	164,042,145	164,042,145
Realisation of Revaluation Reserve	(12,032,306)	-	-	(12,032,306)	12,630,075	597,769
Contributions received	-	264,447	3,132,625	3,397,072	(3,397,072)	-
Insurance claims processed	-	(264,447)	(1,438,699)	(1,703,146)	1,703,146	-
Total changes	(12,032,306)	-	1,693,926	(10,338,380)	174,978,294	164,639,914
Balance at 30 June 2015	884,821,124	5,000,000	10,628,620	900,449,744	10,692,768,369	11,593,218,113
Notes	31	32	33			

* See Note 2 & 60

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

Cash Flow Statement

Figures in Rand	Notes	2015	2014 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		1,410,573,668	1,348,959,123
Grants		1,393,427,951	1,395,735,179
Interest income		193,826,462	149,147,828
		<u>2,997,828,081</u>	<u>2,893,842,130</u>
Payments			
Employee costs		(1,179,194,293)	(1,070,622,504)
Suppliers		(1,138,419,085)	(1,177,240,000)
		<u>(2,317,613,378)</u>	<u>(2,247,862,504)</u>
Net cash flows from operating activities	55	680,214,703	645,979,626
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(913,950,676)	(886,296,574)
Purchase of investment property	12	-	(3,669,363)
Proceeds from sale of investment property	12	6,537,000	-
Purchase of other intangible assets	14	(1,973,431)	(1,653,581)
Proceeds from other non-current receivables		(446,253)	315,163
Net cash flows from investing activities		(909,833,360)	(891,304,355)
Cash flows from financing activities			
Proceeds from current portion of borrowings		400,322,109	12,777,818
Finance lease payments		(36,791,901)	136,054,886
Interest (paid)/received		(43,811,235)	(29,336,012)
Consumer deposits		2,342,916	852,301
Net cash flows from financing activities		322,061,889	120,348,993
Net increase/(decrease) in cash and cash equivalents		92,443,232	(124,975,736)
Cash and cash equivalents at the beginning of the year		132,390,525	257,366,261
Cash and cash equivalents at the end of the year	10	224,833,757	132,390,525

* See Note 2 & 60

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 71

Figures in Rand

Statement of Financial Performance

Revenue

Revenue by source

Property rates	1,084,200,413	(181,111,027)	903,089,386	871,212,409	(31,876,977)	A1, B1
Service charges	1,073,341,219	(100,259,408)	973,081,811	1,089,142,892	116,061,081	A2, B2
Investment revenue	34,140,321	-	34,140,321	31,646,860	(2,493,461)	
Transfers recognised - operational	617,571,000	15,362,966	632,933,966	619,281,852	(13,652,114)	A3, B3
Other own revenue	786,636,471	12,718	786,649,189	976,391,679	189,742,490	B4
Total Revenue (excluding capital transfers and contributions)	3,595,889,424	(265,994,751)	3,329,894,673	3,587,675,692	257,781,019	

Expenditure by type

Employee costs	(1,149,028,222)	(4,327,340)	(1,153,355,562)	(1,156,931,728)	(3,576,166)	
Remuneration of councillors	(50,177,578)	120,000	(50,057,578)	(49,594,283)	463,295	
Debt impairment	(179,628,485)	-	(179,628,485)	(629,607,301)	(449,978,816)	B5
Depreciation & asset impairment	(344,844,470)	-	(344,844,470)	(544,387,042)	(199,542,572)	B6
Finance charges	(234,581,131)	17,720,235	(216,860,896)	(172,309,584)	44,551,312	A4
Materials and bulk purchases	(651,061,759)	(22,130,182)	(673,191,941)	(712,330,588)	(39,138,647)	A5
Transfers and grants	(160,921,366)	33,329,507	(127,591,859)	(218,389,087)	(90,797,228)	A6, B7
Other expenditure	(737,334,627)	(69,451,195)	(806,785,822)	(672,451,860)	134,333,962	A7, B8
Total expenditure	(3,507,577,638)	(44,738,975)	(3,552,316,613)	(4,156,001,473)	(603,684,860)	
Surplus	88,311,786	(310,733,726)	(222,421,940)	(568,325,781)	(345,903,841)	
Transfers recognised - capital	756,633,000	70,672,989	827,305,989	732,367,925	(94,938,064)	A3, B3
Deficit after capital transfers & contributions	844,944,786	(240,060,737)	604,884,049	164,042,144	(440,841,905)	
Deficit for the year	844,944,786	(240,060,737)	604,884,049	164,042,144	(440,841,905)	

Reconciliation

Total Revenue Reconciliation

Add: Fair value adjustments	9,683	R1
Add: Actuarial gains	3,254,000	R1
Less: Loss on disposal of assets	(9,092,424)	R1
Add: Interdepartmental charges	303,873	R1

Total Expenses Reconciliation

Less: Fair value adjustments	(9,683)	R1
Less: Actuarial gains	(3,254,000)	R1
Add: Loss on disposal of assets	9,092,424	R1
Less: Interdepartmental charges	(303,873)	R1

Actual Amount in the Statement of Financial Performance

164,042,144

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 71

Figures in Rand

Statement of Financial Position

Assets

Current Assets

Cash	24,198,446	(14,461,556)	9,736,890	76,255,737	66,518,847	A8, B9
Call investment deposits	762,191,590	(644,578,897)	117,612,693	148,578,021	30,965,328	A8, B9
Consumer debtors	908,283,806	183,731,992	1,092,015,798	803,448,677	(288,567,121)	A8, B9
Other debtors	132,458,258	350,545,848	483,004,106	758,390,179	275,386,073	A8, B9
Current portion of long-term receivables	13,788,222	-	13,788,222	7,300,043	(6,488,179)	B9
Inventory	91,236,523	-	91,236,523	244,396,765	153,160,242	B9
	1,932,156,845	(124,762,613)	1,807,394,232	2,038,369,422	230,975,190	

Non-Current Assets

Long-term receivables	14,156,892	-	14,156,892	625,430	(13,531,462)	
Investments	17,588	-	17,588	32,598	15,010	
Investment property	2,364,689,240	-	2,364,689,240	1,670,320,863	(694,368,377)	B9
Property, plant and equipment	6,215,378,967	88,508,292	6,303,887,259	9,768,474,368	3,464,587,109	A8, B9
Centlec receivables	2,762,918,806	-	2,762,918,806	1,166,741,997	(1,596,176,809)	B9
Intangible assets	235,099,020	-	235,099,020	9,894,820	(225,204,200)	B9
Other non-current assets	15,892,876	-	15,892,876	-	(15,892,876)	B9
	11,608,153,389	88,508,292	11,696,661,681	12,616,090,076	919,428,395	

Total Assets

	13,540,310,234	(36,254,321)	13,504,055,913	14,654,459,498	1,150,403,585	

Liabilities

Current Liabilities

Centlec payables	1,136,731,810	-	1,136,731,810	-	(1,136,731,810)	B9
Borrowings	18,425,887	-	18,425,887	75,943,150	57,517,263	B9
Consumer deposits	29,336,443	-	29,336,443	30,872,092	1,535,649	
Trade and other payables	699,876,123	(30,000,000)	669,876,123	1,031,737,176	361,861,053	A8, B9
Provisions	146,625,564	-	146,625,564	194,808,344	48,182,780	B9
	2,030,995,827	(30,000,000)	2,000,995,827	1,333,360,762	(667,635,065)	

Non-Current Liabilities

Borrowings	497,581,984	(23,064,225)	474,517,759	847,594,702	373,076,943	A8, B9
Provisions	991,932,233	-	991,932,233	880,285,924	(111,646,309)	B9
	1,489,514,217	(23,064,225)	1,466,449,992	1,727,880,626	261,430,634	

Total Liabilities

	3,520,510,044	(53,064,225)	3,467,445,819	3,061,241,388	(406,204,431)	

Net Assets

	10,019,800,190	16,809,904	10,036,610,094	11,593,218,110	1,556,608,016	

Community wealth/equity

Accumulated Surplus/(Deficit)	9,256,489,641	16,809,904	9,273,299,545	10,692,768,366	1,419,468,821	A8
Reserves	763,310,549	-	763,310,549	900,449,744	137,139,195	
	10,019,800,190	16,809,904	10,036,610,094	11,593,218,110	1,556,608,016	

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 71
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Ratepayers and other	2,267,106,166	(448,809,333)	1,818,296,833	1,410,573,668	(407,723,165)	B10
Government funding - operating and capital	1,345,204,000	(34,741,091)	1,310,462,909	1,393,427,951	82,965,042	B10
Interest	149,387,089	(133,432,979)	15,954,110	193,826,463	177,872,353	B10
	3,761,697,255	(616,983,403)	3,144,713,852	2,997,828,082	(146,885,770)	
Payments						
Suppliers and employees	(2,701,240,690)	(425,689,758)	(3,126,930,448)	(2,317,613,379)	809,317,069	B10
Finance charges	(104,405,876)	309,018,305	204,612,429	-	(204,612,429)	B10
Transfers and grants	(58,938,215)	43,134,623	(15,803,592)	-	15,803,592	B10
	(2,864,584,781)	(73,536,830)	(2,938,121,611)	(2,317,613,379)	620,508,232	
Net cash flows from operating activities	897,112,474	(690,520,233)	206,592,241	680,214,703	473,622,462	
Cash flows from investing activities						
Payments						
Capital assets	(994,924,494)	39,644,343	(955,280,151)	(909,833,358)	45,446,793	B10
Cash flows from financing activities						
Receipts						
Borrowing long term/refinancing	368,517,759	58,482,241	427,000,000	400,322,108	(26,677,892)	B10
Increase/(decrease) in consumer deposits	2,500,000	(216,118)	2,283,882	2,342,916	59,034	B10
	371,017,759	58,266,123	429,283,882	402,665,024	(26,618,858)	
Payments						
Repayment of borrowing	(64,935,775)	39,934,684	(25,001,091)	(80,603,136)	(55,602,045)	B10
Net cash flows from investing activities	306,081,984	98,200,807	404,282,791	322,061,888	(82,220,903)	
Net increase/(decrease) in cash held	208,269,964	(552,675,083)	(344,405,119)	92,443,233	436,848,352	B10
Cash/cash equivalents at the year begin:	343,500,833	(106,365,269)	237,135,564	132,390,525	(104,745,039)	B10
Cash and cash equivalents at the end of the year	551,770,797	(659,040,352)	(107,269,555)	224,833,758	332,103,313	
Reconciliation						

Accounting Policies

1. Presentation of Annual Financial Statements

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).

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. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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, except for the changes set out in note 2 Changes in accounting policy.

1.1 Going concern assumption

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

1.2 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:

Trade receivables, loans and other receivables

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

Where the impairment for trade receivables and loans and other receivables is calculated on a portfolio basis, these are based on historical loss ratios. These annual loss ratios are applied to loan balances in the portfolio. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition. The impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

Allowance for slow moving, damaged and obsolete stock

An allowance for slow moving, damaged and obsolete inventory to write inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the statement of financial performance.

Fair value estimation

The fair value of financial instruments traded in active markets such as trading securities is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The fair value of investment property is determined on the basis of a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

The fair value of items of land and buildings is determined from market-based evidence by appraisal. An appraisal of the value of the asset is undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualification.

The fair value of a heritage asset is the price at which the heritage asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of a heritage asset is determined from market-based evidence determined by appraisal. An appraisal of the value of the asset is normally undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualification.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. The recoverable service amount of non-cash-generating assets have been determined on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The entity 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. They are significantly affected by a number of factors including production estimates, supply demand, together with economic factors such as exchange rates, inflation rates and interest rates.

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 27 - Provisions.

Provisions are measured using management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to the present value where the effect is material.

Useful lives and residual values

The entity's management determines the estimated useful lives, residual values and related depreciation charges for assets as noted in accounting policy 1.4 Property, plant and equipment. These estimates are based on industry norms.

Management will increase the depreciation charge prospectively where useful lives are less than previously estimated useful lives. Management will decrease the depreciation charge prospectively where useful lives are more than previously estimated useful lives.

Where changes are made to the estimated residual values, management also makes these changes prospectively.

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 or income include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 28.

1.3 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 entity, 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.

Accounting Policies

1.3 Investment property (continued)

Cost is the amount of cash or cash equivalents or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction.

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.

Fair value

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

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

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

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

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

Derecognition:

Items of investment property are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset.

The gain or loss arising from the derecognition of an item of investment property included in surplus or deficit when the item is derecognised.

The gain or loss arising from the derecognition of an item of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset.

1.4 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 (other than Investment Property), or for administrative purposes, and are expected to be used during more than one reporting period.

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

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

Property, plant and equipment is initially measured at cost.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets 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, its deemed cost is the carrying amount of the asset(s) given up.

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

Accounting Policies

1.4 Property, plant and equipment (continued)

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.

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 or, replace part of an item of property, plant and equipment. 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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent measurement:

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses, except for land and buildings and zoo animals, which are carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are performed with sufficient regularity by registered valuers for every class separately.

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

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

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

The revaluation reserve included in net assets related to a specific item of property, plant and equipment is transferred directly to accumulated surplus or deficit when the asset is derecognised.

The revaluation reserve included in net assets related to a specific item of property, plant and equipment is transferred directly to accumulated surplus or deficit as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Depreciation and impairment:

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

Land, except for landfill and quarry sites, is not depreciated as it has an indefinite useful life.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

Subsequent to initial recognition, property, plant and equipment on the cost model, is carried at cost less accumulated depreciation and any accumulated impairment losses. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

Item	Average useful life (years)
Buildings	30-53
Other vehicles	3-55
Community / Recreational facilities	6-100
Fire arms	5-40
Environmental facilities	15
Roads and stormwater	5-100

Accounting Policies

1.4 Property, plant and equipment (continued)

Finance leases - Equipment	3-5
Security	8-12
Specialised plant and equipment	3-55
Sewerage and mains	40-100
Water and sewerage network	7-100
Quarries	20-30
Landfill sites	20-69
Housing	50
Other assets	3-35

The residual value, the useful life and depreciation method of each asset are reviewed at least 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.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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

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 or disposal 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.

Property, plant and equipment which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue from exchange transactions. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

Commitments:

Where the entity has a contractual commitment in respect of the acquisition of property, plant and equipment, these are disclosed in note 56. The commitments as disclosed are the contractual amount less any payments made in respect of the contract.

1.5 Site restoration and dismantling cost

The entity has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.6 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identifiable if it either:

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

Accounting Policies

1.6 Intangible assets (continued)

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 entity; and
- the cost or fair value of the asset can be measured reliably.

The entity 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.

Intangible assets are initially recognised at cost.

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

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

Subsequent measurement:

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation begins when intangible assets are in the location and condition necessary for it to be capable of operating in the manner intended by management and ceases at the earlier of the date that the asset is classified as held for sale (or included a disposal group that is classified as held for sale) in accordance with the standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations and the date that the asset is derecognised.

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	3-30 years

Derecognition:

Intangible assets are derecognised:

- on disposal (including a disposal through a non-exchange transaction); 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

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Accounting Policies

1.7 Heritage assets (continued)

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Recognition

The entity 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 entity, 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, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses. It is not expected that the fair values will differ significantly from year to year. Fair value assessments therefore will be done with sufficient regularity.

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

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

The heritage assets of the entity shall not be depreciated but, the entity assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity 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.

For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount shall be recognised in surplus or deficit.

Derecognition

The entity derecognises the carrying amount of 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.

1.8 Investments in controlled entities

Investments in controlled entities are carried at cost less any accumulated impairment.

The cost of an investment in controlled entity is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the entity; plus
- any costs directly attributable to the purchase of the controlled entity.

1.9 Financial instruments

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

Accounting Policies

1.9 Financial instruments (continued)

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.

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.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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.

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.

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.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Accounting Policies

1.9 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity classifies financial assets and financial liabilities into the following categories:

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Accounting Policies

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity 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.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

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

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

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

The entity assesses financial assets individually, when assets are individually significant, and individually or collectively for financial assets that are not individually significant. Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), an entity includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in the collective assessment of impairment.

For collective assessment of impairment, assets with similar credit risk characteristics are grouped together. The credit risk characteristics are indicative of the debtors' ability to pay all amounts due according to the contractual terms.

Accounting Policies

1.9 Financial instruments (continued)

In making this assessment management may consider the following indicators as guidance for possible impairment:

- Significant financial difficulty experienced by the borrower/debtor;
- Delays in payments (including interest payments) or failure to pay/defaults;
- For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay as and when they can. The entity would not otherwise have considered this concession. For example, allowing disadvantaged customers to pay their account when they can due to the fact the water it supplies to the customer is a basic human right;
- It is probable that the borrower/debtor will enter sequestration (bankruptcy) or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties;
- Observable data, for example historical data, indicating that there is a decrease in the estimated future cash flows that will be received (which can be measured reliably), from a group of financial assets (financial assets with similar credit risk characteristics grouped together) since the initial recognition of those assets. The decrease may not yet be identified for the individual financial assets in the group. These can include:

* the payment status of borrowers/debtors in the group has deteriorated (e.g. an increased number of delayed payments); or

* National or local economic conditions that are in line with non-payments in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers/debtors, or adverse changes in market conditions that affect the borrowers/debtors in the group)

- Accounts in arrears for a period longer than the initial estimated repayment period
 - Accounts with arrears of over 90 days showing no repayments in the last financial year
 - Accounts handed over for collection
 - Any negative changes in the ability of debtors and borrowers to repay the amounts due to the entity (example: an increased number of late payments)
- A breach in contract, such as a default in interest or capital payments

Management need not utilize all the indicators given above as guidance but only use the indicators to which management has sufficient information to make the assessment for possible or actual impairment. The information which management will utilize should adequately reflect the current status, relating to the collectability of the receivables.

Refer to notes 6, 7 and 8 for the impact of the above application.

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 OR through the use of an allowance account, whichever may be appropriate. 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, whichever may be appropriate. 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.

Accounting Policies

1.9 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

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

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

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

Financial liabilities

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

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

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

Accounting Policies

1.9 Financial instruments (continued)

Presentation

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

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.

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

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

1.10 Advance Receipts

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

All receipts received in advance are classified as non-exchange transactions as no approximate equal value is exchanged between the parties. Refer to note 21 Payables from non-exchange transactions where these receipts in advance are disclosed.

1.11 Tax

VAT

The entity accounts for VAT on the payment basis. The entity is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the Value Added Tax Act, (Act 89 of 1991) in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The entity accounts for VAT on a monthly basis.

1.12 Leases

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

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

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

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

Operating leases - lessor

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

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

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

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

Accounting Policies

1.12 Leases (continued)

Operating leases - lessee

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

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

1.13 Inventories

The entity recognises inventories as an asset when,

- (a) it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- (b) the cost of the inventory can be measured reliably.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.14 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity 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.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

All assets of the entity are accounted for as non cash-generating assets.

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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 entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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 entity 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.

Accounting Policies

1.14 Impairment of cash-generating assets (continued)

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 entity 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 entity 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 entity does not reduce the carrying amount of an asset below the highest of:

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

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

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

Reversal of impairment loss

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

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

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

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.

Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Redesignation

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

1.15 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity 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.

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Accounting Policies

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

Value in use

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

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approaches based on the availability of data and the nature of the impairment:

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 entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned 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.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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 entity 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.

Accounting Policies

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

Reversal of an impairment loss

The entity 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 entity 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.

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

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.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Vested employee benefits are employee benefits that are not conditional on future employment.

Accounting Policies

1.16 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the 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 entity during a reporting period, the entity 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 entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity 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 entity has no realistic alternative but to make the payments.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the entity expects to pay in exchange for that service and had accumulated at the reporting date.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

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

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.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity 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;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

Accounting Policies

1.16 Employee benefits (continued)

The entity 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.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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.

Actuarial assumptions are included in the note of defined benefit obligation plan.

Accounting Policies

1.16 Employee benefits (continued)

Other post retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- 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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 57.

Accounting Policies

1.17 Provisions and contingencies (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.14 and 1.15.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.18 Revenue from exchange transactions

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

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

Revenue from exchange transactions consists primarily of services charges, rentals, interest received and other services rendered.

When considering the probability of the future economic benefits that will flow to the entity, consideration is given to the requirements as outlined in IGRAP 1.

Measurement

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

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.

Accounting Policies

1.18 Revenue from exchange transactions (continued)

Sale of goods

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

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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

Rendering of services consist out of solid waste, sanitation, sewerage and water services.

Interest

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

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

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

Rental Income

Revenue arising from the use by others of entity assets yielding rental income is recognised when:

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

Lease revenue from operating leases shall be recognised as revenue on a straight-line basis over the lease term in accordance with the accounting policy on Leases 1.12 .

1.19 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Revenue from non-exchange transactions consists primarily of grants from National- and Provincial Government and property rates.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

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

Measurement

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

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

Taxes

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

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

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

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

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

Transfers

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

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

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

Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Debt forgiveness and assumption of liabilities

The entity recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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 entity.

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

Bequests

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

Gifts and donations, including goods in-kind

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

Services in-kind

Services in-kind are not recognised.

Concessionary loans received

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

1.20 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.21 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.22 Borrowing costs

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

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

1.23 Bonus pensionable service and medical boardings

The benefits of Bonus Pensionable Service and Medical Boardings are afforded to members of certain funds in terms of the applicable rules of the relevant funds. The payments are accounted for in the statement of financial performance in the period in which it is paid.

Accounting Policies

1.24 Comparative figures

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

The comparative figures have been restated

1.25 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.26 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

Detailed disclosures are made in note 64 to the financial statements as required by the Municipal Finance Management Act, (Act No. 56 of 2003).

1.27 Fruitless and wasteful expenditure

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

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

Detailed disclosures are made in note 65 to the financial statements as required by the Municipal Finance Management Act, (Act No. 56 of 2003).

1.28 Irregular expenditure

Irregular expenditure as defined in section 1 of the Municipal Finance Management Act, (Act No. 56 of 2003) is expenditure incurred by a municipality or municipal entity that is not in accordance with or in contravention of:

- a) the MFMA, and which has not been condoned in terms of section 170;
- b) the Municipal Systems Act, (Act 32 of 2000) and which has not been condoned in terms of that act;
- c) the Public Office-Bearers Act, (Act No.20 of 1998)
- d) the requirements of a supply chain management policy of the municipality or municipal entity or in accordance with the municipality's by-laws giving effect to such policy and which has not been condoned in terms of such policy or by-law.

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.

Detailed disclosures are made in note 66 to the financial statements as required by the Municipal Finance Management Act, (Act No. 56 of 2003).

1.29 Internal reserves

Self insurance reserve

The entity has a Self Insurance Reserve to set aside amounts to offset potential losses or claims, which are not insured externally. The balance of the Self Insurance Reserve is determined based on the insurance risk carried by the entity, which is calculated by the council's insurance broker and is reinstated or increased by a transfer from the accumulated surplus/(deficit).

Claims are settled by transferring a corresponding amount from the self insurance reserve to the accumulated surplus.

Accounting Policies

1.29 Internal reserves (continued)

Compensation for occupational injuries and diseases (COID) reserve

The Compensation for Occupational Injuries and Diseases Reserve is to provide for payment of medical treatment and compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The contribution to the COID fund is determined by the Compensation Commissioner. The entity is an exempt employer in terms of Section 84 (1) (a)(ii) & (2) and as such does not pay any assessments to the COID Commissioner. In terms of the exempt status the entity is mandated to establish its own fund and administers this fund in terms of the Compensation for Occupational Injuries and Diseases Act, (Act 130 of 1993).

Amounts are transferred to the COID reserve from the accumulated surplus/(deficit) based on the amounts as approved in the annual budget and determined by the Compensation Commissioner as well as additional amounts deemed necessary to ensure that the balance of the reserve is adequate to offset potential claims.

Claims are paid as determined by the Compensation Commissioner. Claims are settled by transferring a corresponding amount from the COID reserve to the accumulated surplus/(deficit).

1.30 Revaluation reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Any impairment loss of a revalued asset shall be treated as a revaluation decrease. To the extent that the impairment loss exceeds the revaluation surplus for the same asset, the impairment loss is recognised in the accumulated surplus/(deficit).

1.31 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The entity operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements. GRAP 18 has not been considered in developing these policies

1.32 Budget information

The entity is 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 the entity 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 nature classification. The approved budget and the annual financial statements are not prepared on the same classification basis.

The approved budget covers the fiscal period from 01 July 2014 to 30 June 2015.

The annual budget figures included in the annual financial statements are for the entity and do not include budget information relating to subsidiaries or associates. The separate budget for the entity has been recompiled for the presentation in the annual financial statements. The recompilement does not constitute changes or revisions of the consolidated budget as approved by the Council.

The statement of comparison of budget and actual amounts has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury. Explanatory comments to material differences are provided in note 71 to the annual financial statements.

1.33 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity, including those charged with governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

The entity regards all individuals from the level of Accounting Officer and Council members as well as managers and directors reporting directly to the accounting officer as key management per the definition of the financial reporting standard.

Accounting Policies

1.33 Related parties (continued)

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

Related party disclosures for transactions between government entities that took place on terms and conditions that are considered to be at arms length and in the ordinary course of business are not disclosed in accordance with IPSAS 20 Related Party Disclosure.

1.34 Housing development arrangements

The entity grants the right to use properties to third parties by means of contractual agreements. These agreements are classified into two categories, namely the FRESHCO Agreement and the Land Availability Agreements.

The following properties, owned by the entity, are used by third parties to provide public services subject to the entity's control of the asset.

Brandwag Property;
Hillside View Property;
Vista Park Extension 2 Property; and
Vista Park Extension 3 Property.

These agreements are binding arrangements between the entity and the third party in which:

- The third party uses the specified asset to provide a public service on behalf of the entity for a specified period of time; and
- The third party is compensated for its services over the period of the arrangement, and/or upon completion of conditions specified within the contract, and/or upon the completion of the project.

The Properties are assets used to provide public services, in an arrangement, that:

- Are provided by the entity which:
 - Are existing assets of the entity; or
 - Are upgrade to existing assets of the entity; or
- Are provided by the third party which:
 - Are existing assets of the third party; or
 - Are constructed, developed, or acquired from a third party.

The entity shall recognize an asset provided by the third party and/or an upgrade to an existing asset of the entity if:

- The entity controls or regulates what services the third party must provide with the asset, to whom it must provide them, and at what price; and
- The entity controls – through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the term of the arrangement.

The entity shall initially measure the assets recognised at fair value.

The assets received shall subsequently be accounted for in accordance with the GRAP Standard applicable to the classification of the asset received. Including but not limited to GRAP 16 – Investment Property; GRAP 17 - Property, Plant, and Equipment; and GRAP 12 – Inventory.

Where the entity recognises an asset, the entity shall also recognise a liability.

The liability recognised shall be initially measured at the same amount as the asset, adjusted by the amount of any other consideration (e.g. cash) from the entity to the third party, or from the third party to the entity.

Where the entity does not have an unconditional obligation to pay cash or another financial asset to the third party for the construction, development, acquisition, or upgrade of the property, and grants the third party the right to earn revenue from other third-party users or another revenue-generating asset, the entity shall account for the liability recognised as the unearned portion of the revenue arising from the exchange of assets between the entity and the third party.

The entity shall recognize revenue and reduce the liability recognised according to the economic substance of the arrangement.

The entity shall account for the revenues from the third party in accordance with GRAP 9 - Revenue from Exchange Transactions.

1.35 Events after reporting date

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

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

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

Accounting Policies

1.35 Events after reporting date (continued)

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

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

- GRAP 100, Discontinued operations

GRAP 100, Discontinued operations

During the year, the entity changed its accounting policy with respect to the treatment of Non-current assets held for sale in order to conform with the benchmark treatment of GRAP 100. The entity now accounts for Non-current assets held for sale under Property, plant and equipment. The effect of the change is as follows:

Statement of financial position

Increase in Property, plant and equipment	-	7,560,000
Decrease in Non-current assets held for sale and assets of disposal groups	-	(7,560,000)
	-	-

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 100, Discontinued operations	01 April 2014	The impact of the amendment is set out in note 2 changes in accounting policy

3.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2015 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 109: Accounting by Principals and Agents	No date has been determined	It is unlikely that the standard will have a material impact on the annual financial statements.
IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	No date has been determined	It is unlikely that the standard will have a material impact on the annual financial statements.
GRAP 18: Segment Reporting	01 April 2015	It is unlikely that the standard will have a material impact on the annual financial statements. This is due to the fact that if consolidated financial statements are prepared, segment reporting only needs to be applied to the consolidated set of financial statements. Municipalities, municipal entities, trading entities, Parliament and the Provincial Legislatures are not required to apply or early adopt GRAP 18 Segment Reporting as the Minister of Finance has not yet determined the effective date for application by these entities

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

• GRAP 105: Transfers of functions between entities under common control	01 April 2015	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 106: Transfers of functions between entities not under common control	01 April 2015	The implementation of this standard may impact on the financial statements. Identifiable assets acquired and liabilities assumed will be recognised at fair value, and any difference shall be recognised in the accumulated surplus. Additional disclosures will be required in the financial statements regarding the transfer of functions.
• GRAP 107: Mergers	01 April 2015	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 20: Related parties	01 April 2016	The main impact is expected to effect the disclosure of a more disaggregated councillor remuneration.
• IGRAP 11: Consolidation – Special purpose entities	No date has been determined	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP32: Service Concession Arrangements: Grantor	No date has been determined	The most significant change relates to the separate disclosure of service concession assets included in Property, Plant and Equipment. Further it is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP108: Statutory Receivables	No date has been determined	It is unlikely that the standard will have a material impact on the annual financial statements.
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	No date has been determined	The impact of the amendment is not material.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014

4. Inventories

Water in reservoirs	1,591,816	1,319,289
Water in pipes	467,974	370,454
Consumable stores	7,688,982	6,372,611
Maintenance materials	948,999	220,396
Unsold Properties Held for Resale	231,709,212	186,988,427
Fuel (Diesel, Petrol)	1,989,782	1,189,407
	244,396,765	196,460,584

4.1 Inventory recognised as an expense

Inventories recognised as an expense during the year	9,110,346	6,770,421
Inventory written off	1,149,357	668,198
	10,259,703	7,438,619

Inventory pledged as security

No inventory was pledged as security for any financial liability.

5. Other receivables from non-exchange transactions

Fines Receivables	149,634,600	77,268,182
Impairment of Fines Receivables	(147,297,357)	(73,752,531)
	2,337,243	3,515,651

Fines Receivables consists out of debtors raised from Fines Revenue 35

Other receivables from non-exchange pledged as security

None of the receivables were pledged as security for any financial liability.

Credit quality of other receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

None of the financial assets that are fully performing have been renegotiated in the last year.

Other receivables from non-exchange transactions impaired

As of 30 June 2015, other receivables from non-exchange transactions of R 147,297,357 (2014: R 73,752,531) were impaired and provided for.

The amount of the provision was R 147,297,357 as of 30 June 2015 (2014: R 73,752,531).

Reconciliation of provision for impairment of other receivables from non-exchange transactions

Opening balance	73,752,531	-
Provision for impairment	73,544,826	73,752,531
	147,297,357	73,752,531

6. Other receivables from exchange transactions

Interest on investments	26,204	425,416
Staff leave days receivable	1,294,038	420,690
Sundry debtors	44,488,468	35,980,961
Sundry debtors - Impairment	(14,255,929)	(7,575,331)
	31,552,781	29,251,736

Other receivables pledged as security

Notes to the Annual Financial Statements

	2015	2014 Restated*

6. Other receivables from exchange transactions (continued)

None of the receivables were pledged as security for any financial liability.

Credit quality of other receivables

The credit quality of other receivables from exchange transactions that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

None of the financial assets that are fully performing have been renegotiated in the last year.

Other receivables past due but not impaired:

Other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2015, R 3,701,341 (2014: R 7,137,027) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	2,314,914	1,430,715
2 months past due	1,386,427	785,143
3 months past due	-	4,921,169

Trade and other receivables impaired

As of 30 June 2015, trade and other receivables of R 14,255,930 (2014: R 7,575,331) were impaired and provided for.

The amount of the provision was R 14,255,930 as of 30 June 2015 (2014: R 7,575,331).

The ageing of these loans is as follows:

Over 3 months	14,255,930	7,575,331

Reconciliation of provision for impairment of other receivables

Opening balance	7,575,331	40,260,398
Provision for impairment	27,369,210	5,924
Amounts written off as uncollectible	(20,688,611)	(32,690,991)
	14,255,930	7,575,331

Sundry receivables consists out of debtors raised from other income recognised (refer to note 39).

Due to the limitations on the financial system it is impractical to disclose the impaired interest on the Other receivables from exchange transactions.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
7. Consumer receivables from non-exchange transactions		
Rates	377,650,412	347,938,313
Rates		
Rates - Gross balance	930,687,329	724,871,609
Rates - Impairment	(553,036,918)	(376,933,296)
	377,650,411	347,938,313
Rates Ageing		
Current (0 - 30 days)	59,950,027	127,677,910
31 - 60 days	47,711,977	46,322,075
61 - 90 days	41,033,025	44,133,183
91+ days	781,992,300	506,738,441
Subtotal	930,687,329	724,871,609
Less: Impairment	(553,036,918)	(376,933,296)
	377,650,411	347,938,313
Summary by customer classification		
Residential and sundry		
Current (0 - 30 days)	23,664,290	44,322,257
31 - 60 days	15,388,554	14,811,507
61 - 90 days	12,196,922	13,662,739
91+ days	302,402,940	239,224,076
Subtotal	353,652,706	312,020,579
Less: Impairment	(286,821,996)	(234,862,394)
	66,830,710	77,158,185
Business / Commercial		
Current (0 - 30 days)	27,551,034	46,162,647
31 - 60 days	19,464,416	14,729,248
61 - 90 days	16,356,896	13,794,338
91+ days	301,205,551	161,275,910
Subtotal	364,577,897	235,962,143
Less: Impairment	(266,214,922)	(142,070,902)
	98,362,975	93,891,241
Government		
Current (0 - 30 days)	8,734,703	37,193,006
31 - 60 days	12,859,007	16,781,320
61 - 90 days	12,479,207	16,676,106
91+ days	178,383,809	106,238,455
Subtotal	212,456,726	176,888,887
	212,456,726	176,888,887

Consumer receivables from non-exchange transactions pledged as security

None of the consumer receivables from non-exchange transactions were pledged as security for any financial liability.

Credit quality of consumer receivables from non-exchange transactions

The credit quality of consumer receivables from non-exchange transactions that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

The credit quality of consumer receivables were evaluated in terms of the risk group and ageing of the individual receivable account.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
7. Consumer receivables from non-exchange transactions (continued)		
Consumer receivables from non-exchange transactions past due but not impaired		
Consumer receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2015, R 148,695,029 (2014: R 272,775,769) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	59,950,027	49,979,769
2 months past due	47,711,977	46,323,102
3 months past due	41,033,025	176,432,898
Consumer receivables from non-exchange transactions impaired		
As of 30 June 2015, other receivables from non-exchange transactions of R 553,036,918 (2014: R 376,933,296) were impaired and provided for.		
The ageing of these loans is as follows:		
Over 3 months	553,036,918	376,933,296
Reconciliation of provision for impairment of consumer receivables from non-exchange transactions		
Opening balance	376,933,296	322,537,417
Provision for impairment	174,443,076	61,680,202
Amounts (written off as uncollectible) / recovered	1,660,546	(7,284,323)
	553,036,918	376,933,296

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The entity does not hold any collateral as security.

Due to the limitations on the financial system it is impractical to disclose the impaired interest on the consumer receivables from non-exchange transactions.

* See Note 2 & 60

Mangaung Metropolitan Municipality
Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014 Restated*	
8. Consumer receivables from exchange transactions			
Net balance			
Water	308,954,683	263,159,951	
Sewerage	91,935,513	78,864,424	
Refuse	23,022,668	38,103,112	
Housing rental	1,665,149	1,194,040	
Unallocated deposits	220,252	220,252	
	425,798,265	381,541,779	
Net balance reconciliation 2015			
	Gross balance	Impairment	Net balance
Water	1,345,940,504	(1,036,985,821)	308,954,683
Sewerage	306,011,275	(214,075,762)	91,935,513
Refuse	129,054,630	(106,031,962)	23,022,668
Housing rental	8,587,589	(6,922,440)	1,665,149
Unallocated deposits	220,252	-	220,252
	1,789,814,250	(1,364,015,985)	425,798,265
Net balance reconciliation 2014			
	Gross balance	Impairment	Net balance
Water	1,046,777,385	(783,617,434)	263,159,951
Sewerage	237,384,326	(158,519,902)	78,864,424
Refuse	101,036,663	(62,933,551)	38,103,112
Housing rental	5,029,281	(3,835,241)	1,194,040
Unallocated deposits	220,252	-	220,252
	1,390,447,907	(1,008,906,128)	381,541,779
Water			
Current (0 -30 days)	97,232,685	115,054,219	
31 - 60 days	51,346,645	46,081,329	
61 - 90 days	49,492,701	37,099,403	
91+ days	1,130,325,023	827,231,667	
Meter reading estimate	17,543,450	21,310,767	
Subtotal	1,345,940,504	1,046,777,385	
Less: Impairment	(1,036,985,821)	(783,617,434)	
	308,954,683	263,159,951	
Sewerage			
Current (0 -30 days)	18,997,461	31,163,474	
31 - 60 days	13,660,769	10,801,230	
61 - 90 days	12,131,906	9,675,179	
91 + days	261,221,139	185,744,443	
Subtotal	306,011,275	237,384,326	
Less: Impairment	(214,075,762)	(158,519,902)	
	91,935,513	78,864,424	
Refuse			
Current (0 -30 days)	6,562,370	18,273,244	
31 - 60 days	4,317,179	7,442,723	
61 - 90 days	3,821,589	7,094,731	
91 + days	114,353,492	68,225,965	
Subtotal	129,054,630	101,036,663	
Less: Impairment	(106,031,962)	(62,933,551)	
	23,022,668	38,103,112	
Housing rental			
Current (0 -30 days)	259,446	453,794	

* See Note 2 & 60

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014 Restated*
8. Consumer receivables from exchange transactions (continued)		
31 - 60 days	396,737	227,946
61 - 90 days	386,794	216,666
91 + days	7,544,612	4,130,875
Subtotal	8,587,589	5,029,281
Less: Impairment	(6,922,440)	(3,835,241)
	1,665,149	1,194,040
Unallocated deposits		
91 + days	220,252	220,252
Summary of debtors by customer classification		
Residential and sundry		
Current (0 -30 days)	94,259,689	108,712,660
31 - 60 days	50,671,126	43,806,131
61 - 90 days	50,945,330	40,593,363
91 - 120 days	1,273,880,052	932,844,435
Meter reading estimate	17,543,450	21,310,767
	1,487,299,647	1,147,267,356
Less: Allowance for impairment	(1,255,189,166)	(940,832,193)
	232,110,481	206,435,163
Business/ Commercial		
Current (0 -30 days)	17,634,376	30,509,453
31 - 60 days	12,119,660	8,780,761
61 - 90 days	8,542,501	5,119,378
91 - 120 days	138,448,884	85,707,645
	176,745,421	130,117,237
Less: Allowance for impairment	(108,826,818)	(68,073,935)
	67,918,603	62,043,302
Government		
Current (0 -30 days)	11,157,895	25,722,616
31 - 60 days	6,930,545	11,966,337
61 - 90 days	6,345,159	8,373,238
91 + days	101,115,331	66,780,871
	125,548,930	112,843,062
Total		
Current (0 -30 days)	123,051,962	164,944,729
31 - 60 days	69,721,330	64,553,229
61 - 90 days	65,832,990	54,085,979
91 - 120 days	1,513,444,266	1,085,332,951
Meter reading estimate	17,543,450	21,310,767
Unallocated deposits	220,252	220,252
	1,789,814,250	1,390,447,907
Less: Allowance for impairment	(1,364,015,985)	(1,008,906,128)
	425,798,265	381,541,779
Consumer receivables from exchange transactions pledged as security		
None of the consumer receivables from exchange transactions have been pledged as security for any financial liabilities.		
Credit quality of consumer receivables from exchange transactions		

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

8. Consumer receivables from exchange transactions (continued)

The credit quality of consumer receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

None of the consumer receivables from exchange transactions that are fully performing have been renegotiated in the last year.

Consumer receivables are only due after 30 days. Interest shall be paid on accounts which have not been paid within thirty days from the date on which the account became due, at a rate of 1% higher than the prime rate for the period.

Consumer receivables past due but not impaired

Consumer receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2015, R 250,178,887 (2014: R 268,876,722) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	127,406,635	67,248,540
2 months past due	63,540,460	64,545,076
3 months past due	59,231,792	137,083,106

Consumer receivables impaired

As of 30 June 2015, consumer receivables of R 1,364,015,985 (2014: R 1,008,906,128) were impaired and provided for.

The amount of the provision was R 1,364,015,985 as of 30 June 2015 (2014: R 1,008,906,128).

The ageing of these loans is as follows:

Over 3 months	1,364,015,985	1,008,906,128

Reconciliation of allowance for impairment of consumer receivables

Opening balance	1,008,906,128	877,904,528
Allowance for impairment	420,852,520	199,901,873
Amounts written off as uncollectable	(65,742,663)	(68,900,273)
	1,364,015,985	1,008,906,128

Due to the limitations on the financial system it is impractical to disclose the impaired interest on the consumer receivables from exchange transactions.

9. VAT receivable

VAT	12,441,227	-

VAT is payable on the payment basis. VAT is paid over to the South African Revenue Service (SARS) only once payment is received from debtors.

Refer to note 24 for details regarding the VAT payable as at 30 June 2014.

* See Note 2 & 60

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014 Restated*

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	127,549	115,849
Bank balances	76,128,188	32,953,371
Short-term deposits	148,578,021	99,321,305
	224,833,758	132,390,525

An unlimited surety is provided by Free State Provincial Government, National Treasury and the Development Bank of South Africa.

The total of the overdraft facility available to the Mangaung Metropolitan Municipality is R 50,000,000 (2014: R 50,000,000)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating of institutions where cash is held

F1+	224,706,209	132,274,676

Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for the COID reserve	33	10,628,620	8,934,694
The term deposit investment is pledged as security to the Compensation Commissioner of the Workmen's Compensation Fund to guarantee the payment of claims in respect of injuries while on duty.			

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
ABSA - Primary account - 470 000 465	72,753,889	27,491,702	46,586,845	72,753,889	30,910,107	48,690,127
ABSA - Fresh Produce - 470 001 348	2,848,076	2,043,264	3,833,927	2,848,076	2,043,264	3,833,927
ABSA - Direct deposits - 470 001 380	-	-	-	526,222	-	673,774
Total	75,601,965	29,534,966	50,420,772	76,128,187	32,953,371	53,197,828

Summary of Short-term deposits held

Short-term deposits held with ABSA	15,781,930	20,638,384
Short-term deposits held with FNB	7,088,839	7,933,807
Short-term deposits held with Nedbank	4,057,570	32,808,933
Short-term deposits held with Standard Bank	121,649,682	37,940,181
	148,578,021	99,321,305

11. Centlec Intercompany loan

Centlec Intercompany loan	712,058,928	-

The intercompany loan balance is the net balance payable/receivable of all transactions between Centlec (SOC) Limited and the entity and interest is levied on the average balance for the year at the effective prime interest rate on the first day of the financial year. The applicable interest rate for the year was 9% (2014: 8.5%).

Refer to note 19 for details regarding the Centlec Intercompany loan payable as at 30 June 2014.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

12. Investment property

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1,670,320,863	-	1,670,320,863	1,676,857,863	-	1,676,857,863

Reconciliation of investment property - 2015

	Opening balance	Disposals	Total
Investment property	1,676,857,863	(6,537,000)	1,670,320,863

Reconciliation of investment property - 2014

	Opening balance	Additions	WIP Additions	Disposal	Fair value adjustments	Total
Investment property	1,664,741,070	2,470,000	2,613,363	(1,414,000)	8,447,430	1,676,857,863

Pledged as security

None of the properties were pledged as security for any financial liability.

Details of property

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the entity.

Refer to Appendix B for further details on the movement of investment property.

Due to the limitations of the financial system it was impractical to disclose the expenditure incurred relating to the Investment Property.

Details of valuation

The investment properties were revalued with reference to comparable market data where available as well as information at the deeds office.

The entity's investment properties were revalued at 30 June 2014 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and categories of the investment properties valued.

13. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,394,751,603	-	1,394,751,603	1,402,414,069	-	1,402,414,069
Buildings	1,217,642,137	(71,711,944)	1,145,930,193	1,198,203,510	(38,945,705)	1,159,257,805
Infrastructure	7,699,516,638	(1,946,298,949)	5,753,217,689	6,900,701,938	(1,543,895,255)	5,356,806,683
Community	1,510,093,476	(667,469,974)	842,623,502	1,423,851,500	(587,122,215)	836,729,285
Other property, plant and equipment	399,423,900	(103,778,860)	295,645,040	368,209,103	(77,026,362)	291,182,741
Assets held for sale	14,650,000	-	14,650,000	7,560,000	-	7,560,000
Total	12,236,077,754	(2,789,259,727)	9,446,818,027	11,300,940,120	(2,246,989,537)	9,053,950,583

* See Note 2 & 60

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	WIP Additions	Disposals	WIP Transfers to Additions	Transfers	Revaluations/Fair value adjustments	Depreciation	Impairment loss	Total
Land	1,402,414,069	1,577,534	-	-	-	(9,240,000)	-	-	-	1,394,751,603
Buildings	1,159,257,805	99,474,582	19,438,627	-	(99,474,582)	-	-	(32,766,239)	-	1,145,930,193
Infrastructure	5,356,806,683	448,055,889	794,384,034	-	(441,733,182)	-	-	(402,229,263)	(2,066,472)	5,753,217,689
Community	836,729,285	22,068,293	102,137,740	(841,578)	(20,843,413)	-	(15,968,287)	(80,140,474)	(518,064)	842,623,502
Other property, plant and equipment	291,182,741	31,331,612	-	(59,748)	-	-	-	(21,576,922)	(5,232,643)	295,645,040
Assets held for sale	7,560,000	-	-	(2,150,000)	-	9,240,000	-	-	-	14,650,000
	9,053,950,583	602,507,910	915,960,401	(3,051,326)	(562,051,177)	-	(15,968,287)	(536,712,898)	(7,817,179)	9,446,818,027

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	WIP Transfers In	WIP Transfers to Additions	Transfers to/from Other classes	Depreciation	Revaluations/Fair Value Adjustments	Total
Land	1,370,552,074	31,861,995	-	-	-	-	-	-	1,402,414,069
Buildings	1,180,516,967	57,548,927	-	7,898,637	(55,220,091)	-	(31,486,635)	-	1,159,257,805
Infrastructure	4,978,091,686	527,871,979	(12,050,863)	453,448,731	(337,631,057)	23,214,740	(276,138,533)	-	5,356,806,683
Community	772,143,004	65,273,687	(296,459)	98,065,531	(54,486,209)	-	(54,179,122)	10,208,853	836,729,285
Other property, plant and equipment	162,924,290	154,318,671	(9,489,108)	-	-	-	(16,571,112)	-	291,182,741
Assets held for sale	7,560,000	-	-	-	-	-	-	-	7,560,000
	8,471,788,021	836,875,259	(21,836,430)	559,412,899	(447,337,357)	23,214,740	(378,375,402)	10,208,853	9,053,950,583

Included in Property, plant and equipment are 79 assets with a nil carrying value at year end. The cost price of these assets amounts to R3,328,246. These assets are not significant to the entity's operations and service delivery objectives.

Included in Property, plant and equipment are 16 fully depreciated assets no longer in use by the municipality. The cost price of these assets amounts to R114,654,248.85 and consist of closed landfill sites and quarries.

Refer to Appendix B for further details on the movement of property, plant and equipment.

Notes to the Annual Financial Statements

	2015	2014 Restated*
13. Property, plant and equipment (continued)		
Pledged as security		
Carrying value of assets pledged as security:		
Assets subject to finance lease (Net carrying amount)		
Motor vehicles	145,176,380	135,224,397
Office equipment	-	1,626,114
	145,176,380	136,850,511

Revaluations

The effective date of the revaluations was 30 June 2013. Revaluations were performed by independent professionally qualified valuers who hold a recognised professional qualification and have recent experience in the locations and categories of the properties valued.

The value of properties was determined based on the market values and the information obtained from the deed's office.

The valuation was performed after the following factors were taken into account:

- the useful lives and;
- the condition of the building.

There are no restrictions on the distribution of the revaluation surplus.

Reconciliation of Work-in-Progress 2015

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	635,984,724	77,071,873	92,817,448	805,874,045
Additions/capital expenditure	792,655,678	102,137,740	19,438,627	914,232,045
Transferred to completed items	(441,916,846)	(20,843,413)	(99,474,582)	(562,234,841)
	986,723,556	158,366,200	12,781,493	1,157,871,249

Reconciliation of Work-in-Progress 2014

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	520,167,050	33,492,552	140,138,902	693,798,504
Additions/capital expenditure	453,448,731	98,065,531	7,898,637	559,412,899
Transferred to additions/other assets	(337,631,057)	(54,486,209)	(55,220,091)	(447,337,357)
	635,984,724	77,071,874	92,817,448	805,874,046

Deemed cost

Deemed cost was determined using depreciated replacement cost.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

14. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Other intangible assets	13,298,496	(3,403,676)	9,894,820	11,325,064	(2,830,364)	8,494,700

Reconciliation of intangible assets - 2015

	Opening balance	Additions	WIP Transferred to Additions	Amortisation	Total
Other intangible assets	8,494,700	2,536,430	(562,999)	(573,311)	9,894,820

Reconciliation of intangible assets - 2014

	Opening balance	Additions	WIP Additions	Amortisation	Total
Other intangible assets	7,165,187	1,090,582	562,999	(324,068)	8,494,700

Pledged as security

None of the intangible assets has been pledged as security for any financial liabilities.

Other information

Refer to Appendix B for further details on the movement of intangible assets.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

15. Heritage assets

	2015			2014		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	321,656,341	-	321,656,341	321,656,341	-	321,656,341

Reconciliation of heritage assets 2015

	Opening balance	Total
Heritage assets	321,656,341	321,656,341

Reconciliation of heritage assets 2014

	Opening balance	Transfers	Revaluation increase/ (decrease)	Total
Heritage assets	329,270,803	(9,917,272)	2,302,810	321,656,341

Restrictions on heritage assets

No restrictions are placed on any heritage assets.

Pledged as security

No heritage assets has been pledged as security for any financial liability.

Revaluations

Methods and assumptions used in determining fair value

The fair value of heritage assets were determined by an independent valuer as at 30 June 2014.

The fair value of the heritage assets were determined after considering the following conditions:

- The condition of the asset
- The useful life of the asset
- The location of the asset

There are no restrictions on the distribution of the balance of the revaluation reserve to owners of net assets.

Refer to Appendix B for further details on the movement of heritage assets.

* See Note 2 & 60

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014 Restated*

16. Investments in controlled entities

Name of company	Held by	% holding 2015	% holding 2014	Carrying amount 2015	Carrying amount 2014
Centlec (SOC) Limited	Mangaung Metropolitan Municipality	100.00 %	100.00 %	100	100

The carrying amounts of investments are shown net of impairment losses.

A company, Centlec (SOC) Limited, of which Mangaung Metropolitan Municipality is the sole shareholder, was formed to take over all activities in respect of the supply of electricity for their own account.

17. Centlec Receivables

Centlec (SOC) Limited - Advances	102,562,882	109,875,508
Centlec (SOC) Limited - Shareholders loan	1,071,479,158	2,617,429,474
	1,174,042,040	2,727,304,982

Centlec (SOC) Limited - Advances:

The amount is composed of various advances that have been loaned to Centlec (SOC) Limited by the entity during prior years. Each portion has a different redemption period that extends over the useful life of each specific asset, at an interest rate of 9% (2014: 8.5%).

Centlec (SOC) Limited - Shareholders Loan:

The capital amount outstanding shall bear interest at the lower of 15% of Centlec (SOC) Limited's prior year's revenue or the interest rate used as at 30 June 2010 (i.e. 8.7%), adjusted for CPI as per the Public Finance Sector.

The adjusted interest rate as at 30 June 2010 was 12.06% (2014:11.82%). The applicable rate for the current and prior year was 15% of Centlec (SOC) Limited's prior year's revenue.

The loan is repayable from 2015 over a period of 21 years.

Non-current assets	1,166,741,997	2,452,122,567
Current assets	7,300,043	275,182,415
	1,174,042,040	2,727,304,982

18. Non-current receivables

Designated at fair value

2535 Unlisted shares - OVK Limited	32,498	22,815

At amortised cost

Erven loans	8,904,843	9,169,917
Housing selling scheme loans	47,924,746	47,742,835
Cricket stadium	9,372,425	9,466,383
	66,202,014	66,379,135
Impairment - Erven loans	(8,735,906)	(9,010,111)
Impairment - Housing selling scheme loans	(47,468,253)	(47,723,463)
Impairment - Cricket stadium	(9,372,425)	(9,466,383)
	625,430	179,178
Total other financial assets	657,928	201,993

Non-current assets

Designated at fair value	32,498	22,815
At amortised cost	625,430	179,178
	657,928	201,993

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

18. Non-current receivables (continued)

Financial assets at fair value

Fair values of financial assets measured or disclosed at fair value

Class 1 - Unlisted shares	32,498	22,815
The shares were valued using quoted market prices.		

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 1

Class 1 - Unlisted shares	32,498	22,815

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
18. Non-current receivables (continued)		
Financial assets at amortised cost		
Reconciliation of provision for impairment of financial assets at amortised cost		
Impairment of erven loans		
Opening balance	9,010,111	9,090,752
Unused amounts reversed	(274,205)	(80,641)
	8,735,906	9,010,111
Impairment of housing selling scheme loans		
Opening balance	47,723,462	47,180,954
Provision for impairment	-	542,508
Unused amounts reversed	(255,209)	-
	47,468,253	47,723,462
Impairment of cricket stadium		
Opening balance	9,466,383	9,450,444
Provision for impairment	-	15,939
Unused amounts reversed	(93,958)	-
	9,372,425	9,466,383

Erven loans

Loans were granted to the public for the sale of erven and are repayable on a monthly basis over a maximum period of 5 years, at an interest rate of 1% above the bank rate of the entity. These loans are repayable on a monthly basis and no further loans are granted.

Housing selling scheme loans

Loans were granted to qualifying individuals and public organisations in terms of the housing program. These loans attract interest of between 6% and 14% per annum and are repayable on a monthly basis by way of salary deductions for officials and six monthly payments for public organisations over a period of 20 years.

Cricket stadium

The entity has a contract with the Free State Cricket Union for the purchase of the cricket stadium. The loan bears interest at 10% per annum and is repayable on an annual basis over 27 years ending 1 July 2022.

19. Centlec liability

Centlec (SOC) Limited - Intercompany loan	-	895,125,926

The intercompany loan balance is the net balance payable/receivable of all transactions between Centlec (SOC) Limited and the entity and interest is levied on the average balance for the year at the effective prime interest rate on the first day of the financial year. The applicable interest rate for the year was 9% (2014: 8.5%).

Refer to note 11 for details regarding the Centlec Intercompany loan receivable as at 30 June 2015.

20. Payables from exchange transactions

Trade payables	379,429,618	471,546,804
Claims - Unfair dismissals	6,608,171	6,608,171
Retentions	85,932,476	70,735,089
Accrued leave pay	91,820,819	73,854,745
Accrued bonus	23,313,688	21,064,971
Deferred lease expenditure	3,111,673	4,075,638
Other payables - Grants	34,722,995	34,924,767
Other payables	1,113,162	743,486
	626,052,602	683,553,671

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

20. Payables from exchange transactions (continued)

The entity defaulted on the payment of suppliers within 30 days. The average term of payment of suppliers for the current year was 60 days (2014: 60 days).

The terms were not renegotiated before the financial statements were authorised for issue.

21. Payables from non-exchange transactions

Deposits	558,047	499,837
Other	1,342,476	1,342,476
Payments received in advance	277,514,037	144,601,593
	279,414,560	146,443,906

22. Consumer deposits

Water	30,872,092	28,529,176

Guarantees in lieu of consumer deposits amounted to R2 063 152 (2014: R 1 781 533)

23. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Provincial grant - Upgrading roads in Batho	76,740	76,740
Provincial grant - Stadiums	219,006	219,006
Municipal accreditation project funding - Housing grant	3,628,261	3,628,261
City of Ghent - Youth development grant	550,146	1,453,936
Motho - Contribution environmental health grant	9,346,371	9,346,371
Sports, Arts and Culture - Admin libraries	2,000,000	-
Provincial grant - Upgrade housing in Batho	182,175	182,175
Expanded Public Works Programme Incentive Grant	38,641	138,463
Public transport infrastructure and systems fund grant	21,133,200	597,471
Urban settlement development grant	77,535,555	70,726,573
Sustainable human settlement grant	2,598,026	27,158,410
Provincial grant - Grassland area	4,500,000	4,500,000
Provincial grant - Hlasela project - Iphahamiseng centre	3,703	3,703
Provincial grant - Planning and surveying	493,144	493,144
Local government and housing grant - Infrastructure Grassland area	3,965,043	3,965,043
	126,270,011	122,489,296

The amounts will be recognised as revenue when conditions have been met.

Refer to note 42 for further details of grant movements.

24. VAT payable

VAT payable	-	64,946,734

VAT is payable on the payment basis. VAT is paid over to the South African Revenue Service (SARS) only once payment is received from debtors.

Refer to note 9 for details regarding the VAT receivable as at 30 June 2015.

Disclosure in terms of the MFMA

Opening balance	64,946,734	74,215,665
VAT Payable	72,797,257	43,983,026
VAT Claimed not yet received	(150,185,217)	(53,251,957)
	(12,441,226)	64,946,734

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
25. Finance lease obligation		
Minimum lease payments due		
- within one year	48,757,150	66,194,344
- in second to fifth year inclusive	69,804,902	94,769,481
	118,562,052	160,963,825
less: future finance charges	(12,143,167)	(17,753,039)
Present value of minimum lease payments	106,418,885	143,210,786
Present value of minimum lease payments due		
- within one year	40,940,164	55,094,291
- in second to fifth year inclusive	65,478,721	88,116,495
	106,418,885	143,210,786
Non-current liabilities	65,478,721	87,292,880
Current liabilities	40,940,164	55,917,906
	106,418,885	143,210,786

The entity leases various equipment and vehicles under finance leases. The maximum lease term is between 2 to 5 years and the average borrowing rate is between 9% and 15%. Leases are renewed automatically upon expiry, unless otherwise instructed by the entity.

No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

The entity did not default on any of the finance lease obligations, whether it be on the capital or the interest portion.

None of the terms attached to the existing finance lease obligations were renegotiated.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 13.

26. Borrowings

At amortised cost

DBSA Bloemfontein - Sewer 8001/104	734,556	2,088,550
DBSA Bloemfontein - Water 8001/104	658,552	1,895,438
DBSA - FS1034/01	138,000,746	142,975,727
DBSA - FS1034/03	42,555,911	44,903,752
DBSA - 6100 7294	127,000,000	-
Standard Bank Loan 3371 4314	283,235,810	-
	592,185,575	191,863,467

Total borrowings	592,185,575	191,863,467

These loans are from The Development Bank of South Africa and Standard Bank of South Africa Limited. Repayments are made either monthly or on a six monthly basis. The final loan will be redeemed at 30 January 2027 and the loans bear interest between 6% and 14%.

The entity did not default on any of the other financial liabilities, whether it be on the capital or the interest portions, and none of the terms attached to the other financial liabilities were renegotiated.

Non-current liabilities

At amortised cost	557,182,589	183,277,108

Current liabilities

At amortised cost	35,002,986	8,586,359

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

27. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Reassessment	Change in discount factor	Total
Rehabilitation of landfill sites	78,473,170	10,003,362	7,161,905	95,638,437
Rehabilitation of quarry sites	357,691,188	(26,657,192)	5,827,835	336,861,831
	436,164,358	(16,653,830)	12,989,740	432,500,268

Reconciliation of provisions - 2014

	Opening Balance	Reassessment	Change in discount factor	Total
Rehabilitation of landfill sites	92,489,137	3,602,795	(17,618,762)	78,473,170
Rehabilitation of quarry sites	358,636,622	6,854,474	(7,799,908)	357,691,188
	451,125,759	10,457,269	(25,418,670)	436,164,358

Non-current liabilities	237,691,924	229,147,931
Current liabilities	194,808,344	207,016,427
	432,500,268	436,164,358

Rehabilitation of landfill sites

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act 28 of 2002). The provision was determined by an independent expert for the rehabilitation cost in 2015 and then approximated the expected future cash flows using reasonable estimation techniques. The discount rate used for all the landfill sites is based on a CPA rate that matures as close as possible to the future date of the rehabilitation, the rate is 4.789% for the circumstances of the entity.

Landfill sites consists of:	Restoration date:
Botshabelo Landfill Site	2021
Northern Landfill Site	2036
Southern Landfill Site	2017

The final restoration of landfill sites are expected to be in the year listed above, being the estimated useful lives of landfill sites. No uncertainties were listed in the engineer's report. The certainty and the timing of the outflow of these liabilities are uncertain and the amounts disclosed are the possible outflow amounts.

* See Note 2 & 60

Notes to the Annual Financial Statements

2015	2014 Restated*

27. Provisions (continued)

Rehabilitation of quarry sites

The provision for rehabilitation of quarry sites relates to the legal obligation to rehabilitate quarry sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act 28 of 2002). The provision was determined by an independent expert for the rehabilitation cost in 2015 and then approximated the expected future cash flows using reasonable estimation techniques. The discount rate used for all the quarry sites is based on a CPA rate that matures as close as possible to the future date of the rehabilitation, the rate is 4.789% for the circumstances of the entity.

Quarries consists of:	Restoration date:
<u>Bloemfontein</u>	
Cecelia	2015
Sunnyside	2015
Kgotsoong	2015
Ipopeng	2015
Chris Hani	2015
Caleb Motsoabi	2015
<u>Botshabelo</u>	
K-Section	2015
F1-Section	2015
F2.1-Section	2015
F2.2-Section	2015
W-Section	2015
S-Section	2015
B-Section	2015
<u>Thaba Nchu</u>	
Seroala	2015
Thubisi	2015
Putsane	2015
Merino	2015
Rhakoi	2015
Sediba	2015
Rooibult	2015
Kgalala	2015
Baraclava - 1 Quarry	2015
Baraclava Quarry	2015
Bultfontein 3 Quarry	2015
Modutung Quarry	2015
Talla Quarry	2015
Nogas Pst Quarry	2015

The final restoration of quarry sites are expected to be in the year listed above, being the estimated useful lives of quarry sites. No uncertainties were listed in the engineer's report. The certainty and the timing of the outflow of these liabilities are uncertain and the amounts disclosed are the possible outflow amounts.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

28. Defined benefit obligation

Defined benefit plan

The defined benefit liability as disclosed below are represented by three different post-employment benefits. None of the benefits set out below are externally funded.

Post retirement medical aid plan

Active members receive a fixed subsidy of 60% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of an active member is entitled to a 60% subsidy of their contributions. This proportion of the subsidy will continue to be paid in the event of the principal member's death.

Continuation members receive a fixed subsidy of 60% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of a continuation member is entitled to a 60% subsidy of their contributions.

Pension benefits

Pension gratuities are payable to retired employees and pensioners who were in service of the council on or before 1 October 1981, who did not qualify to be members of the FS Joint Municipal Pension Fund or FS Local Government Pension Fund, or who were not members of a pension fund by this date, with 20 years of uninterrupted service and a minimum retirement age of 60 years have been obtained.

Long service award

Long service awards are payable to qualifying in-service employees. The leave benefits are in accordance with paragraph 11 of the South African Local Government Bargaining Council (SALGBC) collective agreement on conditions of service for the Free State division of SALGBC.

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

Carrying value

Present value of the defined benefit obligation wholly unfunded	642,594,000	557,216,000

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

Opening balance	557,216,000	452,964,000
Interest costs	52,964,000	40,759,000
Current service costs	30,395,000	25,107,000
Benefits paid	(18,772,000)	(18,391,000)
Past service costs	24,045,000	-
Actuarial (gain)/loss	(3,254,000)	56,777,000
	642,594,000	557,216,000

2011

	Pension fund	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2010	2,693,000	348,226,000	43,222,000	394,141,000
Interest costs	236,000	34,821,000	2,948,000	38,005,000
Current service costs	-	21,278,000	4,230,000	25,508,000
Benefits paid / (expected)	(478,000)	(5,995,000)	(3,902,000)	(10,375,000)
Actuarial (gains) / losses	4,263,000	(14,372,000)	5,141,000	(4,968,000)
	6,714,000	383,958,000	51,639,000	442,311,000

2012

	Pension fund	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2011	6,714,000	383,958,000	51,639,000	442,311,000
Interest costs	555,000	35,100,000	4,744,000	40,399,000
Current service costs	61,000	14,242,000	4,518,000	18,821,000
Benefits paid / (expected)	(367,000)	(6,569,000)	(7,126,000)	(14,062,000)

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015		2014 Restated*	
28. Defined benefit obligation (continued)				
Actuarial (gains) / losses	(1,769,000)	(146,180,000)	4,591,000	(143,358,000)
	5,194,000	280,551,000	58,366,000	344,111,000
2013	Pension fund	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2012	5,194,000	280,551,000	58,366,000	344,111,000
Interest costs	407,000	25,797,000	4,589,000	30,793,000
Current service costs	47,000	12,922,000	5,575,000	18,544,000
Benefits paid / (expected)	(452,000)	(6,912,000)	(7,460,000)	(14,824,000)
Actuarial (gains) / losses	797,000	60,044,000	13,499,000	74,340,000
	5,993,000	372,402,000	74,569,000	452,964,000
2014	Pension fund	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2013	5,993,000	372,402,000	74,569,000	452,964,000
Interest costs	453,000	34,729,000	5,577,000	40,759,000
Current service costs	43,000	17,517,000	7,547,000	25,107,000
Benefits paid / (expected)	(381,000)	(7,566,000)	(10,444,000)	(18,391,000)
Actuarial (gains) / losses	(943,000)	54,590,000	3,130,000	56,777,000
	5,165,000	471,672,000	80,379,000	557,216,000
2015	Pension fund	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2014	5,165,000	471,672,000	80,379,000	557,216,000
Interest costs	426,000	45,955,000	6,583,000	52,964,000
Current service costs	49,000	22,228,000	8,118,000	30,395,000
Past service costs	-	24,045,000	-	24,045,000
Benefits paid / (expected)	(354,000)	(8,357,000)	(10,061,000)	(18,772,000)
Actuarial (gains) / losses	(352,000)	1,635,000	(4,537,000)	(3,254,000)
	4,934,000	557,178,000	80,482,000	642,594,000
Estimated future contributions	Pension fund	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2015	4,934,000	557,178,000	80,482,000	642,594,000
Interest costs	404,000	54,562,000	6,728,000	61,694,000
Current service costs	47,000	27,719,000	8,491,000	36,257,000
Expected benefit payments	(358,000)	(8,897,000)	(6,482,000)	(15,737,000)
	5,027,000	630,562,000	89,219,000	724,808,000
Key assumptions used				
Assumptions used at the reporting date:				
Discount rates used - Pension fund		8.50 %		8.55 %
Discount rates used - Medical aid		9.40 %		9.60 %
Discount rates used - Long service award		8.40 %		8.30 %
Expected increase in healthcare costs		8.90 %		9.00 %
Salary inflation rate - Pension fund		8.25 %		9.00 %
Salary inflation rate - Long service award		8.10 %		9.00 %
Expected pension increases		6.25 %		7.00 %
Inflation rate - Pension fund		6.25 %		7.00 %
Inflation rate - Medical aid		6.90 %		7.00 %
Inflation rate - Long service awards		6.10 %		7.00 %
Membership discontinued at retirement or death-in-service		10.00 %		10.00 %
Expected retirement age (years)		63		63

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

28. Defined benefit obligation (continued)

Inflation sensitivities

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 defined benefit obligation	(671,525,000)	(464,554,000)
Effect on the aggregate of the service cost	(35,393,000)	(21,791,000)
Effect on the aggregate of the interest cost	(66,026,000)	(45,293,000)

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

	2015 R	2014 R	2013 R	2012 R	2011 R
Defined benefit obligation	642,594,000	557,216,000	452,964,000	344,111,000	442,310,000
Experience adjustments on plan liabilities	6,659,000	(16,647,000)	(33,624,000)	(8,418,000)	25,607,000

29. FRESHCO liability

Non-current liability	193,357,936	181,443,631

The entity has entered into an agreement with the Free State Social Housing Company (FRESHCO), a section 21 company, to implement and pursue a programme of Social Housing suitable for low to medium income households. The agreement commenced on 1 February 2010 and shall be terminated on 31 January 2033 unless both parties agree to extend the agreement period. The entity charges FRESHCO a nominal rental amount on a monthly basis which escalates by 10% annually. The rental amount is included in note 37 – Rental of facilities and equipment.

In terms of the agreement, FRESHCO will refurbish and maintain 351 existing municipal flats and build 592 additional flats in the suburb called Brandwag. This will remain the property of the entity. The entity will provide municipal infrastructure where these are not currently in existence. FRESHCO will utilise a portion of the rental income earned from renting out these properties to maintain and refurbish these flats.

The amount is recognised as revenue over the period of the agreement upon completion of the assets.

30. Land availability liability

Non-current liability	31,575,456	-

The entity has entered into an agreement with a developer to implement and pursue a programme of land development which will provide infrastructure and housing suitable for low to medium income households. The agreement commenced on 10 July 2014 and shall be terminated on 31 October 2032, unless both parties agree to extend the agreement period.

In terms of the agreement, the developer will develop 762 erven in Mangaung Extension 34, and 1580 erven in Mangaung Extension 35. This development will be known as the Hillside Development.

The land shall remain the property of the entity throughout the development. Upon completion of development, the entity shall retain 30% of the single residential erven within the development, and the infrastructure services.

The developer shall be entitled to sell the remaining developed and serviced erven to third parties, and will retain the proceeds of these sales as compensation for the developed assets retained by the entity.

The developer shall contribute to the bulk infrastructure installations within the development and shall provide a contribution for the land, upon sale to the third parties.

The revenue from these sales will be recognised upon transfer to the third party, and the related liability shall be derecognised.

The buildings retained by the entity shall be capitalised throughout the development process.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
31. Revaluation reserve		
Opening balance	896,853,430	885,315,012
Change during the year	-	24,026,964
Realisation of the revaluation reserve	(12,032,306)	(12,488,546)
	884,821,124	896,853,430

There are no restrictions on the distribution of the revaluation surplus.

Comparative information has been restated due to correction of errors. Refer to note 60

32. Self insurance reserve

Opening balance	5,000,000	77,484,513
Reassessment of reserve	-	(72,484,513)
Contributions received	264,447	274,940
Claims processed	(264,447)	(274,940)
	5,000,000	5,000,000

33. COID reserve

Opening balance	8,934,694	11,457,126
Contributions received	3,132,625	2,992,946
Insurance claims processed	(1,438,699)	(5,515,378)
	10,628,620	8,934,694

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

34. Financial instruments disclosure

Categories of financial instruments

2015

Financial assets

	At fair value	At amortised cost	Total
Non-current receivables	32,498	625,432	657,930
Other receivables from exchange transactions	-	31,552,780	31,552,780
Consumer receivables from exchange transactions	-	425,798,265	425,798,265
Centlec receivables	-	1,174,042,040	1,174,042,040
Centlec intercompany loan	-	712,058,927	712,058,927
Other receivables from non-exchange transactions	-	2,337,243	2,337,243
Consumer receivables from non-exchange transactions	-	377,650,411	377,650,411
Cash and cash equivalents	-	224,706,208	224,706,208
	32,498	2,948,771,306	2,948,803,804

Financial liabilities

	At fair value	At amortised cost	Total
Borrowings	-	592,185,575	592,185,575
Trade and other payables from exchange transactions	-	510,918,097	510,918,097
Payables from non-exchange transactions	-	279,414,560	279,414,560
Finance lease obligations	-	106,418,885	106,418,885
Consumer deposits	30,872,092	-	30,872,092
	30,872,092	1,488,937,117	1,519,809,209

2014

Financial assets

	At fair value	At amortised cost	Total
Non-current receivables	22,815	179,178	201,993
Other receivables from exchange transactions	-	29,251,736	29,251,736
Consumer receivables from exchange transactions	-	381,541,779	381,541,779
Centlec Receivables	-	2,727,304,982	2,727,304,982
Consumer receivables from non-exchange transactions	-	347,938,313	347,938,313
Other receivables from non-exchange transactions	-	3,515,651	3,515,651
Cash and cash equivalents	-	132,274,676	132,274,676
	22,815	3,622,006,315	3,622,029,130

Financial liabilities

	At fair value	At amortised cost	Total
Borrowings	-	191,863,467	191,863,467
Trade and other payables from exchange transactions	-	588,633,955	588,633,955
Payables from non-exchange transactions	-	146,443,906	146,443,906
Finance lease obligations	-	143,210,786	143,210,786
Consumer deposits	28,529,176	-	28,529,176
Centlec payable	-	895,125,926	895,125,926
	28,529,176	1,965,278,040	1,993,807,216

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
35. Revenue		
Service charges	1,089,142,892	1,093,045,939
Rental of facilities and equipment	28,370,602	21,151,705
Licences and permits	170,678	433,435
Income from agency services	109,470,784	100,666,986
Other income from exchange transactions	53,139,274	49,697,476
Interest received	473,938,677	420,889,744
Property rates	871,212,409	975,955,418
Government grants and subsidies	1,608,312,777	1,722,782,785
Other income from non-exchange transactions	1,562,435	11,357,593
Fines	79,198,221	77,361,862
	4,314,518,749	4,473,342,943
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	1,089,142,892	1,093,045,939
Rental of facilities and equipment	28,370,602	21,151,705
Licences and permits	170,678	433,435
Income from agency services	109,470,784	100,666,986
Other income from exchange transactions	53,139,274	49,697,476
Interest received	473,938,677	420,889,744
	1,754,232,907	1,685,885,285
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	871,212,409	975,955,418
Transfer revenue		
Government grants and subsidies	1,608,312,777	1,722,782,785
Other income from non-exchange transactions	1,562,435	11,357,593
Fines	79,198,221	77,361,862
	2,560,285,842	2,787,457,658
36. Service charges		
Sale of water	659,267,292	618,963,466
Sewerage and sanitation charges	292,452,700	302,007,733
Refuse removal	137,422,900	172,074,739
	1,089,142,892	1,093,045,938
37. Rental of facilities and equipment		
Premises		
Premises	1,118,801	1,036,990
Venue hire	1,375,704	1,449,508
	2,494,505	2,486,498
Facilities and equipment		
Rental of facilities	24,950,902	17,633,245
Rental of equipment	568,642	555,828
Other	356,553	476,134
	25,876,097	18,665,207
	28,370,602	21,151,705

No contingent rent was due for the period.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
38. Income from agency services		
Centlec (SOC) Limited - Employee related costs	109,470,784	100,666,986
39. Other income from exchange transactions		
Analysis of industrial effluent	2,033,507	2,335,401
Building plan fees	3,557,783	3,902,727
Clearance certificates	1,488,088	1,441,811
Commission - Fresh Produce Market	17,371,615	17,895,461
Connection and reconnection of water	4,073,545	2,421,701
Insurance collection	2,559,498	1,799,047
Entrance fees	1,303,237	1,209,929
Grave plots	2,789,833	1,955,162
Parking fees	1,352,821	1,192,394
Removal fees	545,495	1,116,086
Sale of erven	5,441,315	1,418,206
Sale of redundant material	3,507	3,147,045
Sale of tender documents	2,803,681	974,067
Training	2,058,238	2,760,347
Unclaimed deposits and stale cheques	787,077	868,780
Sundry income	4,970,035	5,259,311
	53,139,275	49,697,475
40. Interest received		
Centlec (SOC) Limited - Shareholders loan	270,223,418	261,317,314
Centlec (SOC) Limited - Advances	9,888,796	10,424,602
Interest charged on long term receivables	1,414,698	1,387,443
Cash and cash equivalents	21,758,064	24,590,023
Interest charged on trade and other receivables	170,653,700	123,170,362
	473,938,676	420,889,744
41. Property rates		
Rates levied		
Residential and business/commercial	628,683,534	729,908,473
Government	242,528,874	246,046,945
	871,212,408	975,955,418

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
41. Property rates (continued)		
Valuations		
Residential	78,057,664,404	69,752,244,308
Business/Commercial	21,226,868,426	20,935,681,736
Government	10,116,646,160	10,845,727,160
Municipal	4,760,661,886	4,369,644,135
	114,161,840,876	105,903,297,339

Valuations on land and buildings are performed every 4 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.

The first R 70 000 of the rateable value of residential property are exempted from taxes, including properties which are zoned for the purpose of town houses and flats, as well as smallholding's and farms used solely for residential and agricultural purposes.

In respect of qualifying senior citizens and disabled persons, the first R 250 000 of the rateable value of their residential properties is exempted from rates subject to the property value not exceeding R 2 000 000.

2015:

From 1 July 2014 the basic rates were adjusted as follows:

- R0.005784 on the value of rateable farm property
- R0.005784 on the value of rateable residential property
- R0.025005 on the value of rateable government property
- R0.025005 on the value of rateable business/commercial property

2014:

From 1 July 2013 the basic rates were adjusted as follows:

- R0.005457 on the value of rateable farm property
- R0.005457 on the value of rateable residential property
- R0.024836 on the value of rateable government property
- R0.024836 on the value of rateable business/commercial property

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
42. Government grants and subsidies		
Operating grants		
Equitable share	603,581,000	605,072,000
Provincial grant - Upgrading roads in Batho	-	4,476
Provincial grant - Batho car wash	-	60,000
Provincial grant - Township establishment - Caleb Motshabi	-	135,964
Provincial grant - Stadiums	-	6,419,794
Financial management grant	1,500,000	1,500,000
Municipal accreditation project funding - Housing grant	-	1,386,002
Fuel levy	256,663,000	243,022,000
National sport and recreation grant	500,000	28,500,000
National electrification programme grant	30,200,000	42,000,000
City of Ghent - Youth development grant	1,453,935	490,515
Department of Water Affairs	3,057,723	12,900,000
Electricity demand side management grant	7,490,000	8,000,000
DBSA - Capacity building programme grant	-	234,104
Urban renewal grant	-	280,553
Motheo - Contribution environmental health grant	-	466,705
Sports, Arts & Culture - Sport	4,000,000	-
Neighbourhood development grant	5,000,000	-
Lotto grant	4,912,281	-
Integrated City Development Grant	5,596,000	-
	923,953,939	950,472,113
Capital grants		
Provincial grant - Upgrade housing in Batho	-	1,567,100
Expanded Public Works Programme Incentive Grant	2,392,359	7,818,844
DWAF - Water conservation grant	942,277	7,584,395
Public transport infrastructure and systems fund grant	8,866,800	27,056,073
Urban settlement development grant	647,597,018	655,442,669
Sustainable Human Settlement Grant	24,560,384	72,841,590
	684,358,838	772,310,671
	1,608,312,777	1,722,782,784
Equitable Share		
Current year receipts	603,581,000	605,072,000
Conditions met - transferred to revenue	(603,581,000)	(605,072,000)
	-	-
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Provincial grant - Upgrading roads in Batho		
Balance unspent at beginning of year	76,740	81,216
Conditions met - transferred to revenue	-	(4,476)
	76,740	76,740
Conditions still to be met - remain liabilities (see note 23).		
The purpose of the grant is to assist the entity with the upgrading of housing in the Batho area.		
Provincial grant - Batho Car Wash		
Balance unspent at beginning of year	-	60,000
Conditions met - transferred to revenue	-	(60,000)
	-	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

42. Government grants and subsidies (continued)

The purpose of this grant is to assist the entity with the implementation of the operation Hlasela project, a car wash in the Batho area.

Provincial grant - Township establishment - Caleb Motshabi

Balance unspent at beginning of year	-	135,964
Conditions met - transferred to revenue	-	(135,964)
	-	-

The purpose of the grant is to assist the entity with the establishing of the township establishment Caleb Motshabi.

Provincial grant - Stadiums

Balance unspent at beginning of year	219,006	6,638,800
Conditions met - transferred to revenue	-	(6,419,794)
	219,006	219,006

Conditions still to be met - remain liabilities (see note 23).

The grant is allocated to the entity for the development and improvement of the sport stadium for the 2010 World Cup.

Financial management grant

Current-year receipts	1,500,000	1,500,000
Conditions met - transferred to revenue	(1,500,000)	(1,500,000)
	-	-

The purpose of the grant is to promote and support reforms to financial management and the implementation of the MFMA.

Municipal accreditation project funding - Housing grant

Balance unspent at beginning of year	3,628,261	14,263
Current-year receipts	-	5,000,000
Conditions met - transferred to revenue	-	(1,386,002)
	3,628,261	3,628,261

Conditions still to be met - remain liabilities (see note 23).

The grant is allocated to the entity to finance and support the entity accreditation project as well as capacity development.

Fuel levy

Current-year receipts	256,663,000	243,022,000
Conditions met - transferred to revenue	(256,663,000)	(243,022,000)
	-	-

The fuel levy is allocated to the entity from the General Fuel Levy Revenue Fund.

National sport and recreation grant

Current-year receipts	500,000	28,500,000
Conditions met - transferred to revenue	(500,000)	(28,500,000)
	-	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

42. Government grants and subsidies (continued)

The grant is used to assist host cities with the operational responsibilities associated with the hosting of sports events.

National electrification programme grant

Current-year receipts	30,200,000	42,000,000
Conditions met - transferred to revenue	(30,200,000)	(42,000,000)
	-	-

The grant is used to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and the rehabilitation of electrification infrastructure. The grant was transferred to Centlec (SOC) Limited.

City of Ghent - Youth development grant

Balance unspent at beginning of year	1,453,936	1,640,461
Current-year receipts	550,145	303,990
Conditions met - transferred to revenue	(1,453,935)	(490,515)
	550,146	1,453,936

Conditions still to be met - remain liabilities (see note 23).

The grant is given by the City of Ghent for youth development.

Department of Water Affairs

Balance unspent at beginning of year	-	6,000,000
Current-year receipts	3,057,723	6,900,000
Conditions met - transferred to revenue	(3,057,723)	(12,900,000)
	-	-

The purpose of the grant is to subsidise and build capacity in water schemes on behalf of Department of Water and Environmental Affairs and transfer these schemes to local government.

Electricity demand side management grant

Current-year receipts	7,490,000	8,000,000
Conditions met - transferred to revenue	(7,490,000)	(8,000,000)
	-	-

The grant is allocated to municipalities to implement Energy Efficiency and Demand Side Management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

DBSA - Capacity building programme grant

Balance unspent at beginning of year	-	234,104
Conditions met - transferred to revenue	-	(234,104)
	-	-

The grant was allocated to the entity to assist with capacity building.

Urban renewal grant

Balance unspent at beginning of year	-	280,553
Conditions met - transferred to revenue	-	(280,553)
	-	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
42. Government grants and subsidies (continued)		
The grant was allocated for the development of erven.		
Motheo - Contribution environmental health grant		
Balance unspent at beginning of year	9,346,371	9,813,076
Conditions met - transferred to revenue	-	(466,705)
	9,346,371	9,346,371
Conditions still to be met - remain liabilities (see note 23).		
The purpose of the grant is to assist municipalities with the rendering of environmental health services.		
Sports, Arts & Culture - Admin libraries		
Current-year receipts	2,000,000	-
Conditions still to be met - remain liabilities (see note 23).		
The purpose of the grant is to fund the administration of public libraries within the Mangaung Metropolitan Municipality area.		
Sports, Arts & Culture - Sport		
Current-year receipts	4,000,000	-
Conditions met - transferred to revenue	(4,000,000)	-
	-	-
The purpose of the grant was to assist the City in hosting the Mangaung International Beach Volleyball Tournament in December 2014.		
Neighbourhood development grant		
Current-year receipts	5,000,000	-
Conditions met - transferred to revenue	(5,000,000)	-
	-	-
This grant is to be used for the development of urban network plans, to improve the quality of life and access of residents in under-served neighbourhoods.		
Provincial grant - Upgrading housing in Batho		
Balance unspent at beginning of year	182,175	1,749,275
Conditions met - transferred to revenue	-	(1,567,100)
	182,175	182,175
Conditions still to be met - remain liabilities (see note 23).		
The purpose of the grant is to assist the entity with the upgrading of housing in the Batho area.		
Expanded Public Works Programme Incentive Grant		
Balance unspent at beginning of year	138,463	4,061,307
Current-year receipts	2,431,000	3,896,000
Conditions met - transferred to revenue	(2,392,359)	(7,818,844)
Surrendered to National Treasury	(138,463)	-
	38,641	138,463

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

42. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 23).

The purpose of the grant is to expand work creation efforts through the use of labour incentives delivery methods in identified focus areas, in compliance with Expanded Public Works Programme (EPWP) guidelines.

DWAF - Water conservation grant

Balance unspent at beginning of year	-	455,016
Current-year receipts	942,277	7,129,379
Conditions met - transferred to revenue	(942,277)	(7,584,395)
	-	-

The purpose of the grant is to develop regional bulk infrastructure for water supply to supplement water treatment work and resource development.

Public Transport Infrastructure and systems fund grant

Balance unspent at beginning of year	597,471	23,661,544
Current-year receipts	30,000,000	20,000,000
Conditions met - transferred to revenue	(8,866,800)	(27,056,073)
Surrender to National Treasury	(597,471)	(16,008,000)
	21,133,200	597,471

Conditions still to be met - remain liabilities (see note 23).

The grant is allocated to the entity to improve public transport infrastructure and systems, in accordance with agreed project plans.

Urban Settlement Development Grant

Balance unspent at beginning of year	70,726,573	129,450,242
Current-year receipts	654,406,000	596,719,000
Conditions met - transferred to revenue	(647,597,018)	(649,743,506)
Conditions met - transferred to Centlec creditors	-	(5,699,163)
	77,535,555	70,726,573

Conditions still to be met - remain liabilities (see note 23).

The grant was allocated to the entity for People's Housing Process (PHP) housing infrastructure projects in Thaba Nchu.

Sustainable Human Settlement Grant

Balance unspent at beginning of year	27,158,410	-
Current-year receipts	-	100,000,000
Conditions met - transferred to revenue	(24,560,384)	(72,841,590)
	2,598,026	27,158,410

Conditions still to be met - remain liabilities (see note 23).

The grant is used to supplement the capital revenues of metropolitan municipalities in order to support the national human settlements development programme, focusing on poor households.

Integrated City Development Grant

Current-year receipts	5,596,000	-
Conditions met - transferred to revenue	(5,596,000)	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
42. Government grants and subsidies (continued)		
	-	-
The purpose of the grant is to provide a financial incentive for metropolitan municipalities to integrate and focus their use of available infrastructure investment and regulatory instruments to achieve a more compact urban spatial form.		
Provincial grant - Grassland area		
Balance unspent at beginning of year	4,500,000	4,500,000
Conditions still to be met - remain liabilities (see note 23).		
The purpose of the grant is to assist the entity with housing infrastructure projects for the Grassland area.		
Provincial grant - Hlasela project - Iphahamilseng centre		
Balance unspent at beginning of year	3,703	3,703
Conditions still to be met - remain liabilities (see note 23).		
The purpose of this grant is to assist the entity with the implementation of the project, for swings, computer internet services and adopting the Iphahamilseng centre for vulnerable children.		
Provincial grant - Planning and surveying		
Balance unspent at beginning of year	493,144	493,144
Conditions still to be met - remain liabilities (see note 23).		
The purpose of the grant is to assist municipalities with the compilation of a town planning scheme to manage land development.		
Local government and housing grant - Infrastructure Grassland area		
Balance unspent at beginning of year	3,965,043	3,965,043
Conditions still to be met - remain liabilities (see note 23).		
The grant is allocated for housing infrastructure projects for the Grassland area.		
Lotto funds		
Current-year receipts	4,912,281	-
Conditions met - transferred to revenue	(4,912,281)	-
	-	-

This grant is to be used for the activation of an Arts and Culture programme at the Civic Theatre.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2015), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
43. Other income from non-exchange transactions		
Donations	-	11,357,593
Penalties	1,562,435	-
	1,562,435	11,357,593

Donations 2014:

The National Heritage Council of South Africa donated R 1,000,000 to the entity as a contribution towards the hosting of the Golden Shield Heritage Awards in the city on 20 September 2013.

Nine (9) land parcels in the Thaba Nchu region, to the value of R 6,080,000 were received as a donation from the Department of Rural Development and Land Reform. These properties have been included in Property, Plant and Equipment as disclosed in note 13 to the annual financial statements.

Land with a value of R 4,400,400 were received by the entity as a donation. These properties have been included in Property, Plant and Equipment as disclosed in note 13 to the annual financial statements.

44. Employee related costs

Salaries and wages	706,921,218	647,541,981
Contribution to pensions funds	110,333,672	100,793,466
Contributions to medical aid	58,027,367	50,368,979
Contributions to UIF	5,959,055	5,664,594
Defined contribution plans - Current service costs	30,395,000	25,107,000
Defined contribution plans - Past service costs	24,045,000	-
Housing benefits and allowances	2,845,543	2,654,810
Overtime payments	122,052,837	101,760,030
Staff leave pay provision	26,500,353	25,837,487
Staff bonuses - 13th Cheques	2,248,717	2,964,672
Travel, car, accommodation, subsistence and other allowances	75,939,248	67,538,755
	1,165,268,010	1,030,231,774

Remuneration of the Accounting Officer

Annual Remuneration	2,088,238	2,022,633
Car and other allowances	338,253	278,505
Contributions to UIF, Medical and Pension Funds	68,798	55,878
	2,495,289	2,357,016

Remuneration of Chief Finance Officer

Annual Remuneration	1,430,020	1,373,022
Car and other allowances	525,655	477,032
Contributions to UIF, Medical and Pension Funds	60,492	53,920
	2,016,167	1,903,974

Remuneration of Executive Director - Human Settlements

Annual Remuneration	1,392,049	1,329,769
Car and other allowances	218,510	207,620
Contributions to UIF, Medical and Pension Funds	361,837	343,338
	1,972,396	1,880,727

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

44. Employee related costs (continued)

Remuneration of Executive Director - Corporate Services

Annual Remuneration	-	714,786
Car and other allowances	-	583,471
Contributions to UIF, Medical and Pension Funds	-	140,592
	-	1,438,849

The position was filled for only 8 months during the 2013/14 financial year.

Remuneration of Acting Executive Director - Corporate Services

Annual Remuneration	109,727	235,996
Car and other allowances	28,746	46,400
Contributions to UIF, Medical and Pension Funds	28,840	58,027
	167,313	340,423

The position had an official acting for a period of 4 months during the 2013/14 financial year and 2 months during the 2014/15 financial year as it was vacant.

Remuneration of Executive Director - Corporate Services

Annual Remuneration	1,022,951	-
Car and other allowances	321,531	-
Contributions to UIF, Medical and Pension Funds	62,738	-
	1,407,220	-

The position was filled for only 10 months during the 2014/15 financial year.

Remuneration of Executive Director - Social Services

Annual Remuneration	1,357,537	1,311,135
Car and other allowances	304,383	251,373
Contributions to UIF, Medical and Pension Funds	289,323	277,989
	1,951,243	1,840,497

Remuneration of Executive Director - Engineering

Annual Remuneration	1,424,128	1,365,242
Car Allowance	494,577	447,633
Contributions to UIF, Medical and Pension Funds	38,765	35,952
	1,957,470	1,848,827

Remuneration of Executive Director - Economic Development and Planning

Annual Remuneration	1,127,900	1,616,538
Car and other allowances	216,000	267,632
Contributions to UIF, Medical and Pension Funds	14,980	20,223
	1,358,880	1,904,393

The position was filled for only 10 months during the 2014/15 financial year.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
44. Employee related costs (continued)		
Remuneration of Executive Director - Strategic Support & Service Delivery		
Annual Remuneration	1,556,297	1,509,187
Car and other allowance	334,805	206,515
Contributions to UIF, Medical and Pension Funds	61,962	72,856
	1,953,064	1,788,558

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
45. Remuneration of councillors		
Councillors allowance	32,313,866	30,051,185
Cell phone allowance	2,434,213	2,753,078
Housing allowance	142,492	142,492
Medical aid contributions	478,408	423,319
Councillors pension contributions	3,187,129	3,165,613
Travel allowance	11,038,175	10,571,044
	49,594,283	47,106,731

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time employees of the entity and each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor each have the use of Council owned vehicles for official duties.

Executive Mayor

Councillor allowance	757,114	719,475
Cellphone allowance	45,420	49,020
Medical aid contributions	17,280	17,280
Pension fund contribution	108,836	104,416
Travel allowance	294,410	280,390
	1,223,060	1,170,581

Deputy Executive Mayor

Councillor allowance	609,195	572,574
Cellphone allowance	45,420	49,020
Medical aid contributions	17,280	17,280
Pension fund contribution	86,837	83,082
Travel allowance	237,771	224,312
	996,503	946,268

Speaker

Councillor allowance	858,172	617,411
Cellphone allowance	45,420	49,020
Housing allowance	38,246	38,246
Medical aid contributions	17,280	17,280
Travel allowance	37,385	224,312
	996,503	946,269

Chief Whip

Councillor allowance	585,207	550,875
Cellphone allowance	24,468	28,068
Pension fund contribution	83,523	80,003
Travel allowance	222,910	210,293
	916,108	869,239

Mayoral committee members

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
45. Remuneration of councillors (continued)		
Councillor allowance	4,891,346	4,769,556
Cellphone allowance	214,095	250,743
Housing allowance	80,246	80,246
Medical aid contributions	119,520	109,384
Pension fund contribution	643,816	617,540
Travel allowance	1,940,999	1,892,633
	7,890,022	7,720,102
Councillors		
Councillor allowance	24,612,831	22,821,295
Cellphone allowance	2,059,390	2,327,207
Housing allowance	24,000	24,000
Medical aid contributions	307,048	262,095
Pension fund contribution	2,264,118	2,280,571
Travel allowance	8,304,700	7,739,103
	37,572,087	35,454,271
46. Depreciation and amortisation		
Property, plant and equipment	535,996,552	378,375,402
Intangible assets	573,311	324,068
	536,569,863	378,699,470
47. Impairment of assets		
Impairments		
Property, plant and equipment	7,817,179	-
The recoverable amount of the asset was assessed at the end of the 2014/15 financial year and it was found to be less than the carrying amount of the asset and an impairment loss was raised.		
48. Finance costs		
Defined benefit obligation	52,964,000	40,759,000
Finance leases	12,143,167	7,698,728
Intercompany loan - Centlec Payables	75,534,349	75,501,720
Non-current borrowings	31,668,069	21,637,284
	172,309,585	145,596,732
49. Debt impairment		
Consumer and other receivables impaired and written off	629,607,301	569,684,182
50. Bulk purchases		
Water	430,764,023	382,809,314

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
51. Contracted services		
Audit fees	15,403,891	14,806,207
Consultant fees	32,132,125	11,983,773
Debt collection fees	42,243,986	19,640,754
Integrated call centre	9,620,061	10,223,123
IPTN Planning	-	26,189,538
Meter reading services	19,148,506	16,302,809
Meter replacement	8,318,616	18,371,567
Security services	34,633,819	28,934,346
Other Contractors	67,880,901	36,513,229
	229,381,905	182,965,346

52. Grants and subsidies paid

Bursaries paid to employees	1,196,486	903,627
Central Agricultural Society	10,751	10,239
Free Electricity Services	13,966,209	13,082,652
National Electrification Program Grant	30,200,000	42,000,000
Urban Settlement Development Grant	-	35,699,163
Subsidised municipal services	172,409,402	164,027,429
Miscellaneous grants	447,762	161,859
SPCA	434,931	414,220
	218,665,541	256,299,189

Bursaries paid to employees

Bursaries are paid to employees in accordance with the approved study scheme.

Central Agricultural Society

The payments to the society is for the maintenance of Council's property at the show grounds which are used in accordance with an agreement with the society.

Free electricity services

The free electricity provided by Centlec (SOC) Limited and Eskom is recoverable from the equitable share grant.

National Electrification Programme Grant

The grant is used to implement the programme by providing capital subsidies to licensed distributors to address the programme in order to mitigate the risk of load shedding and supply interruptions. The grant was transferred to Centlec (SOC) Limited.

Urban Settlement Development Grant

This grant is used for housing infrastructure projects in the municipal area.

Subsidised Municipal Services

The municipal services provided to indigents and other qualifying individuals is recoverable from the equitable share grant.

Miscellaneous grants

These grants are allocated mainly for ad hoc grants and the free use of Council facilities, as approved during the year.

SPCA - Society for the Prevention of Cruelty to Animals

The subsidy is paid annually to the society to assist them in performing their tasks.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
53. General expenses		
Advertising	4,740,083	3,884,684
Animal Costs	3,299,684	1,572,711
Bank charges & commission	6,490,230	7,785,493
CHAN 2014 Expenses	-	31,442,284
Chemicals	4,359,287	4,227,104
Cleaning	1,658,398	4,560,439
Community development and training	1,835,151	984,470
Conferences and seminars	9,931,363	9,452,042
Consumables	10,259,703	7,438,618
Discount allowed	2,583,966	-
Electricity	46,046,611	67,912,105
Financial management grant projects	2,940,022	3,518,797
Fuel and oil	29,691,684	26,901,807
Hire	4,321,846	10,929,277
Indigent burials	1,894,383	987,270
Insurance	9,507,738	15,065,827
Lease rentals on operating lease	31,239	1,334,404
Legal expenses	30,394,922	22,717,270
Marketing	20,747,374	17,038,911
Metro transitional arrangements	-	310,264
Motor vehicle expenses	14,274,974	17,217,978
Penalties and interest	89,398	95,594
Postage and courier	5,316,157	5,821,142
Printing and stationery	9,195,592	6,640,296
Rehabilitation of landfill sites and quarries	22,699,082	(16,034,775)
Reconnection test and removal - meters	7,166,977	(467,871)
Refreshments	1,189,053	1,084,549
Refuse	36,982,826	26,736,867
Royalties and license fees	10,190,244	12,010,166
Sewerage and waste disposal	641,082	700,153
Skills development levy	9,793,329	8,828,167
Software expenses	407,744	323,928
Special projects	14,946,924	26,955,084
Staff welfare	821,978	145,866
Subscriptions and membership fees	11,121,393	10,747,362
Telephone and fax	11,747,641	12,725,259
Title deed search fees	14,651,077	11,914,858
Tools, plant and equipment	2,130,339	5,884,490
Tourism development	2,805,933	2,408,665
Training	13,628,652	8,340,289
Travel - local	278,822	239,364
Uniforms	5,135,467	3,638,218
Vacuum services	102,066	612,009
Water	(545,176)	383,647
Water research	3,070,234	3,132,558
Sundry expenses	35,971,520	34,518,360
	424,547,012	422,666,000
54. Fair value adjustments		
Investment property (Fair value model)	-	8,447,430
Other financial assets		
• Other financial assets	9,683	6,033
	9,683	8,453,463

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
55. Cash generated from operations		
Surplus	164,042,145	749,162,392
Adjustments for:		
Depreciation and amortisation	536,569,863	378,699,470
(Loss)/gain on sale of assets and liabilities	9,092,424	(6,313,711)
Fair value adjustments	(9,683)	(8,453,463)
Finance costs - Finance leases	12,143,167	7,698,728
Impairment loss	7,817,179	-
Movements in retirement benefit assets and liabilities	85,378,000	104,252,000
Movements in provisions	(3,664,090)	(14,961,400)
Land donation received	-	(11,357,593)
Interest received	(280,112,214)	(271,741,916)
Finance costs - Long term liabilities	31,668,069	21,637,284
Unwinding of Freshco Liability	(7,524,321)	(3,596,386)
Changes in working capital:		
Inventories	(28,147,253)	(45,971,131)
Other receivables from exchange transactions	(2,301,045)	22,222,141
Consumer debtors	(44,256,486)	(80,206,556)
Other receivables from non-exchange transactions	(29,712,099)	(233,906,078)
VAT Receivable	(12,441,227)	-
Centlec Intercompany loan	(712,058,928)	-
Other receivables from non-exchange transactions	1,178,408	(3,515,651)
Payables from exchange transactions	(57,501,071)	201,155,778
VAT	(64,946,734)	(33,987,307)
Taxes and transfers payable (non exchange)	132,970,655	(17,143,705)
Unspent conditional grants and receipts	3,780,715	(70,748,417)
Centlec payable	938,249,229	(36,944,853)
	680,214,703	645,979,626

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

56. Commitments

Commitments in respect of capital expenditure

Approved and contracted for

• Infrastructure assets	166,775,561	247,956,450
• Other asset classes	50,349,680	82,305,477
	217,125,241	330,261,927

The capital expenditure will be financed from:

Unspent conditional grants and receipts	126,270,010	122,489,296
Borrowings	90,855,231	207,772,631
	217,125,241	330,261,927

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

The commitment register was reconstructed during the year resulting in the following changes to the comparative figures:

Commitments in respect of capital expenditure
Approved and contracted for
Infrastructure assets decreased by R98,433,9921
Other asset classes decreased by R12,454,704

The capital expenditure will be financed from:

Borrowings decreased by R15,909,165
Own resources decreased by R126,797,861

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	887,442	446,631
- in second to fifth year inclusive	1,221,627	475,246
	2,109,069	921,877

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of three to five years and rentals are fixed for an average of three years. The lease agreements have escalations of 8% to 10% per year. There are no renewal and/or purchase options. No contingent rent is payable.

The comparative figures have been restated as follows:

Minimum lease payments due
- within one year has decreased by R163,613
- in second to fifth year inclusive as increased by R170,383

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	5,633,273	5,313,103
- in second to fifth year inclusive	19,297,005	20,704,231
- later than five years	33,652,079	37,878,126
	58,582,357	63,895,460

The entity leases various fixed properties under non-cancelable operating leases to various institutions. The lease agreements have escalations between 8 and 12% per year with the agreements varying between 2 to 50 years. Rental income, for these agreements, to the value of R 24,950,902 (2014: R 17,929,384) has been recognised in the Statement of Financial Performance during the year. Renewal options have been taken into account during the calculation of the deferred lease. There are no purchase options. There was no contingent rent during the year.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

56. Commitments (continued)

The lease register was reconstructed resulting in the following changes to the comparative figures:

- Minimum lease payments due
- within one year increasing by R722,544
 - in second to fifth year inclusive increasing by R8,535,637
 - later than five years decreasing with R16,545,416

57. Contingencies

Guarantees:

The entity has provided housing guarantees for bonds of municipal officials. The certainty and the timing of the outflow of these guarantees are uncertain. The amounts disclosed below are the possible outflow amounts.

Housing guarantees	3,686,859	3,857,056

Contingent liabilities

The entity is being sued for some of the following pending claims. All the claims are being contested based on legal advice. The certainty and the timing of the outflow of these liabilities are uncertain. The amounts disclosed below are possible outflow amounts:

Probable legal costs to be incurred for various matters handled by various attorneys	27,578,703	28,549,767
Labour cases and employee related matters	7,528,441	6,250,000
Claims by individuals due to property damages in various incidents	2,024,930	1,966,307
Claims by individuals due to various incidents	5,026,744	-
Claims from suppliers due to contractual disputes	43,133,786	41,630,753
Centlec (SOC) Limited - consumption of public lighting	81,588,277	47,319,965
Centlec (SOC) Limited - consumption of Mangaung properties	61,339,478	48,648,802
Centlec (SOC) Limited - repairs and maintenance of public lighting	53,762,028	27,916,930
	281,982,387	202,282,524

The entity has a claim against it for the the consumption of all public lighting (streetlights), as well as the electricity consumption of the properties owned by the entity in the Mangaung Metropolitan area from Centlec (SOC) Limited.

Furthermore, there is a claim from Centlec (SOC) Limited for the repairs and maintenance to public lighting.

The comparative figures for the Centlec (SOC) Limited claims have been restated as follows:
Centlec (SOC) Limited - consumption of Mangaung properties has decreased by R50,204,956
Centlec (SOC) Limited - repairs and maintenance of public lighting has decreased by R24,846,045

* See Note 2 & 60

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014 Restated*
58. Related parties		
Relationships		
Controlled entities	Refer to note 16	
A company, Centlec (SOC) Limited, of which the entity is the sole shareholder, was formed to take over all activities in respect of the supply of electricity for their own account.		
Related party balances		
Loan accounts - Owing (to)/by related parties		
Centlec (SOC) Limited - Shareholders loan	1,071,479,158	2,617,429,474
Centlec (SOC) Limited - Advances	102,562,882	109,875,508
Centlec (SOC) Limited - Intercompany loan balance	712,058,928	(895,125,926)
Amounts included in Trade receivable/(Trade payable) regarding related parties		
Centlec (SOC) Limited - Other payables - Grants	(26,518,917)	(26,164,452)
Centlec (SOC) Limited - Trade payables	(76,161,390)	(237,582,982)
Centlec (SOC) Limited - Other receivables from exchange transactions	4,000,000	4,000,000
Investment in related parties		
Centlec (SOC) Limited	100	100
Related party transactions		
Interest paid to/(received from) related parties		
Centlec (SOC) Limited - Advances	(9,888,796)	(10,424,602)
Centlec (SOC) Limited - Shareholders loan	(270,223,418)	(261,317,314)
Centlec (SOC) Limited - Intercompany loan	75,534,349	75,501,720
Centlec (SOC) Limited - Electricity accounts outstanding	1,773,190	8,402,057
Expenses paid to/(Income received from) related parties		
Centlec (SOC) Limited - Income from agency services	(109,470,784)	(100,666,986)
Centlec (SOC) Limited - Electricity charges - streetlight consumption	11,313,237	20,988,000
Centlec (SOC) Limited - Electricity charges - municipal consumption	32,728,988	45,411,547
Centlec (SOC) Limited - Repairs and maintenance on streetlights	26,918,282	23,472,869
Centlec (SOC) Limited - Grants paid	35,733,446	81,201,050
(Receipts)/Payments on behalf of Centlec (SOC) Limited		
Bank receipts	(188,114)	(2,457,311)
Telephone expenses	181,423	143,520

Key management information

No transactions took place between the entity and key management personnel or their close family members during the reporting period.

Details relating to remuneration are disclosed in note 44 for key management and note 45 for Councillors.

59. Change in estimate

Property, plant and equipment

In the current reporting period as part of the preparation of the Annual Financial Statement the municipality reviewed the useful lives and conditions of its assets. This resulted in the adjustment of the remaining useful lives of various assets. The effect of the revision is an increase in depreciation for the current year amounting to R 110,214,547. It is impracticable to estimate the effect on future periods as the remaining useful lives is reviewed at each reporting date.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

60. Prior period errors

During the current year errors were identified which were corrected in terms of GRAP 3, Accounting policies, changes in accounting estimates and errors.

The correction of the errors resulted in adjustments as follows:

1. Prior period error - Input VAT denied

During the current year SARS denied input VAT relating to the prior financial year. The effect of the restatement is as follows:

Statement of financial position		
Increase in VAT payable	-	(395,673)
Statement of financial performance		
Increase in General expenditure - Sundry expenses	-	395,673
	-	-

2. Prior period error - Deferred lease disclosure

During the prior year the deferred lease payable were incorrectly disclosed as Other receivables from exchange transactions. The effect of the restatement is as follows:

Statement of financial position		
Increase is Other receivables from exchange transactions - Deferred lease	-	109,552
Increase in Payables from exchange transactions - Deferred lease expenditure	-	(109,552)
	-	-

3. Prior period error - VAT apportionment

In the current year the refund was received for the apportionment of 2013/14 VAT

Statement of financial position		
Increase in VAT payable	-	(279,446)
Statement of financial performance		
Increase in General expenditure	-	279,446
	-	-

4. Prior period error - Unallocated receipt written off

In prior years, long outstanding unallocated receipts were written off. During the current year, a consumer presented evidence to allocate one of these receipts to the consumer account. This receipt was then allocated to the consumer during the current year.

Statement of financial position		
Increase in Payables from exchange transactions	-	(213,363)
Decrease in Accumulated surplus	-	213,363
	-	-

5. Prior period error - Creditor balances corrected

During the current year, long overdue creditors were written off.

Statement of financial position		
Decrease in Payables from exchange transactions	-	857,511
Decrease in Payables from non-exchange transactions	-	249,129
Decrease in Other receivables from exchange transactions	-	(10,422)
Increase in Accumulated Surplus	-	(1,096,218)
	-	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
60. Prior period errors (continued)		
6. Prior period error - FRESCHO transactions		
During the year, additional information relating to the FRESHCO transaction was available and corrections were made.		
Statement of financial position		
Decrease in FRESHCO liability	-	1,529,655
Increase in Accumulated depreciation PPE - Buildings	-	(258,003)
Increase in Accumulated surplus	-	(14,981)
Decrease in Cost of PPE - Buildings	-	(11,509,530)
Increase in Cost of PPE - Buildings WIP	-	10,595,858
Statement of financial performance		
Increase in Rental income	-	(735,822)
Increase in Depreciation	-	392,823
	-	-
7. Prior period error - Correction of deferred lease revenue		
During the prior year, an error was made in the calculation of the deferred lease revenue. This amount was adjusted.		
Statement of financial position		
Decrease in Payables from exchange transactions	-	567,131
Statement of financial performance		
Decrease in General expenses	-	(567,131)
	-	-
8. Prior period error - Revenue forgone		
During the prior year, an error regarding the classification between revenue forgone and grant expenditure was made.		
Statement of financial performance		
Increase in Grants and subsidies paid	-	164,027,429
Increase in Service charges - Refuse removal	-	(50,343,329)
Increase in Service charges - Sale of water	-	(6,699,155)
Increase in Service charges - Sewerage and sanitation charges	-	(100,511,973)
Increase in Property rates	-	(6,472,972)
	-	-
9. Prior period error - Reclassification of investment property		
Re-classification of land parcels originally classified as Investment property, to PPE and Inventory. The re-classification was done based on information that became available during the transfer of assets to the Asset Management System and linking individual properties to a Geographical information system.		
Statement of financial position		
Increase in cost of PPE - Land	-	500,272,915
Increase in cost of PPE - Buildings	-	4,281,485
Decrease in Investment property	-	(583,086,000)
Increase in inventory	-	13,715,966
Increase in revaluation reserve	-	(148,156,163)
Decrease in accumulated surplus	-	184,705,367
Increase in accumulated depreciation	-	(119,622)
Statement of financial performance		
Increase in Depreciation	-	119,622
Decrease in Fair value adjustments	-	32,666,830
Increase in Other income from non-exchange transactions - Donations	-	(4,400,400)
	-	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

60. Prior period errors (continued)

10. Prior period error - Adjustment to buildings (Supplementary valuation roll 8)

Valuations of 3 Heidedal properties (22064, 9367 and 9492) adjusted downwards as per Supplementary roll 8. The effect of the restatement is as follows:

Statement of financial position

Decrease in Cost of PPE - Land	-	(945,533)
Increase in Cost of PPE - Buildings	-	23,533
Decrease in Revaluation reserve	-	261,532
Decrease in Accumulated surplus	-	665,348
Increase in Accumulated depreciation	-	(5,230)

Statement of financial performance

Increase in Depreciation	-	350
	-	-

11. Prior period error - Adjustment to buildings (Supplementary valuation roll 3)

Valuations adjusted as per Supplementary roll 3, applicable to Investment Property not considered. During the reclassification of Investment Properties to PPE, the value to two Grassland plots were adjusted from R57 million to R110 thousand each. The effect of the restatement is as follows:

Statement of financial position

Decrease in Cost of PPE - Land	-	(113,890,000)
Decrease in Accumulated surplus	-	80,360,030
Decrease in Revaluation reserve	-	33,529,970
	-	-

12. Prior period error - Reclassification of land to inventory

Land was reclassified to Inventory as a result of additional information identified. The effect of the restatement is as follows:

Statement of financial position

Increase in Inventory		24,112
Decrease in Cost of PPE - Land		(150,000)
Decrease in Revaluation reserve		38,583
Decrease in Accumulated surplus		87,305
		-

13. Prior period error - Transfer of work in progress

Community assets completed in the prior year were not transferred from the work in progress account during the prior year. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Community assets	-	16,712,065
Decrease in Cost of PPE - Buildings	-	(16,712,065)
	-	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

60. Prior period errors (continued)

14. Prior period error - Accruals from prior years not reversed

Accruals that were raised in prior financial years were not correctly reversed. The effect of the restatement is as follows:

Statement of financial position	
Decrease in Payables from exchange transactions - Trade payables	- 11,701,538
Decrease in Centlec Payable	- 812,304
Increase in Accumulated surplus	- (5,159,466)
Increase in VAT payable	- (985,494)
Statement of financial performance	
Decrease in General expenditure - Sundry expenses	- (6,368,882)
	- -

15. Prior period error - Correction of municipal consumption of electricity

During the year, additional information was available to determine municipal consumption of electricity. The effect of the restatement is as follows:

Statement of financial position	
Decrease in VAT payable	- 4,361,886
Decrease in Accumulated surplus	- 25,584,042
Increase in Payables from exchange transactions	- (50,204,957)
Statement of financial performance	
Increase in General expenditure	- 20,259,029
	- -

16. Prior period error - Centlec (SOC) Limited repairs and maintenance

Additional information received regarding the repairs and maintenance to streetlight. The effect of the restatement is as follows:

Statement of financial position	
Increase in Payables from exchange transaction	- (25,141,171)
Decrease in VAT payable	- 2,330,697
Decrease in Accumulated surplus	- 8,270,683
Statement of financial performance	
Increase in Repairs and maintenance	- 14,539,791
	- -

17. Prior period error - Finance leases current and non-current portion

During the current year it was noted that the current and non-current portion of the finance leases were incorrectly disclosed in the prior year. The effect of the restatement is as follows:

Statement of financial position	
Decrease in the current portion of finance leases	- 31,374,974
Increase in the non-current portion of finance leases	- (31,374,974)
	- -

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
60. Prior period errors (continued)		
18. Prior period error - Intangible Assets		
Intangible assets that should have been expensed in prior years were incorrectly capitalised. Furthermore the accumulated amortisation on intangible assets were now correctly disclosed. The effect of the restatement is as follows:		
Statement of financial position		
Decrease in Intangible assets - Cost	-	(2,000,000)
Increase in Accumulated amortisation on Intangible assets	-	(5,313)
Decrease in Accumulated surplus	-	2,005,313
	-	-
19. Prior period error - Land Availability Agreement		
Land relating to the Land Availability Agreement was not allocated to inventory and property, plant and equipment in prior years. The effect of the restatement is as follows:		
Statement of financial position		
Increase in Inventory	-	4,879,977
Increase in Cost of PPE - Land	-	4,770,740
Increase in Accumulated surplus	-	(9,650,717)
	-	-
20. Prior period error - Sidewalks		
Expenditure related to sidewalks work in progress were incorrectly expensed in the prior year. The effect of the restatement is as follows:		
Statement of financial position		
Increase in Cost of PPE - Infrastructure WIP	-	17,244,753
Statement of financial performance		
Decrease in Repairs and maintenance	-	(17,244,753)
	-	-
21. Prior period error - Cemeteries		
During the year under review the intersections register was reconstructed. The effect of the restatement is as follows:		
Statement of financial position		
Increase in Cost of PPE - Community Assets	-	18,053,582
Decrease in Cost of PPE - Community Assets - WIP	-	(1,162,516)
Increase in Accumulated depreciation of PPE - Community assets	-	(6,857,788)
Increase in Accumulated surplus	-	(10,940,039)
Statement of financial performance		
Increase in depreciation	-	906,761
	-	-
22. Prior period error - Restatement of water meter register		
During the year under review the water meter register was reconstructed. The effect of the restatement is as follows:		
Statement of financial position		
Increase in Cost of PPE - Infrastructure	-	40,080,878
Increase in Accumulated depreciation of PPE - Infrastructure	-	(19,580,722)
Increase in Accumulated surplus	-	(24,156,274)
Statement of financial performance		
Increase in Depreciation	-	3,656,118
	-	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

60. Prior period errors (continued)

23. Prior period error - Restatement of the intersections register

During the year under review the intersections register was reconstructed. The effect of the restatement is as follows:

Statement of financial position		
Decrease in Cost of PPE - Infrastructure	-	(43,478,161)
Decrease in Accumulated depreciation of PPE - Infrastructure	-	32,774,414
Decrease in Accumulated surplus	-	14,663,319
Statement of financial performance		
Decrease in depreciation	-	(3,959,572)
	-	-

24. Prior period error - Demand side management grant

The expenditure for the demand side management grant were transferred to Centlec but was paid by the entity. The effect of the restatement is as follows:

Statement of financial position		
Decrease in Payables from exchange	-	1,399,998
Increase in Other Receivables	-	4,000,000
Increase in Accumulated surplus	-	(5,000,000)
Statement of financial performance		
Decrease in Grants and subsidies paid	-	(8,000,000)
Increase in Repairs and maintenance	-	7,600,002
	-	-

25. Prior period error - VAT Payable correction

During the current year a reconciliation was performed on the VAT Payable (Input VAT and oUtpuT VAT) and long outstanding items were written off. The effect of the restatement is as follows:

Statement of financial position		
Increase in VAT Payable	-	(26,835,975)
Decrease in Payables from exchange transactions	-	17,077,791
Decrease in Accumulated surplus	-	9,758,184
	-	-

26. Prior period error - Depreciation on Other PPE not recorded

Depreciation on Other assets were not recorded on the financial system as per the asset registers. The effect of the restatement is as follows:

Statement of financial position		
Increase in Accumulated depreciation of PPE - Other PPE	-	(9,042,535)
Statement of financial performance		
Increase in Depreciation	-	9,042,535
	-	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

60. Prior period errors (continued)

27. Prior period error - Swimming pools

During the year, it was identified that projects captured in work in progress should have been capitalised during the prior year. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Community Assets	-	2,500,829
Decrease in Cost of PPE - Community Assets WIP	-	(733,850)
Increase in Accumulated depreciation of PPE - Community Assets	-	(757,527)
Increase in Accumulated surplus	-	(1,128,629)

Statement of financial performance

Increase in Depreciation	-	119,177
	-	-

28. Prior period error - Sports grounds

During the year, it was identified that projects captured in work in progress should have been capitalised during the prior year. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Community Assets	-	268,205,998
Decrease in Cost of PPE - Community Assets WIP	-	(2,759,415)
Increase Accumulated depreciation of PPE - Community Assets	-	(72,517,893)
Increase in Accumulated surplus	-	(203,375,606)

Statement of financial performance

Increase in Depreciation	-	10,446,916
	-	-

29. Prior period error - Parks

During the year, the asset register was reconstructed. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Community assets	-	62,048,576
Increase in Accumulated depreciation of PPE - Community assets	-	(22,096,960)
Increase in Accumulated surplus	-	(43,107,992)

Statement of financial performance

Increase in Depreciation	-	3,156,376
	-	-

30. Prior period error - Landfill sites

During the year, it was identified that projects captured in work in progress should have been capitalised during the prior year. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Community Assets	-	20,311,931
Decrease in Cost of PPE - Community Assets - WIP	-	(20,311,931)

	-	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

60. Prior period errors (continued)

31. Prior period error - Hawker Stalls

During the year, the asset register was reconstructed. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Community assets	-	7,855,755
Increase in Accumulated depreciation of PPE - Community assets	-	(4,830,824)
Increase in Accumulated surplus	-	(3,715,442)

Statement of financial performance

Increase in Depreciation	-	690,511
	-	-

32. Prior period error - CCTV Cameras - Law enforcement Additions

During the current year CCTV cameras used for law enforcement were identified which replaced old cameras, but were not recorded as additions. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Community Assets	-	16,270,907
Decrease in Cost of PPE - Community Assets - WIP	-	(2,000,000)
Increase in Accumulated depreciation of PPE - Community Assets	-	(8,059,409)
Increase in Accumulated surplus	-	(7,997,538)

Statement of financial performance

Increase in depreciation	-	1,786,040
	-	-

33. Prior period error - CCTV Cameras - Law enforcement Disposals

During the current year CCTV cameras used for law enforcement were identified which were replaced, but not recorded as a disposal. The effect of the restatement is as follows:

Statement of financial position

Decrease in Cost of PPE - Community Assets	-	(18,456,436)
Decrease in Accumulated depreciation of PPE - Community Assets	-	7,758,387
Decrease in Accumulated surplus	-	11,806,390

Statement of financial performance

Decrease in depreciation	-	(1,108,341)
	-	-

34. Prior period error - Fire arms disposal

During the prior year fire arms were disposed of but not recorded in the accounting records. The effect of the restatement is as follows:

Statement of financial position

Decrease in Cost of PPE - Other PPE	-	(4,533)
Increase in Accumulated depreciation of PPE - Other PPE	-	1,463
Decrease in Accumulated surplus	-	3,070

	-	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

60. Prior period errors (continued)

35. Prior period error - Owned fleet disposals

During the prior year fleet were disposed of but not recorded in the accounting records. The effect of the restatement is as follows:

Statement of financial position

Decrease in Cost of PPE - Other PPE	-	(993,800)
Increase in Accumulated depreciation of PPE - Other PPE	-	90,225

Statement of financial performance

Decrease in Depreciation	-	(13,225)
Increase in Loss on disposal of assets	-	916,800

-	-

36. Prior period error - Owned fleet - add back

During the prior year fleet were recorded as disposed of, but were not disposed of. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Other PPE	-	828,448
Increase in Accumulated depreciation of PPE - Other Assets	-	(517,671)
Increase in Accumulated surplus	-	(415,960)

Statement of financial performance

Increase in Depreciation	-	105,183

-	-

37. Prior period error - Owned fleet - Centlec vehicles

During the current year vehicles were identified which were the property of Centlec (SOC) Limited and were therefore removed from the asset register. The effect of the restatement is as follows:

Statement of financial position

Decrease in Cost of PPE - Other PPE	-	(514,994)
Decrease in Accumulated depreciation of PPE - Other PPE	-	110,688
Decrease in Accumulated surplus	-	422,755

Statement of financial performance

Decrease in Depreciation	-	(18,449)

-	-

38. Prior period error - Infrastructure additions

During the current year Delphi sessions were conducted and additional assets were identified and recorded on the asset register. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Infrastructure assets	-	391,046,265
Increase in Accumulated depreciation of PPE - Infrastructure assets	-	(127,798,779)
Increase in Accumulated surplus	-	(282,531,951)

Statement of financial performance

Increase in Depreciation	-	19,284,465

-	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

60. Prior period errors (continued)

39. Prior period error - Infrastructure WIP capitalisation

Infrastructure assets constructed and completed in prior years were now unbundled and capitalised. These assets were previously disclosed as work in progress. The effect of the transaction is as follows:

Statement of financial position

Decrease in Cost of PPE - Infrastructure WIP	-	(401,346,670)
Increase in Cost of PPE - Infrastructure assets	-	356,086,110
Increase Accumulated depreciation of PPE - Infrastructure	-	(10,186,005)
Decrease in Accumulated surplus	-	47,391,432

Statement of financial performance

Increase in Depreciation	-	8,055,133
	-	-

40. Prior period error - Leave provision

The leave provision calculation performed by management in the past did not account for the sick leave benefit provided by council. The effect of the restatement is as follows:

Statement of financial position

Increase in Payables from exchange transactions - Accrued leave pay	-	(10,697,428)
Decrease in Accumulated surplus	-	9,810,186

Statement of financial performance

Increase in Employee related costs - Staff leave pay provision	-	887,242
	-	-

41. Prior period error - Leased fleet disposal

During the prior year vehicles were disposed of but not recorded in the accounting records of the entity. The effect of the restatement is as follows:

Statement of financial position

Decrease in Cost of PPE - Other PPE	-	(1,621,232)
Increase in Accumulated depreciation of PPE - PPE	-	44,121

Statement of financial performance

Increase in Loss on disposal of assets	-	1,621,232
Decrease in Depreciation	-	(44,121)
	-	-

42. Prior period error - Movables disposed of PY

During the prior year movable assets were incorrectly recorded as disposals. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Other Assets	-	1,075,493
Increase in Accumulated depreciation of PPE - Other Assets	-	(404,359)

Statement of financial performance

Increase in Depreciation	-	62,892
Decrease in Loss on disposal of assets	-	(734,026)
	-	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
60. Prior period errors (continued)		
43. Prior period error - Expenditure incorrectly capitalised		
During the prior year general expenditure which does not meet the definition of assets were incorrectly capitalised to Other assets. The effect of the restatement is as follows:		
Statement of Financial Position		
Decrease in Cost of PPE - Other PPE	-	(5,474,705)
Statement of Financial Performance		
Increase in General Expenses	-	5,474,705
	-	-
44. Prior period error - Other Assets opening balances		
During the prior year the Other Asset asset registers did not agree to the opening balances of Other assets. The effect of the correction is as follows.		
Statement of financial position		
Increase in the Cost of PPE - Other PPE	-	4,690
Increase in Accumulated depreciation of PPE - Other PPE	-	(1,000,180)
Decrease in Accumulated surplus	-	995,490
	-	-
45. Prior period error - Disposal not completed		
During the year it was identified that other assets were incorrectly derecognised. The effect of the restatement is as follows:		
Statement of financial position		
Increase in the Cost of PPE - Other Assets	-	563,112
Increase in Accumulated depreciation of PPE - Other Assets	-	(195,715)
Statement of financial performance		
Increase in Depreciation	-	11,853
Decrease in loss on sale of assets	-	(379,250)
	-	-
46. Prior period error - Debtors with credit balances not cleared		
Debtors with credit balances which have no supporting documentation were reversed. The effect of the restatement is as follows:		
Statement of financial position		
Decrease in Payables from non-exchange transactions - Payments received in advance	-	1,469,076
Increase in Accumulated surplus	-	(1,469,076)
	-	-
47. Prior period error - Inaccurate classification of Revenue		
During the prior year, Donations received were incorrectly classified as Other income under Revenue from exchange transactions, The effect of the correction is as follows:		
Statement of financial performance		
Decrease in Other income from exchange transactions - Donations	-	6,957,193
Increase in Other income from non-exchange transactions - Donations	-	(6,957,193)
	-	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

60. Prior period errors (continued)

48. Prior period error - Inaccurate classification of Fines Receivables

During the prior year the Receivables raised in respect of Fines revenue were incorrectly classified as Other receivables from exchange transactions. The effect of the restatement is as follows:

Statement of financial position

Decrease in Other Receivables from exchange transactions - Sundry Receivables	-	(77,268,182)
Decrease in Other Receivables from exchange transactions - Sundry Receivables Impairment	-	73,752,531
Increase in Other Receivables from non-exchange transactions - Sundry Receivables	-	77,268,182
Increase in Other Receivables from non-exchange transactions - Sundry Receivables Impairment	-	(73,752,531)

-	-

49. Prior period error - Assets with zero carrying values

During the current year assets were identified which are significant to the service delivery of the entity, and have been fully depreciated. The effect of the restatement is as follows:

Statement of financial position

Increase in the Cost of PPE - Infrastructure assets	-	60,792,848
Decrease in the Accumulated depreciation of PPE - Infrastructure assets	-	105,408,859
Increase in Accumulated surplus	-	(141,411,960)

Statement of financial performance

Increase in Depreciation	-	10,422,394
Decrease in loss on sale of assets	-	(35,212,141)

-	-

50. Prior period error - Buildings on Naval Hill

The Observatory building was incorrectly disclosed as part of land in the prior years. The effect of the restatement is as follows:

Statement of financial position

Decrease in Cost of PPE - Land	-	(6,030,000)
Increase in Cost of PPE - Buildings	-	6,030,000
Increase in Accumulated depreciation	-	(177,353)
Increase in Revaluation reserve	-	(1,345,490)
Decrease in Accumulated surplus	-	1,345,490

Statement of financial performance

Increase in Depreciation	-	177,353

-	-

51. Prior period error - Land duplicated

Correction of Investment Property and Inventory. The Monument Clinic was duplicated on the investment property register, and a substation was incorrectly included in the inventory register. The effect of the restatement is as follows:

Statement of financial position

Decrease in Investment property	-	(73,000)
Decrease in Inventory	-	(19,822)
Decrease in Accumulated surplus	-	92,822

-	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

60. Prior period errors (continued)

52. Prior period error - Expenditure incorrectly capitalised

During the prior year expenditure relating to the maintenance and repairs of landfill sites were incorrectly capitalised to the WIP of Community assets.

Statement of financial position

Decrease in Cost of PPE - Community assets WIP	-	(10,586,134)
Decrease in Accumulated surplus	-	1,202,239

Statement of financial performance

Increase in General expenditure - Rehabilitation of landfill sites and quarries	-	9,383,895
	-	-

53. Prior period error - Classification of land

During the current year it was identified that certain properties were incorrectly classified as Investment property and Land instead of Inventory. The effect of the restatement is as follows:

Statement of financial position

Increase in Inventory	-	2,746,537
Decrease in Cost of PPE - Land	-	(9,074,795)
Decrease in Investment property	-	(7,352,000)
Decrease in Revaluation reserve	-	2,397,301
Decrease in Accumulated surplus	-	11,074,957

Statement of financial performance

Decrease in Fair value adjustment	-	208,000
	-	-

54. Prior period error - Self insurance reserve

During the year, comprehensive short-term insurance was acquired to insure the entity against asset loss and claims. An adjustment was made to decrease the value of the self-insurance reserve as a result of the reduced risk.

Statement of financial position

Decrease in Self insurance reserve	-	72,209,573
Increase in Accumulated surplus	-	(72,209,573)
	-	-

55. Prior period error - Water meters

Derecognition of the actual cost for water meters recorded on deemed cost. The effect of the restatement is as follows:

Statement of financial position

Decrease in Cost of PPE - Infrastructure WIP	-	(86,661,872)
Decrease in Accumulated surplus	-	28,644,588

Statement of financial performance

Increase in Repairs & Maintenance	-	58,017,284
	-	-

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

60. Prior period errors (continued)

56. Prior period error - Infrastructure WIP capitalised

Infrastructure projects capitalised out of WIP. The effect of the restatement is as follows:

Statement of financial position		
Increase in Cost of PPE - Infrastructure	-	111,768,822
Decrease in Cost of PPE - Infrastructure WIP	-	(111,768,822)
Increase in Accumulated Depreciation of PPE - Infrastructure	-	(22,353,764)
Statement of financial performance		
Increase in depreciation	-	22,353,764
	-	-

57. Prior period error - Rehabilitation provision

During the prior year the time value of money was not taken into account when the rehabilitation provision was calculated. The effect of the restatement is as follows:

Statement of financial position		
Increase in Cost of PPE - Community assets	-	27,419,593
Increase in Provisions - Short term portion	-	(82,597,475)
Decrease in Provisions - Long term portion	-	93,303,765
Statement of financial performance		
Decrease in General expenses	-	(38,125,883)
	-	-

58. Prior period error - Correction of WIP classification

During the current year WIP classification between Infrastructure assets and Community assets were corrected. The effect of the restatement is as follows:

Statement of financial position		
Increase in Cost of PPE - Community WIP	-	17,658,387
Decrease in Cost of PPE - Infrastructure WIP	-	(18,991,965)
Decrease in Accumulated surplus	-	1,333,578
	-	-

61. Comparative figures

Certain comparative figures have been reclassified to more closely reflect their purpose.

The effects of the reclassification are as follows:

* See Note 2 & 60

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	2015	2014 Restated*
61. Comparative figures (continued)		
Statement of financial performance		
Loss on disposal of assets	-	(1,421,276)
Gain on fair value adjustments on assets	-	41,322,260
Gain on disposal of non-current assets	-	1,421,276
Fair value adjustments	-	(98,099,260)
Actuarial gains/losses	-	56,777,000
Gain on disposal of assets	-	1,418,206
Other income - Sale of erven	-	(1,418,206)
Other income		
Analysis of industrial effluent	-	(2,335,401)
Clearance certificates	-	(1,441,811)
Connection and reconnection of water	-	(1,356,677)
Entrance fees	-	(40,970)
Parking fees	-	(1,982)
Sale of redundant material	-	(218)
Sale of tender documents	-	(974,067)
Sundry income	-	6,151,126
Contracted services		
Meter reading services	-	16,302,809
Other contractors	-	(16,302,809)

62. Risk management

Financial risk management

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

This note presents information about the entity's exposure to each of the financial risks below and the entity's objectives, policies and processes for measuring and managing financial risks. Further quantitative disclosures are included throughout the Annual Financial Statements.

The Council has overall responsibility for the establishment and oversight of the entity's risk management framework.

The entity's audit committee oversees the monitoring of compliance with the entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The audit committee is assisted in its oversight role by the entity's internal audit function.

The entity monitors and manages the financial risks relating to the operations of the entity through internal risk reports which analyse exposures by degree and magnitude of risks.

The entity seeks to minimise the effects of these risks in accordance with the entity's policies approved by the Council. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk and in the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The entity does not enter into or trade in financial instruments for speculative purposes.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

62. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its 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, the entity maintains flexibility in funding by maintaining availability under committed credit lines.

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

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

The entity has not defaulted on external loans, payables and lease commitment payments and no re-negotiation of terms were made on any of these instruments.

All of the entity's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly. The impaired receivables are mostly due from customers defaulting on service costs levied by the entity.

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

At 30 June 2015	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings	35,002,986	178,048,790	379,133,799
Financial lease obligations	40,940,164	65,478,721	-
Trade payables from exchange transactions	510,918,097	-	-
Trade payables from non-exchange transactions	279,414,560	-	-
At 30 June 2014	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings	8,586,358	40,010,501	143,266,607
Financial lease obligations	55,917,906	87,292,880	-
Trade payables from exchange transactions	588,633,955	-	-
Trade payables from non-exchange transactions	146,443,906	-	-
Centlec Payables	895,125,926	-	-

* See Note 2 & 60

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62. Risk management (continued)

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, derivative financial instruments and trade debtors. The entity 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.

All of the entity's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly. The impaired receivables are mostly due from customers defaulting on service costs levied by the entity.

Receivables are presented net of an allowance for impairment.

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

Financial instrument	2015	2014
Cash and cash equivalents	224,706,208	132,274,676
Centlec Receivables	1,174,042,040	2,727,304,982
Centlec intercompany loan	712,058,928	-
Consumer receivables from exchange transactions	425,798,265	381,541,779
Consumer receivables from non-exchange transactions	377,650,411	347,938,313
Other non-current receivables from exchange transactions	625,430	179,178
Other receivables from exchange transactions	31,552,780	29,251,736
Financial instruments designated at fair value	32,498	22,815
Other receivables from non-exchange transactions	2,337,243	3,515,651

The entity is exposed to a number of guarantees for housing loans of employees. Refer to note 57 for additional details.

These balances represent the maximum exposure to credit risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's revenue or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no change, since the previous financial year to the entity's exposure to market risks or the manner in which it manages and measures the risk.

Market risk consists of interest rate risks and foreign currency risks:

* See Note 2 & 60

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62. Risk management (continued)

Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

The entity's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer term borrowings are therefore usually at fixed rates.

At year-end, financial instruments exposed to interest rate risk were as follows:

- Call, notice and fixed deposits
- Development Bank of South Africa and Standard Bank of South Africa Limited loans
- Finance lease obligations

The entity's interest rate risk arises from long-term borrowings and finance lease obligations. Borrowings and finance lease obligations issued at variable rates expose the entity to cash flow interest rate risk.

Borrowings and finance lease obligations issued at fixed rates expose the entity to fair value interest rate risk. Entity policy is to make as far as possible use of fixed rate instruments. During 2015 and 2014, the entity's borrowings and finance lease obligations at variable rates were denominated in the Rand.

Fair values:

The fair value of financial assets with standard terms and conditions and traded in an active market is determined with reference to quoted market bid prices and ask prices respectively.

Figures in Rand	Cost Price		Fair Value	
	2015	2014	2015	2014
Financial instrument				
Financial instruments at fair value - OVK Limited	2,535	2,535	32,498	22,815

Foreign exchange risk

The entity does not enter into significant foreign currency transactions and has had very limited exposure to foreign currency risk, it also does not hedge foreign exchange fluctuations.

63. Going concern

We draw attention to the fact that at 30 June 2015, the entity had an accumulated surplus of R 10,692,768,369 and that the entity's total assets exceed its liabilities by R 11,593,218,113.

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.

Although certain going concern ratios may appear unfavourable, the entity still has the power to levy rates and taxes and it will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act, (Act 1 of 2015).

The entity has an intercompany loan to (2014:from) Centlec (SOC) Limited, as shown under note 11 (2014: note 19) with an amount of R712,058,927 (2014: R 895,938,230). The current ratio is calculated at 0.89:1 (2014: 0.93:1), when excluding the loan, as the entity has full control over Centlec (SOC) Limited, a municipal entity.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
64. Unauthorised expenditure		
Opening balance	1,067,601,004	394,504,039
Unauthorised expenditure - current year	1,006,015,707	673,096,965
	2,073,616,711	1,067,601,004
Incidents regarding 2014/2015		
	Disciplinary steps taken / criminal proceedings	
Overspending by Finance	None 10,002,012	-
Overspending by Infrastructural services	None 445,098,667	-
Overspending by Water services	None 27,683,276	-
Overspending by Miscellaneous services	None 523,231,753	-
	- 1,006,015,708	-
Incidents regarding 2013/2014		
	Disciplinary steps taken / criminal proceedings	
Overspending by Infrastructure services	None - 335,548,820	
Overspending by Water services	None - 6,503,968	
Overspending by Miscellaneous services	- 324,571,205	
Overspending by Property rates	- 6,472,972	
	- 673,096,965	
Incidents regarding 2012/2013		
	Disciplinary steps taken / criminal proceedings	
Overspending by Infrastructure services	None - 19,535,661	
Incidents regarding 2011/2012		
	Disciplinary steps taken / criminal proceedings	
Overspending by Finance directorate	None - 35,020,886	
Overspending by Infrastructure services	None - 29,551,033	
Overspending by Regional operations	None - 159,247,863	
Overspending by Miscellaneous services	None - 44,318,396	
Overspending by Corporate services	None - 37,317,682	
Overspending by Fresh Produce Market	None - 177,295	
Overspending by Water services	None - 1,623,331	
	- 307,256,486	
Incidents regarding 2010/2011		
	Disciplinary steps taken / criminal proceedings	
Overspending by Fresh Produce Market	None - 417,912	
Overspending by Miscellaneous services	None - 29,774,764	
Overspending by Water services - Operating	None - 23,353,983	
Overspending by Water services - Capital	None - 14,165,233	
	- 67,711,892	

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

64. Unauthorised expenditure (continued)

The unauthorized expenditure relates to the following:

Finance:

The over expenditure on Finance relates to the following items:

1. Discounts were given to consumer who made use of the debt incentive scheme. The total amounted to R2,583,966 however no budget was provided for it.
2. Expenditure budgeted under capital expenditure amounting to R5,180,169 did not meet the capitalisation criteria and could therefore not be capitalised. This resulted un over expenditure amounting to R5,168,173.

Infrastructural services:

The following were the major contributors to the over expenditure on Infrastructure

Depreciation, Amortisation and Impairment of assets over expenditure amounted to R308,499,080 (budgeted amount of R235,937,962 vs actual expenditure amounting to R544,387,042).

Expenditure relating to the fair value adjustments on the landfill and quarries provision were not budgeted for resulting in an over expenditure of R19,335,897.

Water

Expenditure budgeted under capital expenditure which related to the actual cost of water meters amounted to R37 462 092. The expenditure did not meet the capitalisation criteria and could therefore not be capitalised, but expensed.

Miscellaneous services:

The over expenditure on Miscellaneous services relates to the following items:

1. Centlec (SOC) Limited seconded employees' salary costs remained with the entity as the planned transfer of employees did not take place during the year. This amounted to R109,470,784, but is however recovered from Centlec (SOC) Limited through the raising of the management fee charge to them for the same amount.
2. Impairment of receivables exceeded the budget amount by R 449 978 816.
3. Fair value adjustments to the defined benefit obligation resulted in current and past service costs, actuarial gain and interest costs exceeding the budgeted amount by R41 660 054.

Refer to Appendix E(1) and E(2) for more details.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*
65. Fruitless and wasteful expenditure		
Opening balance	28,324,936	28,176,593
Fruitless and wasteful expenditure for the current year	209,103	148,343
	28,534,039	28,324,936
Incidents regarding 2014/2015		
	Disciplinary steps taken / criminal proceedings	
Interest paid to Eskom due to late payment	None	20,469
Interest paid to FDC due to late payment	None	256
Interest paid to Lawyers due to late payment	None	5,549
Interest paid to Pec Marketing due to late payment	None	402
Interest paid to Telkom due to late payment	None	57,044
Interest paid to SARS due to late payment	None	45,077
Interest paid to Phethogo Consulting CC due to late payment	None	78,938
Interest paid to UMFA due to late payment	None	213
Interest paid to Merchant West (Pty) Ltd due to late payment	None	1,155
	209,103	-
Incidents regarding 2013/2014		
	Disciplinary steps taken / criminal proceedings	
Interest paid to Eskom due to late payment	None	138,247
Interest paid to FDC due to late payment	None	783
Interest paid to Broll due to late payment	None	976
Interest paid to Bloemwater due to late payment	None	240
Interest paid to Lawyers due to late payment	None	769
Interest paid to Pec Marketing due to late payment	None	417
Interest paid to Dlamini and Associates due to late payment	None	525
Interest paid to Standard Bank of South Africa due to late payment	None	3,818
Interest paid to Wright Rose Innes INC due to late payment	None	2,360
Interest paid to Dierehospitaal due to late payment	None	208
	-	148,343
Incidents regarding 2012/2013		
	Disciplinary steps taken / criminal proceedings	
Interest paid to Ruwaccon (Pty) Ltd due to late payment	None	42,879
Interest paid to Eskom due to late payment	None	41,415
Interest paid to FDC due to late payment	None	804
Interest paid to Rossouws Attorneys due to late payment	None	390
Interest paid to Rural Maintenance (Pty) Ltd due to late payment	None	57
No Show penalty for 7 Councillors on 29 January 2013, for accommodation at Protea Hotel	None	12,247
Interest paid to UMFA/FS Business Trust due to late payment	None	165
Interest and penalties paid to SARS due to late submission of a VAT return	None	147,204
Interest paid to Bloemwater due to late payment	None	4,851
Interest paid to Merchant West (Pty) Ltd due to late payment	None	60,820
Interest paid to Telkom SA limited due to late payment	None	100,031
Interest paid to Lawyers due to late payment	None	11,506
Councillor T.J Makae annual salary was paid to him but was however no longer a councillor	None	375,765
	-	798,134
Incidents regarding 2011/2012		
	Disciplinary steps taken / criminal proceedings	
Penalties and interest paid on the late submission of a VAT return.	None	113,832
Penalties and interest paid on the late submission VAT return of prior years	None	13,816,522

* See Note 2 & 60

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

	2015	2014 Restated*
65. Fruitless and wasteful expenditure (continued)		
Interest paid on overdue accounts	None	31,163
Interest paid on overdue accounts - Telkom	None	38,520
Councillor T.J Makae annual salary was paid to him but was however no longer a councillor	None	378,254
	-	14,378,291
Incidents regarding 2010/2011		
	Disciplinary steps taken / criminal proceedings	
Penalties and interest paid on the late submission of a VAT return.	None	7,729,134
Penalties and interest paid on the late submission of PAYE, UIF and SDL	None	171,147
	-	7,900,281
Incidents regarding 2009/2010		
	Disciplinary steps taken / criminal proceedings	
Penalties and interest paid on the late submission of VAT return.	None	5,099,888
66. Irregular expenditure		
Opening balance	239,275,471	265,271,736
Add: Irregular Expenditure - current year	8,066,258	9,004,641
Less: Irregular expenditure - write off in respect of prior year amounts 2010/11	-	(34,783,082)
Less: Irregular expenditure - write off in respect of prior year amounts 2011/12	-	(217,824)
	247,341,729	239,275,471
Analysis of expenditure awaiting condonation per age classification		
Current year	8,066,258	9,004,641
Prior years	239,275,471	230,270,830
	247,341,729	239,275,471
Details of irregular expenditure – current year		
Expenditure items identified where the supply chain process was not followed	Disciplinary steps taken/criminal proceedings The expenditure was identified during the current financial year and still needs to be investigated.	8,066,258
67. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription fee	11,096,000	10,400,000
Amount paid - current year	(11,096,000)	(10,400,000)
	-	-

Contributions to organised local government consists of annual subscriptions paid to SALGA.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

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

Audit fees

Opening balance	1,002,948	369,621
Current year regularity audit fees	15,299,909	14,720,683
Amount paid - previous years	(1,002,948)	(369,621)
Amount paid - current year	(15,299,909)	(13,717,735)
	-	1,002,948

During the current year an error was discovered in the disclosure of the prior year audit fees.

The following corrections were made:

Opening balance has increased by R 4,584

Amount paid - previous year increased by R 4,584

Amount paid - current year decreased by R195,225

PAYE and UIF

Opening balance	-	11,284,973
Current year subscription / fee	175,823,068	156,623,871
Amount paid - current year	(175,823,068)	(167,908,844)
	-	-

During the current year an error was discovered in the disclosure of the prior year PAYE and UIF.

The following corrections were made:

Amount paid - current year increased by R12,887,824.

Pension and Medical Aid Deductions

Current year subscription / fee	254,328,359	233,384,188
Amount paid - current year	(254,328,359)	(233,384,188)
	-	-

Councillors' arrear consumer accounts

Refer to Appendix H for details regarding the councillors' arrear consumer accounts.

Bulk water losses

Material bulk water losses during the year under review were as follows and are not recoverable.

The main reason for incurring water losses related to burst water pipes, leaks and unmetered sites.

	Kilo litre	Cost per kilo litre	Total loss in Rands
2015	33,281,104	R 5.04	167,576,335
2014	24,735,277	R 4.75	117,245,213

68. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E(1) for the comparison of actual operating expenditure versus budgeted expenditure.

69. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix E(2) for the comparison of actual capital expenditure versus budgeted expenditure.

* See Note 2 & 60

Notes to the Annual Financial Statements

	2015	2014 Restated*

70. Deviation from supply chain management regulations

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

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

For the financial year there were instances where goods and services were procured and deviated from the normal supply chain management policy.

The reasons for these deviations were documented and reported to the Accounting officer who considered them and approved the deviation from the normal Supply Chain Management Regulations.

Deviations 2015

	Rands	Number of deviations
Emergency	6,403,085	40
Sole supplier	6,098,316	23
Impractical	9,833,291	38
	22,334,692	101

Deviations 2014

	Rands	Number of deviations
Emergency	668,227	10
Sole supplier	12,758,596	35
Impractical	31,215,579	91
Urgent	25,518,572	43
	70,160,974	179

* See Note 2 & 60

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

2015

2014
Restated*

71. Budget differences

Changes from the approved budget to the final budget

Statement of financial performance:

A1 - Property rates were adjusted downwards mainly as a result of the downward adjustment of major market values of commercial properties in the City

A2 - Service charges were adjusted downwards mainly as a result of lower market valuation of major commercial properties within the city and based on the current levels of performance.

A3 - Revenue from grants were increased due to the allocation of unspent conditional grants as the end of 2013/14 and newly received grants.

A4 & A6 - These expenditure were adjusted downwards due to lower projected property rates and municipal services charges revenues.

A5 & A7 - These expenditure were adjusted to provide for the allocation of unspent conditional grants at the end of the 2013/14 budget year, and newly allocated grants received.

Statement of financial position:

A8 - Changes to the statement of financial position budget were made due to the audited financial statements as at 30 June 2014 becoming available after the finalisation of the audit. The changes therefore were done in order to align the budget statement of financial position taking into account the closing balances as per the financial statements as well as the changes made on the statement of financial performance and budgeted capital expenditure.

Cash flow statement:

B10 - Changes to the cash flow statement were made due to the anticipated cash position of the entity due to the adjustments made in the statement of financial performance and position.

Material differences between the budget and actual amounts

Statement of financial performance

B1 - Unfavourable variance due the finalisation of the appeals process regarding the valuation roll. The credits for the appeals were passed during the current financial year.

B2 - Favourable variance due to increased billing for services supplied.

B3 - Unfavourable variance due to the slow implementation of projects funded by conditional government grants

B4 - Favourable variance due to the increase in traffic fines and interest levied on arrear consumer accounts.

B5 - Unfavourable variance due to the additional debt written off.

B6 - Unfavourable variance due to the increased asset base.

B7 - Unfavourable variance due to the allocation of grant expenditure for subsidised municipal services as a result of additional indigents included in the register receiving these benefits..

B8 - Favourable variance due to less expenditure on projects.

Statement of financial position

B9 - Variance due to the activities reported on the statement of financial performance and the resultant financial position of the entity.

Cash flow statement

B10 - Variance due to the activities reported on the statement of financial performance and the resultant financial position of the entity.

Reconciliation between Total Revenue and Total Expenditure

R1 - Fair value adjustments and gains on the disposal of non-current assets are classified under total revenue for budget purposes, while the financial statements classify them as an adjustment to expenditure.

* See Note 2 & 60

Mangaung Metropolitan Municipality

Annual Financial Statements for the year ended 30 June 2015

Notes to the Annual Financial Statements

2015

2014
Restated*

72. Events after the reporting date

On 20 August 2015 the Council resolved that 17 984 indigents be included in the indigent register. These indigents had outstanding balances amounting to R103 586 201 at the date of inclusion. Council approved the write off of these balances in the same meeting.

73. Non-compliance with the MFMA

During the current financial year the following non-compliance matters were identified:

Supply chain management regulations 12(1)(c), 17(1)(a) - (c)

Goods and services of a transaction value between R 10,000 and R 200,000 were procured without inviting at least three written price quotations from accredited prospective providers and the deviation was not approved by the CFO or his delegate.

Supply chain management regulations 36(1)

Goods and services with a transaction value above R 200,000 were not procured by means of a competitive bidding process and the deviation was not approved by the accounting officer or her delegate in accordance with the supply chain management policy.

Deviations from competitive bidding were approved on the basis of it being an emergency, even though immediate action was not necessary and sufficient time was available to follow a bidding process.

Deviations from competitive bidding were approved on the basis of it being an emergency, even though proper planning would have prevented such emergency.

* See Note 2 & 60

Appendix A - Unaudited

Schedule of external loans as at 30 June 2015

	Loan Number	Redeemable	Balance at 30 June 2014	Received during the period	Redeemed written off during the period	Balance at 30 June 2015
			Rand	Rand	Rand	Rand
Development Bank of South Africa @ 12.62%	103433/01	31 March 2026	44,903,752	-	2,347,841	42,555,911
Development Bank of South Africa @ 6.75%	103433/02	31 March 2026	142,975,728	-	4,974,982	138,000,746
Development Bank of South Africa @ 10.00%	8001/104	31 December 2015	3,983,987	-	2,590,879	1,393,108
Development Bank of South Africa @ 10.642%	12007885	30 June 2025	-	127,000,000	-	127,000,000
Standard Bank of South Africa Limited	33714314	30 June 2025	-	300,000,000	16,764,190	283,235,810
			191,863,467	427,000,000	26,677,892	592,185,575

Appendix B - Audited

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation

Accumulated depreciation

	Opening Balance	Additions	Disposals	WIP Transfers In	WIP Transfers to Additions	Transfers to/from Other Classes	Revaluation s / Fair value adjustments	Closing Balance	Opening Balance	Disposals	Depreciation	Impairment loss	Revaluation s / Fair value adjustments	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings															
Land	1,402,414,067	1,577,533	-	-	-	(9,240,000)	-	1,394,751,600	-	-	-	-	-	-	1,394,751,600
Buildings	1,105,385,262	99,474,582	-	-	-	-	-	1,204,859,844	(38,945,373)	-	(32,766,239)	-	-	(71,711,612)	1,133,148,232
Work in progress	92,817,448	-	-	19,438,627	(99,474,582)	-	-	12,781,493	-	-	-	-	-	-	12,781,493
	2,600,616,777	101,052,115	-	19,438,627	(99,474,582)	(9,240,000)	-	2,612,392,937	(38,945,373)	-	(32,766,239)	-	-	(71,711,612)	2,540,681,325
Infrastructure															
Roads	2,645,605,144	20,282,034	-	-	-	-	-	2,665,887,178	(755,653,533)	-	(186,583,318)	(53,595)	-	(942,290,446)	1,723,596,732
Street lighting	10,474,432	-	-	-	-	-	-	10,474,432	(3,187,559)	-	(3,643,427)	-	-	(6,830,986)	3,643,446
Bridges	110,317,619	-	-	-	-	-	-	110,317,619	(12,008,136)	-	(1,992,583)	-	-	(14,000,719)	96,316,900
Intersections	6,154,449	-	-	-	-	-	-	6,154,449	(4,387,867)	-	(1,093,096)	-	-	(5,480,963)	673,486
Road Furniture	8,414,581	-	-	-	-	-	-	8,414,581	(5,629,428)	-	(902,970)	-	-	(6,532,398)	1,882,183
Sanitation	1,404,486,364	94,035,798	-	-	-	-	-	1,498,522,162	(285,578,874)	-	(67,043,793)	(1,928,576)	-	(354,551,243)	1,143,970,919
Side walks	173,172,011	-	-	-	-	-	-	173,172,011	(71,299,784)	-	(16,085,089)	-	-	(87,384,873)	85,787,138
Water	1,711,683,342	283,490,075	-	-	-	-	-	1,995,173,417	(359,887,241)	-	(104,536,457)	(84,301)	-	(464,507,999)	1,530,665,418
Rail road sidings	23,337,859	-	-	-	-	-	-	23,337,859	(6,574,430)	-	(5,418,059)	-	-	(11,992,489)	11,345,370
Stormwater	75,981,174	39,337,262	-	-	-	-	-	115,318,436	(9,688,518)	-	(4,172,533)	-	-	(13,861,051)	101,457,385
Water meters	95,090,218	10,910,720	-	-	-	-	-	106,000,938	(28,192,345)	-	(10,637,564)	-	-	(38,829,909)	67,171,029
Work in Progress	635,984,724	-	-	792,655,678	(441,916,846)	-	-	986,723,556	-	-	-	-	-	-	986,723,556
	6,900,701,917	448,055,889	-	792,655,678	(441,916,846)	-	-	7,699,496,638	(1,542,087,715)	-	(402,108,889)	(2,066,472)	-	(1,946,263,076)	5,753,233,562
Community Assets															
Parks	128,679,166	-	-	-	-	-	-	128,679,166	(37,300,262)	-	(12,895,983)	-	-	(50,196,245)	78,482,921
Fresh Produce Market	54,402,649	1,368,364	-	-	-	-	-	55,771,013	(27,931,146)	-	(4,626,873)	-	-	(32,558,019)	23,212,994
Swimming pools	49,332,792	2,625,292	-	-	-	-	-	51,958,084	(12,148,232)	-	(2,980,346)	(383,575)	-	(15,512,153)	36,445,931
Cemeteries	51,710,643	-	-	-	-	-	-	51,710,643	(17,364,193)	-	(2,900,615)	-	-	(20,264,808)	31,445,835
Landfill sites	119,033,324	-	-	-	-	-	10,003,360	129,036,684	(87,369,992)	-	(5,863,354)	-	-	(93,233,346)	35,803,338
Quarry sites	345,699,006	-	-	-	-	-	(26,657,191)	319,041,815	(228,774,602)	-	(10,582,431)	-	-	(239,357,033)	79,684,782
Sports Grounds	355,163,379	400,025	-	-	-	-	-	355,563,404	(88,825,132)	-	(14,618,447)	(50,900)	-	(103,494,479)	252,068,925
Sport Stadiums	126,328,376	12,400,094	-	-	-	-	-	138,728,470	(44,836,828)	-	(11,174,607)	-	-	(56,011,435)	82,717,035
Law enforcement cameras	52,566,237	4,049,638	-	-	-	-	-	56,615,875	(23,209,162)	-	(9,833,954)	-	-	(33,043,116)	23,572,759
Zoo	47,240,586	-	-	-	-	-	-	47,240,586	(13,225,758)	-	(3,517,490)	-	-	(16,743,248)	30,497,338
Zoo Animals	5,637,629	1,224,880	(860,499)	-	-	-	453,908	6,455,918	(726)	20,305	(252,008)	-	231,636	(793)	6,455,125
Hawker stalls	8,577,889	-	-	-	-	-	-	8,577,889	(4,960,032)	-	(725,380)	(83,589)	-	(5,769,001)	2,808,888
Environmental facilities	1,926,911	-	-	-	-	-	-	1,926,911	(722,517)	-	(160,586)	-	-	(883,103)	1,043,808
Law enforcement dogs	61,500	-	(5,500)	-	-	-	-	56,000	(34,096)	4,116	(8,400)	-	-	(38,380)	17,620
Work In Progress	77,071,874	-	-	102,137,740	(20,843,413)	-	-	158,366,201	-	-	-	-	-	-	158,366,201
	1,423,431,961	22,068,293	(865,999)	102,137,740	(20,843,413)	-	(16,199,923)	1,509,728,659	(586,702,678)	24,421	(80,140,474)	(518,064)	231,636	(667,105,159)	842,623,500

Appendix B - Audited

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation							Accumulated depreciation							
Opening Balance	Additions	Disposals	WIP Transfers In	WIP Transfers to Additions	Transfers to/from Other Classes	Revaluation s / Fair value adjustments	Closing Balance	Opening Balance	Disposals	Depreciation	Impairment loss	Revaluations / Fair value adjustments	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

Assets held for sale

Land	7,560,000	-	(2,150,000)	-	-	9,240,000	-	14,650,000	-	-	-	-	-	14,650,000
	7,560,000	-	(2,150,000)	-	-	9,240,000	-	14,650,000	-	-	-	-	-	14,650,000

Other assets

Fire arms	790,258	136,887	-	-	-	-	927,145	(215,706)	-	(55,822)	-	-	(271,528)	655,617
Motor vehicles	166,082,865	1,114,474	-	-	-	-	167,197,339	(47,717,927)	-	(5,168,824)	(4,158,081)	-	(57,044,832)	110,152,507
Tools, plant and equipment	12,682,995	1,572,187	(14,694)	-	-	-	14,240,488	(3,388,672)	4,981	(1,782,005)	-	-	(5,165,696)	9,074,792
Furniture & Office Equipment	31,581,688	9,807,344	(102,111)	-	-	-	41,286,921	(5,483,271)	52,076	(5,269,992)	-	-	(10,701,187)	30,585,734
Capitalised leased equipment	19,540,218	-	-	-	-	-	19,540,218	(17,914,104)	-	(1,626,114)	-	-	(19,540,218)	-
Capitalised leased vehicles	137,531,079	18,700,710	-	-	-	-	156,231,789	(2,306,682)	-	(7,674,165)	(1,074,562)	-	(11,055,409)	145,176,380
	368,209,103	31,331,602	(116,805)	-	-	-	399,423,900	(77,026,362)	57,057	(21,576,922)	(5,232,643)	-	(103,778,870)	295,645,030

Total property plant and equipment

Land and buildings	2,600,616,777	101,052,115	-	19,438,627	(99,474,582)	(9,240,000)	-	2,612,392,937	(38,945,373)	-	(32,766,239)	-	-	(71,711,612)	2,540,681,325
Infrastructure	6,900,701,917	448,055,889	-	792,655,678	(441,916,846)	-	-	7,699,496,638	(1,542,087,715)	-	(402,108,889)	(2,066,472)	-	(1,946,263,076)	5,753,233,562
Community Assets	1,423,431,961	22,068,293	(865,999)	102,137,740	(20,843,413)	-	(16,199,923)	1,509,728,659	(586,702,678)	24,421	(80,140,474)	(518,064)	231,636	(667,105,159)	842,623,500
Assets held for sale	7,560,000	-	(2,150,000)	-	-	9,240,000	-	14,650,000	-	-	-	-	-	-	14,650,000
Other assets	368,209,103	31,331,602	(116,805)	-	-	-	-	399,423,900	(77,026,362)	57,057	(21,576,922)	(5,232,643)	-	(103,778,870)	295,645,030
	11,300,519,758	602,507,899	(3,132,804)	914,232,045	(562,234,841)	-	(16,199,923)	12,235,692,134	(2,244,762,128)	81,478	(536,592,524)	(7,817,179)	231,636	(2,788,858,717)	9,446,833,417

Intangible assets

Computers - software & programming	10,456,358	2,536,432	-	-	-	-	12,992,790	(2,830,364)	-	(573,311)	-	-	(3,403,675)	9,589,115
Servitudes	305,707	-	-	-	-	-	305,707	-	-	-	-	-	-	305,707
WIP	562,999	-	-	-	(562,999)	-	-	-	-	-	-	-	-	-
	11,325,064	2,536,432	-	-	(562,999)	-	-	13,298,497	(2,830,364)	-	(573,311)	-	-	9,894,822

Investment properties

Investment property	1,674,244,500	-	-	-	-	(6,537,000)	-	1,667,707,500	-	-	-	-	-	1,667,707,500
Work in Progress	2,613,363	-	-	-	-	-	-	2,613,363	-	-	-	-	-	2,613,363
	1,676,857,863	-	-	-	-	(6,537,000)	-	1,670,320,863	-	-	-	-	-	1,670,320,863

Heritage assets

Buildings	317,080,000	-	-	-	-	-	-	317,080,000	-	-	-	-	-	317,080,000
Nature reserve	3,892,105	-	-	-	-	-	-	3,892,105	-	-	-	-	-	3,892,105
Work in Progress	684,236	-	-	-	-	-	-	684,236	-	-	-	-	-	684,236
	321,656,341	-	-	-	-	-	-	321,656,341	-	-	-	-	-	321,656,341

Appendix B - Audited

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation							Accumulated depreciation							
Opening Balance	Additions	Disposals	WIP Transfers In	WIP Transfers to Additions	Transfers to/from Other Classes	Revaluation s / Fair value adjustments	Closing Balance	Opening Balance	Disposals	Depreciation	Impairment loss	Revaluations / Fair value adjustments	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

Total

Land and buildings	2,600,616,777	101,052,115	-	19,438,627	(99,474,582)	(9,240,000)	-	2,612,392,937	(38,945,373)	-	(32,766,239)	-	-	(71,711,612)	2,540,681,325
Infrastructure	6,900,701,917	448,055,889	-	792,655,678	(441,916,846)	-	-	7,699,496,638	(1,542,087,715)	-	(402,108,889)	(2,066,472)	-	(1,946,263,076)	5,753,233,562
Community Assets	1,423,431,961	22,068,293	(865,999)	102,137,740	(20,843,413)	-	(16,199,923)	1,509,728,659	(586,702,678)	24,421	(80,140,474)	(518,064)	231,636	(667,105,159)	842,623,500
Assets held for sale	7,560,000	-	(2,150,000)	-	-	9,240,000	-	14,650,000	-	-	-	-	-	-	14,650,000
Other assets	368,209,103	31,331,602	(116,805)	-	-	-	-	399,423,900	(77,026,362)	57,057	(21,576,922)	(5,232,643)	-	(103,778,870)	295,645,030
Intangible assets	11,325,064	2,536,432	-	-	(562,999)	-	-	13,298,497	(2,830,364)	-	(573,311)	-	-	(3,403,675)	9,894,822
Investment properties	1,676,857,863	-	-	-	-	(6,537,000)	-	1,670,320,863	-	-	-	-	-	-	1,670,320,863
Heritage assets	321,656,341	-	-	-	-	-	-	321,656,341	-	-	-	-	-	-	321,656,341
Total	13,310,359,026	605,044,331	(3,132,804)	914,232,045	(562,797,840)	(6,537,000)	(16,199,923)	14,240,967,835	(2,247,592,492)	81,478	(537,165,835)	(7,817,179)	231,636	(2,792,262,392)	11,448,705,443

Appendix B - Audited

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

Cost/Revaluation Accumulated depreciation

	Opening Balance	Additions	Disposals	WIP Transfers In	WIP Transfers to Additions	Transfers to/from Other Classes	Revaluation s / Fair value adjustments	Closing Balance	Opening Balance	Disposals	Depreciation	Impairment loss	Revaluation s / Fair value adjustments	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land and buildings															
Land	1,370,552,074	31,861,993	-	-	-	-	-	1,402,414,067	-	-	-	-	-	-	1,402,414,067
Buildings	1,047,836,335	57,548,927	-	-	-	-	-	1,105,385,262	(7,458,738)	-	(31,486,635)	-	-	(38,945,373)	1,066,439,889
Work in Progress	140,138,902	-	-	7,898,637	(55,220,091)	-	-	92,817,448	-	-	-	-	-	-	92,817,448
	2,558,527,311	89,410,920	-	7,898,637	(55,220,091)	-	-	2,600,616,777	(7,458,738)	-	(31,486,635)	-	-	(38,945,373)	2,561,671,404
Infrastructure															
Roads	2,340,714,566	321,449,268	(16,558,690)	-	-	-	-	2,645,605,144	(624,033,784)	4,507,827	(137,935,116)	-	-	(757,461,073)	1,888,144,071
Street lighting	10,474,432	-	-	-	-	-	-	10,474,432	(2,732,149)	-	(455,410)	-	-	(3,187,559)	7,286,873
Bridges	110,317,619	-	-	-	-	-	-	110,317,619	(10,267,626)	-	(1,740,510)	-	-	(12,008,136)	98,309,483
Intersections	6,154,449	-	-	-	-	-	-	6,154,449	(3,294,771)	-	(1,093,096)	-	-	(4,387,867)	1,766,582
Road Furniture	8,414,581	-	-	-	-	-	-	8,414,581	(4,817,598)	-	(811,830)	-	-	(5,629,428)	2,785,153
Sanitation	1,252,743,881	151,742,483	-	-	-	-	-	1,404,486,364	(238,521,939)	-	(47,056,935)	-	-	(285,578,874)	1,118,907,490
Side walks	173,172,011	-	-	-	-	-	-	173,172,011	(61,112,561)	-	(10,187,223)	-	-	(71,299,784)	101,872,227
Water	1,708,577,061	3,106,282	-	-	-	-	-	1,711,683,343	(294,167,927)	-	(65,719,314)	-	-	(359,887,241)	1,351,796,102
Rail road sidings	23,337,859	-	-	-	-	-	-	23,337,859	(5,635,134)	-	(939,296)	-	-	(6,574,430)	16,763,429
Stormwater	22,724,885	30,041,569	-	-	-	23,214,740	-	75,981,194	(6,980,882)	-	(2,707,636)	-	-	(9,688,518)	66,292,676
Water metres	73,557,841	21,532,377	-	-	-	-	-	95,090,218	(20,700,178)	-	(7,492,167)	-	-	(28,192,345)	66,897,873
Work in Progress	520,167,050	-	-	453,448,731	(337,631,057)	-	-	635,984,724	-	-	-	-	-	-	635,984,724
	6,250,356,235	527,871,979	(16,558,690)	453,448,731	(337,631,057)	23,214,740	-	6,900,701,938	(1,272,264,549)	4,507,827	(276,138,533)	-	-	(1,543,895,255)	5,356,806,683
Community Assets															
Parks	113,606,585	15,072,581	-	-	-	-	-	128,679,166	(30,859,294)	-	(6,440,968)	-	-	(37,300,262)	91,378,904
Fresh produce market	54,402,649	-	-	-	-	-	-	54,402,649	(24,516,724)	-	(3,414,421)	-	-	(27,931,145)	26,471,504
Swimming pools	29,805,357	19,527,435	-	-	-	-	-	49,332,792	(10,371,911)	-	(1,776,321)	-	-	(12,148,232)	37,184,560
Cemeteries	48,087,237	3,623,405	-	-	-	-	-	51,710,642	(14,534,861)	-	(2,829,332)	-	-	(17,364,193)	34,346,449
Landfill sites	111,314,663	4,115,866	-	-	-	-	3,602,796	119,033,325	(82,246,538)	-	(5,123,454)	-	-	(87,369,992)	31,663,333
Quarry sites	338,844,531	-	-	-	-	-	6,854,475	345,699,006	(222,816,777)	-	(5,957,825)	-	-	(228,774,602)	116,924,404
Sports grounds	335,303,164	19,860,216	-	-	-	-	-	355,163,380	(75,709,059)	-	(13,116,073)	-	-	(88,825,132)	266,338,248
Stadiums	126,328,376	-	-	-	-	-	-	126,328,376	(38,397,479)	-	(6,439,349)	-	-	(44,836,828)	81,491,548
Law enforcement cameras	52,566,237	-	-	-	-	-	-	52,566,237	(17,224,192)	-	(5,984,970)	-	-	(23,209,162)	29,357,075
Zoo	47,240,586	-	-	-	-	-	-	47,240,586	(11,164,521)	-	(2,061,237)	-	-	(13,225,758)	34,014,828
Zoo animals	3,603,976	3,074,184	(317,110)	-	-	-	(723,420)	5,637,630	(313,885)	20,651	(182,496)	-	475,002	(728)	5,636,902
Hawker stalls	8,577,889	-	-	-	-	-	-	8,577,889	(4,236,581)	-	(723,451)	-	-	(4,960,032)	3,617,857
Environmental facilities	1,926,911	-	-	-	-	-	-	1,926,911	(602,077)	-	(120,439)	-	-	(722,516)	1,204,395
Law enforcement dogs	61,500	-	-	-	-	-	-	61,500	(25,310)	-	(8,786)	-	-	(34,096)	27,404
Work in progress	33,492,552	-	-	98,065,531	(54,486,209)	-	-	77,071,874	-	-	-	-	-	-	77,071,874
	1,305,162,213	65,273,687	(317,110)	98,065,531	(54,486,209)	-	9,733,851	1,423,431,963	(533,019,209)	20,651	(54,179,122)	-	475,002	(586,702,678)	836,729,285
Assets held for sale															
Land	7,560,000	-	-	-	-	-	-	7,560,000	-	-	-	-	-	-	7,560,000
	7,560,000	-	-	-	-	-	-	7,560,000	-	-	-	-	-	-	7,560,000
Other assets															

Appendix B - Audited

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

Cost/Revaluation							Accumulated depreciation							
Opening Balance	Additions	Disposals	WIP Transfers In	WIP Transfers to Additions	Transfers to/from Other Classes	Revaluations / Fair value adjustments	Closing Balance	Opening Balance	Disposals	Depreciation	Impairment loss	Revaluations / Fair value adjustments	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

Fire arms	790,258	-	-	-	-	-	790,258	(181,981)	-	(33,725)	-	-	(215,706)	574,552	
Motor vehicles	177,554,709	-	(11,471,844)	-	-	-	166,082,865	(46,134,085)	3,604,328	(5,188,170)	-	-	(47,717,927)	118,364,938	
Tools, plant and equipment	12,682,995	-	-	-	-	-	12,682,995	(1,675,409)	-	(1,713,263)	-	-	(3,388,672)	9,294,323	
Furniture & Office Equipment	16,415,842	15,166,360	(514)	-	-	-	31,581,688	(3,659,000)	154	(1,824,425)	-	-	(5,483,271)	26,098,417	
Capitalised leased equipment	19,540,218	-	-	-	-	-	19,540,218	(12,409,257)	-	(5,504,847)	-	-	(17,914,104)	1,626,114	
Capitalised leased fleet	-	139,152,311	(1,621,232)	-	-	-	137,531,079	-	-	(2,306,682)	-	-	(2,306,682)	135,224,397	
	226,984,022	154,318,671	(13,093,590)	-	-	-	368,209,103	(64,059,732)	3,604,482	(16,571,112)	-	-	(77,026,362)	291,182,741	
Total property plant and equipment															
Land and buildings	2,558,527,311	89,410,920	-	7,898,637	(55,220,091)	-	2,600,616,777	(7,458,738)	-	(31,486,635)	-	-	(38,945,373)	2,561,671,404	
Infrastructure	6,250,356,235	527,871,979	(16,558,690)	453,448,731	(337,631,057)	23,214,740	6,900,701,938	1,272,264,549	4,507,827	(276,138,533)	-	-	(1,543,895,255)	5,356,806,683	
Community Assets	1,305,162,213	65,273,687	(317,110)	98,065,531	(54,486,209)	-	9,733,851	1,423,431,963	20,651	(54,179,122)	-	475,002	(586,702,678)	836,729,285	
Assets held for sale	7,560,000	-	-	-	-	-	7,560,000	-	-	-	-	-	-	7,560,000	
Other assets	226,984,022	154,318,671	(13,093,590)	-	-	-	368,209,103	(64,059,732)	3,604,482	(16,571,112)	-	-	(77,026,362)	291,182,741	
	0,348,589,781	836,875,257	(29,969,390)	559,412,899	(447,337,357)	23,214,740	9,733,851	1,300,519,781	1,876,802,228	8,132,960	(378,375,402)	-	475,002	2,246,569,668	9,053,950,113
Intangible assets															
Computer software	9,365,776	1,090,582	-	-	-	-	10,456,358	(2,506,296)	-	(324,068)	-	-	(2,830,364)	7,625,994	
Servitudes	305,707	-	-	-	-	-	305,707	-	-	-	-	-	-	305,707	
WIP	-	-	-	562,999	-	-	562,999	-	-	-	-	-	-	562,999	
	9,671,483	1,090,582	-	562,999	-	-	11,325,064	(2,506,296)	-	(324,068)	-	-	(2,830,364)	8,494,700	
Investment properties															
Investment property	1,664,741,070	2,470,000	(1,414,000)	-	-	-	8,447,430	1,674,244,500	-	-	-	-	-	1,674,244,500	
Work in Progress	-	-	-	2,613,363	-	-	-	2,613,363	-	-	-	-	-	2,613,363	
	1,664,741,070	2,470,000	(1,414,000)	2,613,363	-	-	8,447,430	1,676,857,863	-	-	-	-	-	1,676,857,863	
Heritage assets															
Buildings	314,777,190	-	-	-	-	-	2,302,810	317,080,000	-	-	-	-	-	317,080,000	
Nature reserve	3,892,105	-	-	-	-	-	-	3,892,105	-	-	-	-	-	3,892,105	
Work in Progress	10,601,508	-	-	-	-	(9,917,272)	-	684,236	-	-	-	-	-	684,236	
	329,270,803	-	-	-	-	(9,917,272)	2,302,810	321,656,341	-	-	-	-	-	321,656,341	
Total															
Land and buildings	2,558,527,311	89,410,920	-	7,898,637	(55,220,091)	-	2,600,616,777	(7,458,738)	-	(31,486,635)	-	-	(38,945,373)	2,561,671,404	
Infrastructure	6,250,356,235	527,871,979	(16,558,690)	453,448,731	(337,631,057)	23,214,740	6,900,701,938	1,272,264,549	4,507,827	(276,138,533)	-	-	(1,543,895,255)	5,356,806,683	
Community Assets	1,305,162,213	65,273,687	(317,110)	98,065,531	(54,486,209)	-	9,733,851	1,423,431,963	20,651	(54,179,122)	-	475,002	(586,702,678)	836,729,285	
Assets held for sale	7,560,000	-	-	-	-	-	7,560,000	-	-	-	-	-	-	7,560,000	
Other assets	226,984,022	154,318,671	(13,093,590)	-	-	-	368,209,103	(64,059,732)	3,604,482	(16,571,112)	-	-	(77,026,362)	291,182,741	
Intangible assets	9,671,483	1,090,582	-	562,999	-	-	11,325,064	(2,506,296)	-	(324,068)	-	-	(2,830,364)	8,494,700	
Investment properties	1,664,741,070	2,470,000	(1,414,000)	2,613,363	-	-	8,447,430	1,676,857,863	-	-	-	-	-	1,676,857,863	
Heritage assets	329,270,803	-	-	-	-	(9,917,272)	2,302,810	321,656,341	-	-	-	-	-	321,656,341	

Appendix B - Audited

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

Cost/Revaluation							Accumulated depreciation							
Opening Balance	Additions	Disposals	WIP Transfers In	WIP Transfers to Additions	Transfers to/from Other Classes	Revaluations / Fair value adjustments	Closing Balance	Opening Balance	Disposals	Depreciation	Impairment loss	Revaluations / Fair value adjustments	Closing Balance	Carrying value
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand

2,352,273,137	840,435,839	(31,383,390)	562,589,261	(447,337,357)	13,297,468	20,484,091	3,310,359,049	1,879,308,524	8,132,960	(378,699,470)	-	475,002	2,249,400,032	1,060,959,017

Appendix C - Unaudited

Segmental analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation Accumulated Depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Executive & Council/Mayor and Council	-	10,957	(1,435,883)	-	-	-	(1,424,926)	-	(1,435,883)	-	-	-	(1,435,883)	(2,860,809)
Finance & Admin/Finance	-	76,662	392,299	-	-	-	468,961	-	392,299	-	-	-	392,299	861,260
Planning and Development/Economic Development/Plan	-	64,202	136,799	-	-	-	201,001	-	136,799	-	-	-	136,799	337,800
Health/Clinics	-	174	11,782	-	-	-	11,956	-	11,782	-	-	-	11,782	23,738
Comm. & Social/Libraries and archives	-	45,129	161,470	-	-	-	206,599	-	161,470	-	-	-	161,470	368,069
Housing	-	9,946	77,522	-	-	-	87,468	-	77,522	-	-	-	77,522	164,990
Public Safety/Police	-	9,906	117,073	-	-	-	126,979	-	117,073	-	-	-	117,073	244,052
Sport and Recreation	-	15,996	37,604	-	-	-	53,600	-	37,604	-	-	-	37,604	91,204
Environmental Protection/Pollution Control	-	2,824	20,618	-	-	-	23,442	-	20,618	-	-	-	20,618	44,060
Waste Water Management/Sewerage	-	316,971	174,985	-	-	-	491,956	-	174,985	-	-	-	174,985	666,941
Road Transport/Roads	-	181,345	869,615	-	-	-	1,050,960	-	869,615	-	-	-	869,615	1,920,575
Water/Water Distribution	-	310,167	316,465	-	-	-	626,632	-	316,465	-	-	-	316,465	943,097
Electricity /Electricity Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other/Air Transport	-	2,357	(5,571)	-	-	-	(3,214)	-	(5,571)	-	-	-	(5,571)	(8,785)
	-	1,046,636	874,778	-	-	-	1,921,414	-	874,778	-	-	-	874,778	2,796,192
Total	-	1,046,636	874,778	-	-	-	1,921,414	-	874,778	-	-	-	874,778	2,796,192

Appendix D - Unaudited

Segmental Statement of Financial Performance for the year ended Prior Year ended 30 June 2014

Current Year ended 30 June 2015

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality						
1,321,163,918	6,472,972	1,314,690,946	Property Rates	1,218,170,508	12,326,074	1,205,844,434
-	183,119,851	(183,119,851)	Office of the City Manager	-	198,433,128	(198,433,128)
6,612,285	222,539,892	(215,927,607)	Corporate Services	6,219,113	208,943,010	(202,723,897)
131,075,155	153,798,399	(22,723,244)	Finance	177,359,428	217,164,807	(39,805,379)
94,379,105	287,522,186	(193,143,081)	Community and Social Development	89,177,044	341,372,002	(252,194,958)
6,719,791	100,311,061	(93,591,270)	Economic Development and Planning	6,616,747	98,018,335	(91,401,588)
20,935,957	13,423,072	7,512,885	Fresh Produce Market	20,654,288	13,040,917	7,613,371
639,787,456	1,022,178,247	(382,390,791)	Infrastructural Services	593,995,420	1,255,070,557	(661,075,137)
698,977,911	680,906,951	18,070,960	Water	740,333,009	746,631,617	(6,298,608)
1,498,507,122	869,004,523	629,502,599	Miscellaneous Services	1,441,227,182	913,707,071	527,520,111
6,661,766	83,708,682	(77,046,916)	Housing	26,290,876	109,288,854	(82,997,978)
-	52,672,239	(52,672,239)	Regional Operations	-	42,005,099	(42,005,099)
4,424,820,466	3,675,658,075	749,162,391		4,320,043,615	4,156,001,471	164,042,144
-	-	-		-	-	-
-	-	-		-	-	-

Appendix E(1) - Audited

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2015

	Current year 2012 Act. Bal. Rand	Current year 2012 Adjusted budget Rand	Variance Rand	Var
Revenue				
Property rates	871,212,409	903,089,386	(31,876,977)	(3.5)
Service charges	1,089,142,892	973,081,811	116,061,081	11.9
Rental of facilities and equipment	28,370,602	25,085,138	3,285,464	13.1
Licences and permits	170,678	927,623	(756,945)	(81.6)
Income from agency services	109,470,784	2,637,772	106,833,012	4,050.1
Transfer revenue	1,689,073,433	1,722,475,158	(33,401,725)	(1.9)
Other income	53,139,274	78,408,442	(25,269,168)	(32.2)
Interest received - investment	473,938,677	426,049,744	47,888,933	11.2
	4,314,518,749	4,131,755,074	182,763,675	4.4
Expenses				
Employee related costs	(1,165,268,010)	(1,153,201,709)	(12,066,301)	1.0
Remuneration of councillors	(49,594,283)	(50,057,578)	463,295	(0.9)
Depreciation	(536,569,863)	(344,844,470)	(191,725,393)	55.6
Impairments	(7,817,179)	-	(7,817,179)	-
Finance costs	(172,309,584)	(216,826,393)	44,516,809	(20.5)
Bad debts written off	(629,607,301)	(179,628,485)	(449,978,816)	250.5
Repairs and maintenance - General	(280,123,160)	(283,514,662)	3,391,502	(1.2)
Bulk purchases	(430,764,023)	(394,580,031)	(36,183,992)	9.2
Contracted Services	(229,381,906)	(268,994,619)	39,612,713	(14.7)
Transfers and Subsidies	(218,665,541)	(127,986,974)	(90,678,567)	70.8
General Expenses	(424,547,014)	(527,528,904)	102,981,890	(19.5)
	(4,144,647,864)	(3,547,163,825)	(597,484,039)	16.8
Other revenue and costs				
Gain or loss on disposal of assets and liabilities	(9,092,424)	8,500,000	(17,592,424)	(207.0)
Gain or loss on exchange differences	-	(5,000)	5,000	(100.0)
Actuarial gains/(losses)	3,254,000	11,797,800	(8,543,800)	(72.4)
Gains or losses on biological assets and agricultural produce	9,683	-	9,683	-
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	-
	(5,828,741)	20,292,800	(26,121,541)	(128.7)
Net surplus/ (deficit) for the year	164,042,144	604,884,049	(440,841,905)	(72.9)

Appendix E(2) - Audited

Budget Analysis of Capital Expenditure as at 30 June 2015

	Additions Rand	Final Budget Rand	Variance Rand	Variance %
Corporate Services	35,370,978	55,863,546	20,492,568	37
Finance	5,957,125	6,275,000	317,875	5
Community and Social Development	57,858,921	85,796,884	27,937,963	33
Economic Development and Planning	64,202,385	128,900,210	64,697,825	50
Fresh Produce Market	2,357,458	2,400,000	42,542	2
Infrastructural Services	555,777,336	593,303,471	37,526,135	6
Water	310,166,639	370,309,406	60,142,767	16
Housing	9,945,645	10,629,124	683,479	6
Strategic Projects and Service Delivery	5,000,000	5,400,000	400,000	7
	1,046,636,487	1,258,877,641	212,241,154	17

**Appendix G1 - Unaudited
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2015**

2014/2015

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard								
Governance and administration	2,974,879,450	(95,256,559)	-	2,879,622,891	2,854,078,356	(25,544,535)	99 %	96 %
Executive and council	1,630,411	-	-	1,630,411	-	(1,630,411)	- %	- %
Budget and treasury office	2,924,760,151	(95,108,462)	-	2,829,651,689	2,836,757,118	7,105,429	100 %	97 %
Corporate services	48,488,888	(148,097)	-	48,340,791	17,321,238	(31,019,553)	36 %	36 %
Community and public safety	32,378,339	(321,323)	-	32,057,016	102,509,186	70,452,170	320 %	317 %
Community and social services	5,431,157	-	-	5,431,157	5,913,408	482,251	109 %	109 %
Sport and recreation	1,907,948	-	-	1,907,948	1,884,423	(23,525)	99 %	99 %
Public safety	9,158,587	-	-	9,158,587	80,744,495	71,585,908	882 %	882 %
Housing	15,538,476	-	-	15,538,476	13,962,946	(1,575,530)	90 %	90 %
Health	342,171	(321,323)	-	20,848	3,914	(16,934)	19 %	1 %
Economic and environmental services	9,043,498	(31,522)	-	9,011,976	7,854,470	(1,157,506)	87 %	87 %
Planning and development	6,523,452	-	-	6,523,452	6,616,747	93,295	101 %	101 %
Road transport	2,300,516	(31,522)	-	2,268,994	1,102,107	(1,166,887)	49 %	48 %
Environmental protection	219,530	-	-	219,530	135,616	(83,914)	62 %	62 %
Trading services	1,315,376,896	(100,259,408)	-	1,215,117,488	1,334,328,429	119,210,941	110 %	101 %
Electricity	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Water	756,655,972	-	-	756,655,972	740,333,009	(16,322,963)	98 %	98 %
Waste water management	310,788,521	(25,767,107)	-	285,021,414	363,835,777	78,814,363	128 %	117 %
Waste management	247,932,403	(74,492,301)	-	173,440,102	230,159,643	56,719,541	133 %	93 %
Other	20,844,241	547,050	-	21,391,291	21,273,175	(118,116)	99 %	102 %
Other	20,844,241	547,050	-	21,391,291	21,273,175	(118,116)	99 %	102 %
Total Revenue - Standard	4,352,522,424	(195,321,762)	-	4,157,200,662	4,320,043,616	162,842,954	104 %	99 %

Appendix G1 - Unaudited
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2015

2014/2015

Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard							
Governance and administration	1,312,718,103	44,034,799	4,516,200	1,361,269,102	1,722,875,250	361,606,148	127 %
Executive and council	347,601,554	2,367,586	6,387,000	356,356,140	262,826,383	(93,529,757)	74 %
Budget and treasury office	611,439,256	23,983,540	-	635,422,796	1,127,090,241	491,667,445	177 %
Corporate services	353,677,293	17,683,673	(1,870,800)	369,490,166	332,958,626	(36,531,540)	90 %
Community and public safety	509,022,487	44,388,838	3,883,800	557,295,125	426,807,826	(130,487,299)	77 %
Community and social services	165,776,827	6,800,000	150,000	172,726,827	122,253,954	(50,472,873)	71 %
Sport and recreation	46,350,080	240,827	(1,038,000)	45,552,907	23,491,526	(22,061,381)	52 %
Public safety	209,909,410	33,459,751	200,000	243,569,161	187,911,846	(55,657,315)	77 %
Housing	73,869,781	3,568,260	4,271,800	81,709,841	81,539,022	(170,819)	100 %
Health	13,116,389	320,000	300,000	13,736,389	11,611,478	(2,124,911)	85 %
Economic and environmental services	481,314,521	860,121	(50,000)	482,124,642	794,331,581	312,206,939	165 %
Planning and development	112,521,601	880,741	(30,000)	113,372,342	79,212,883	(34,159,459)	70 %
Road transport	339,465,688	-	(20,000)	339,445,688	697,188,491	357,742,803	205 %
Environmental protection	29,327,232	(20,620)	-	29,306,612	17,930,207	(11,376,405)	61 %
Trading services	1,184,040,791	(52,894,783)	-	1,131,146,008	1,198,641,662	67,495,654	106 %
Electricity	-	-	-	-	-	-	DIV/0 %
Water	734,135,201	(15,186,859)	-	718,948,342	746,631,618	27,683,276	104 %
Waste water management	254,722,116	(27,136,076)	-	227,586,040	233,668,123	6,082,083	103 %
Waste management	195,183,474	(10,571,848)	-	184,611,626	218,341,921	33,730,295	118 %
Other	20,481,736	-	-	20,481,736	13,345,153	(7,136,583)	65 %
Other	20,481,736	-	-	20,481,736	13,345,153	(7,136,583)	65 %
Total Expenditure - Standard	3,507,577,638	36,388,975	8,350,000	3,552,316,613	4,156,001,472	603,684,859	117 %
Surplus/(Deficit) for the year	844,944,786	(231,710,737)	(8,350,000)	604,884,049	164,042,144	(440,841,905)	27 %

**Appendix G2 - Unaudited
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2015**

2014/2015										
2013/2014										
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote										
Property Rates	1,430,845,634	(181,111,027)	1,249,734,607	-	1,249,734,607	1,218,170,508	(31,564,099)	97 %	85 %	1,321,163,919
Office of the City Manager	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Corporate Services	12,469,774	(321,323)	12,148,451	-	12,148,451	6,219,113	(5,929,338)	51 %	50 %	6,612,285
Finance	140,220,638	(33,390)	140,187,248	-	140,187,248	177,359,428	37,172,180	127 %	126 %	131,075,155
Community and Social Development	16,290,343	(31,522)	16,258,821	-	16,258,821	89,177,044	72,918,223	548 %	547 %	94,379,105
Economic Development and Planning	6,523,452	-	6,523,452	-	6,523,452	6,616,747	93,295	101 %	101 %	6,719,791
Fresh Produce Market	20,437,840	547,050	20,984,890	-	20,984,890	20,654,288	(330,602)	98 %	101 %	20,935,957
Infrastructural Services	560,104,869	(100,407,505)	459,697,364	-	459,697,364	593,995,420	134,298,056	129 %	106 %	639,787,455
Water	756,655,972	-	756,655,972	-	756,655,972	740,333,009	(16,322,963)	98 %	98 %	698,977,911
Miscellaneous Services	1,355,324,290	86,035,955	1,441,360,245	-	1,441,360,245	1,441,227,182	(133,063)	100 %	106 %	1,498,507,123
Housing	53,649,612	-	53,649,612	-	53,649,612	26,290,876	(27,358,736)	49 %	49 %	6,661,766
Regional Operations	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Total Revenue by Vote	4,352,522,424	(195,321,762)	4,157,200,662	-	4,157,200,662	4,320,043,615	162,842,953	104 %	99 %	4,424,820,467
Expenditure by Vote to be appropriated										
Property Rates	32,493,911	22,083,540	54,577,451	-	54,577,451	12,326,074	(42,251,377)	23 %	38 %	6,472,972
Office of the City Manager	258,336,739	1,136,085	259,472,824	-	259,472,824	198,433,128	(61,039,696)	76 %	77 %	183,119,850
Corporate Services	291,666,974	16,907,500	308,574,474	-	308,574,474	208,943,010	(99,631,464)	68 %	72 %	222,539,892
Finance	204,066,795	3,096,000	207,162,795	-	207,162,795	217,164,807	10,002,012	105 %	106 %	153,798,398
Community and Social Development	417,649,754	41,479,751	459,129,505	350,000	459,479,505	341,372,002	(118,107,503)	74 %	82 %	287,522,185
Economic Development and Planning	149,689,471	(5,978,378)	143,711,093	-	143,711,093	98,018,335	(45,692,758)	68 %	65 %	100,311,061
Fresh Produce Market	20,083,777	-	20,083,777	-	20,083,777	13,040,917	(7,042,860)	65 %	65 %	13,423,072
Infrastructural Services	847,679,814	(37,707,924)	809,971,890	-	809,971,890	1,255,070,557	445,098,667	155 %	148 %	1,022,178,247
Water	734,135,201	(15,186,859)	718,948,342	-	718,948,342	746,631,618	27,683,276	104 %	102 %	680,906,591
Miscellaneous Services	390,475,318	-	390,475,318	-	390,475,318	913,707,071	523,231,753	234 %	234 %	869,004,883
Housing	107,636,332	3,628,260	111,264,592	-	111,264,592	109,288,854	(1,975,738)	98 %	102 %	83,708,682
Regional Operations	53,663,552	6,931,000	60,594,552	8,000,000	68,594,552	42,005,099	(26,589,453)	61 %	78 %	52,672,239
Total Expenditure by Vote	3,507,577,638	36,388,975	3,543,966,613	8,350,000	3,552,316,613	4,156,001,472	603,684,859	117 %	118 %	3,675,658,072
Surplus/(Deficit) for the year	844,944,786	(231,710,737)	613,234,049	(8,350,000)	604,884,049	164,042,143	(440,841,906)	27 %	19 %	749,162,395

**Appendix G3 - Unaudited
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2015**

	2014/2015					2013/2014						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source												
Property rates	1,084,200,413	(181,111,027)	903,089,386	-		903,089,386	871,212,409		(31,876,977)	96 %	80 %	975,955,418
Service charges - water revenue	677,957,521	-	677,957,521	-		677,957,521	659,267,292		(18,690,229)	97 %	97 %	618,963,466
Service charges - sanitation revenue	240,416,285	(79,675,300)	160,740,985	-		160,740,985	297,475,862		136,734,877	185 %	124 %	302,007,733
Service charges - refuse revenue	154,967,413	(20,584,108)	134,383,305	-		134,383,305	132,399,738		(1,983,567)	99 %	85 %	172,074,739
Service charges - other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-
Rental of facilities and equipment	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-
Interest earned - external investments	34,140,321	-	34,140,321	-		34,140,321	31,646,860		(2,493,461)	93 %	93 %	35,014,625
Interest earned - outstanding debtors	132,916,780	-	132,916,780	-		132,916,780	172,068,399		39,151,619	129 %	129 %	123,170,362
Fines	6,124,578	-	6,124,578	-		6,124,578	79,198,221		73,073,643	1,293 %	1,293 %	77,361,862
Licences and permits	927,623	-	927,623	-		927,623	170,678		(756,945)	18 %	18 %	433,435
Agency services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-
Transfers recognised - operational	617,571,000	15,362,966	632,933,966	-		632,933,966	619,281,852		(13,652,114)	98 %	100 %	690,867,381
Other revenue	646,667,490	12,718	646,680,208	-		646,680,208	723,697,352		77,017,144	112 %	112 %	629,210,459
Gains on disposal of PPE	-	-	-	-		-	1,257,030		1,257,030	DIV/0 %	DIV/0 %	(2,953,400)
Total Revenue (excluding capital transfers and contributions)	3,595,889,424	(265,994,751)	3,329,894,673	-		3,329,894,673	3,587,675,693		257,781,020	108 %	100 %	3,622,106,080

**Appendix G3 - Unaudited
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2015**

2014/2015												2013/2014		
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome			
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand			
Expenditure By Type														
Employee related costs	1,149,028,222	4,207,340	1,153,235,562	120,000	-	1,153,355,562	1,156,931,728	-	3,576,166	100 %	101 %	1,005,281,529		
Remuneration of councillors	50,177,578	-	50,177,578	(120,000)	-	50,057,578	49,594,283	-	(463,295)	99 %	99 %	47,106,731		
Debt impairment	179,628,485	-	179,628,485		-	179,628,485	629,607,301	-	449,978,816	351 %	351 %	569,684,182		
Depreciation & asset impairment	344,844,470	-	344,844,470		-	344,844,470	544,387,042	-	199,542,572	158 %	158 %	378,699,470		
Finance charges	234,581,131	(17,020,235)	217,560,896	(700,000)	-	216,860,896	172,309,584	-	(44,551,312)	79 %	73 %	139,884,483		
Bulk purchases	394,580,031	-	394,580,031	-	-	394,580,031	430,764,023	-	36,183,992	109 %	109 %	382,809,314		
Other materials	256,481,728	21,666,341	278,148,069	463,841	-	278,611,910	294,556,305	-	15,944,395	106 %	115 %	-		
Transfers and grants	160,921,366	(33,029,507)	127,891,859	(300,000)	-	127,591,859	218,389,087	-	90,797,228	171 %	136 %	256,270,530		
Other expenditure	737,334,627	60,565,036	797,899,663	8,886,159	-	806,785,822	649,112,666	-	(157,673,156)	80 %	88 %	714,305,782		
Loss on disposal of PPE	-	-	-	-	-	-	10,349,454	-	10,349,454	DIV/0 %	DIV/0 %	-		
Total Expenditure	3,507,577,638	36,388,975	3,543,966,613	8,350,000	-	3,552,316,613	4,156,001,473	-	603,684,860	117 %	118 %	3,673,194,685		
Surplus/(Deficit)	88,311,786	(302,383,726)	(214,071,940)	(8,350,000)		(222,421,940)	(568,325,780)		(345,903,840)	256 %	(644)%	(51,088,605)		
Transfers recognised - capital	756,633,000	70,672,989	827,305,989	-		827,305,989	732,367,925		(94,938,064)	89 %	97 %	788,893,404		
Contributions recognised - capital	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %	11,357,593		
Contributed assets	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %	-		
Surplus/(Deficit) after capital transfers & contributions	844,944,786	(231,710,737)	613,234,049	(8,350,000)		604,884,049	164,042,145		(440,841,904)	27 %	19 %	749,162,392		
Surplus/(Deficit) for the year	844,944,786	(231,710,737)	613,234,049	(8,350,000)		604,884,049	164,042,145		(440,841,904)	27 %	19 %	749,162,392		

Appendix G4 - Unaudited
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2015

2014/2015											2013/2014
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome	
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
Capital expenditure - Vote											
Multi-year expenditure											
Vote 1 - City Manager	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	
Vote 2 - Executive Mayor	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	
Vote 3 - Corporate Services	19,353,868	18,621,475	37,975,343	6,897,000	44,872,343	32,051,782	(12,820,561)	71 %	166 %	-	
Vote 4 - Finance	2,075,000	-	2,075,000	(1,231,840)	843,160	525,481	(317,679)	62 %	25 %	-	
Vote 5 - Social Services	56,807,160	7,887,724	64,694,884	750,000	65,444,884	53,294,498	(12,150,386)	81 %	94 %	-	
Vote 6 - Planning	175,191,775	(98,015,565)	77,176,210	1,864,295	79,040,505	43,383,702	(35,656,803)	55 %	25 %	-	
Vote 7 - Human Settlement and Housing	-	365,061	365,061	-	365,061	-	(365,061)	- %	DIV/0 %	-	
Vote 8 - Fresh Produce Market	500,000	1,660,000	2,160,000	-	2,160,000	2,157,838	(2,162)	100 %	432 %	-	
Vote 9 - Engineering Services	301,048,494	(12,117,696)	288,930,798	125,531,230	414,462,028	390,896,571	(23,565,457)	94 %	130 %	-	
Vote 10 - Water Services	274,720,069	71,070,004	345,790,073	20,519,333	366,309,406	306,166,639	(60,142,767)	84 %	111 %	-	
Vote 11 - Miscellaneous Services	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	
Vote 12 - Regional Operations	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	
Vote 13 - Strategic Projects and Service Delivery Regulation	5,400,000	-	5,400,000	-	5,400,000	5,000,000	(400,000)	93 %	93 %	-	
Capital multi-year expenditure sub-total	835,096,366	(10,528,997)	824,567,369	154,330,018	978,897,387	833,476,511	- (145,420,876)	85 %	100 %	-	
Single-year expenditure											
Vote 1 - City Manager	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	
Vote 2 - Executive Mayor	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	
Vote 3 - Corporate Services	7,355,000	4,050,000	11,405,000	(413,797)	10,991,203	3,319,196	(7,672,007)	30 %	45 %	-	
Vote 4 - Finance	3,000,000	-	3,000,000	2,431,840	5,431,840	5,431,645	(195)	100 %	181 %	-	
Vote 5 - Social Services	22,452,000	(1,500,000)	20,952,000	(600,000)	20,352,000	4,564,423	(15,787,577)	22 %	20 %	-	
Vote 6 - Planning	76,224,000	(26,500,000)	49,724,000	135,705	49,859,705	20,818,683	(29,041,022)	42 %	27 %	-	
Vote 7 - Human Settlement and Housing	19,264,063	(9,000,000)	10,264,063	-	10,264,063	9,945,645	(318,418)	97 %	52 %	-	
Vote 8 - Fresh Produce Market	200,000	40,000	240,000	-	240,000	199,620	(40,380)	83 %	100 %	-	
Vote 9 - Engineering Services	202,907,976	(2,555,193)	200,352,783	(21,511,340)	178,841,443	164,880,765	(13,960,678)	92 %	81 %	-	
Vote 10 - Water Services	4,000,000	-	4,000,000	-	4,000,000	4,000,000	-	100 %	100 %	-	
Vote 11 - Miscellaneous Services	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	
Vote 12 - Regional Operations	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	
Vote 13 - Strategic Projects and Service Delivery Regulation	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	
Capital single-year expenditure sub-total	335,403,039	(35,465,193)	299,937,846	(19,957,592)	279,980,254	213,159,977	- (66,820,277)	76 %	64 %	-	
Total Capital Expenditure - Vote	1,170,499,405	(45,994,190)	1,124,505,215	134,372,426	1,258,877,641	1,046,636,488	- (212,241,153)	83 %	89 %	-	

**Appendix G4 - Unaudited
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2015**

2014/2015

2013/2014

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard											
Governance and administration	69,112,759	22,605,007	91,717,766	5,383,203	97,100,969	87,618,899	-	(9,482,070)	90 %	127 %	46,246,660
Executive and council	5,400,000	-	5,400,000	-	5,400,000	5,000,000	-	(400,000)	93 %	93 %	-
Budget and treasury office	5,075,000	-	5,075,000	1,200,000	6,275,000	5,957,125	-	(317,875)	95 %	117 %	2,975,293
Corporate services	58,637,759	22,605,007	81,242,766	4,183,203	85,425,969	76,661,774	-	(8,764,195)	90 %	131 %	43,271,367
Community and public safety	109,112,091	(2,680,747)	106,431,344	1,450,000	107,881,344	81,151,423	-	(26,729,921)	75 %	74 %	55,140,127
Community and social services	65,481,160	1,550,583	67,031,743	(1,100,000)	65,931,743	45,129,323	-	(20,802,420)	68 %	69 %	26,237,102
Sport and recreation	15,208,868	431,529	15,640,397	2,300,000	17,940,397	15,996,402	-	(1,943,995)	89 %	105 %	11,624,235
Public safety	8,778,000	4,337,141	13,115,141	250,000	13,365,141	9,906,077	-	(3,459,064)	74 %	113 %	11,482,232
Housing	19,264,063	(9,000,000)	10,264,063	-	10,264,063	9,945,645	-	(318,418)	97 %	52 %	5,796,558
Health	380,000	-	380,000	-	380,000	173,976	-	(206,024)	46 %	46 %	-
Economic and environmental services	452,702,415	(148,891,304)	303,811,111	31,012,999	334,824,110	248,371,251	-	(86,452,859)	74 %	55 %	231,175,376
Planning and development	251,415,775	(124,515,565)	126,900,210	2,000,000	128,900,210	64,202,385	-	(64,697,825)	50 %	26 %	72,876,641
Road transport	196,286,640	(24,875,739)	171,410,901	28,012,999	199,423,900	181,345,345	-	(18,078,555)	91 %	92 %	157,832,030
Environmental protection	5,000,000	500,000	5,500,000	1,000,000	6,500,000	2,823,521	-	(3,676,479)	43 %	56 %	466,705
Trading services	538,872,140	81,272,854	620,144,994	96,526,224	716,671,218	627,137,456	-	(89,533,762)	88 %	116 %	502,532,035
Water	278,720,069	71,070,004	349,790,073	20,519,333	370,309,406	310,166,639	-	(60,142,767)	84 %	111 %	249,009,469
Waste water management	239,002,071	12,081,415	251,083,486	79,610,991	330,694,477	301,978,360	-	(28,716,117)	91 %	126 %	242,763,422
Waste management	21,150,000	(1,878,565)	19,271,435	(3,604,100)	15,667,335	14,992,457	-	(674,878)	96 %	71 %	10,759,144
Other	700,000	1,700,000	2,400,000	-	2,400,000	2,357,458	-	(42,542)	98 %	337 %	-
Other	700,000	1,700,000	2,400,000	-	2,400,000	2,357,458	-	(42,542)	98 %	337 %	-
Total Capital Expenditure - Standard	1,170,499,405	(45,994,190)	1,124,505,215	134,372,426	1,258,877,641	1,046,636,487	-	(212,241,154)	83 %	89 %	835,094,198
Funded by:											
National Government	701,433,000	70,285,575	771,718,575	-	771,718,575	-		(771,718,575)	- %	- %	686,605,000
Provincial Government	25,000,000	2,377,416	27,377,416	-	27,377,416	-		(27,377,416)	- %	- %	80,833,000
District Municipality	-	-	-	-	-	-		-	DIV/0 %	DIV/0 %	467,000
Other transfers and grants	-	-	-	-	-	-		-	DIV/0 %	DIV/0 %	20,000
Transfers recognised - capital	726,433,000	72,662,991	799,095,991	-	799,095,991	-		(799,095,991)	- %	- %	767,925,000
Public contributions & donations	-	-	-	-	-	-		-	DIV/0 %	DIV/0 %	25,246,000
Borrowing	368,517,759	(110,757,847)	257,759,912	-	257,759,912	-		(257,759,912)	- %	- %	33,476,000
Internally generated funds	75,548,646	126,473,092	202,021,738	-	202,021,738	-		(202,021,738)	- %	- %	8,447,198
Total Capital Funding	1,170,499,405	88,378,236	1,258,877,641	-	1,258,877,641	-		(1,258,877,641)	- %	- %	835,094,198

Appendix G5 - Unaudited Budgeted Cash Flows for the year ended 30 June 2015

	2014/2015					2014			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities									
Receipts									
Ratepayers and other	2,234,272,732	(448,809,333)	1,785,463,399	1,785,463,399	1,410,573,668	(374,889,731)	79 %	63 %	1,348,959,123
Government - operating	617,571,000	(8,249,863)	609,321,137	609,321,137	661,060,026	51,738,889	108 %	107 %	606,841,775
Government - capital	727,633,000	(26,491,228)	701,141,772	701,141,772	732,367,925	31,226,153	104 %	101 %	788,893,404
Interest	149,387,089	(133,432,979)	15,954,110	15,954,110	193,826,462	177,872,352	1,215 %	130 %	149,147,828
Dividends	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Suppliers and employees	(2,433,788,117)	(425,689,758)	(2,859,477,875)	(2,859,477,875)	(2,317,613,379)	541,864,496	81 %	95 %	(2,258,319,774)
Finance charges	(104,405,876)	309,018,305	204,612,429	204,612,429	-	(204,612,429)	- %	- %	-
Transfers and Grants	(58,938,215)	43,134,623	(15,803,592)	(15,803,592)	-	15,803,592	- %	- %	-
Net cash flow from/used operating activities	1,131,731,613	(690,520,233)	441,211,380	441,211,380	680,214,702	239,003,322	154 %	60 %	635,522,356
Cash flow from investing activities									
Receipts									
Decrease (increase) other non-current receivables	-	-	-	-	(446,253)	(446,253)	DIV/0 %	DIV/0 %	315,163
Payments									
Decrease / (Increase) in Capital assets	(994,924,494)	39,644,343	(955,280,151)	(955,280,151)	(909,387,107)	45,893,044	95 %	91 %	(881,162,251)
Net cash flow from/used investing activities	(994,924,494)	39,644,343	(955,280,151)	(955,280,151)	(909,833,360)	45,446,791	95 %	91 %	(880,847,088)
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Borrowing long term/refinancing	368,517,759	58,482,241	427,000,000	427,000,000	400,322,109	(26,677,891)	94 %	109 %	12,777,818
Increase (decrease) in consumer deposits	2,500,000	(216,118)	2,283,882	2,283,882	2,342,916	59,034	103 %	94 %	852,301
Payments									
Repayment of borrowing	(64,935,775)	39,934,684	(25,001,091)	(25,001,091)	(80,603,135)	(55,602,044)	322 %	124 %	106,718,877
Net cash flow from/used financing activities	306,081,984	98,200,807	404,282,791	404,282,791	322,061,890	(82,220,901)	80 %	105 %	120,348,996
Net increase/(decrease) in cash held	442,889,103	(552,675,083)	(109,785,980)	(109,785,980)	92,443,232	202,229,212	(84)%	21 %	(124,975,736)
Cash/cash equivalents at the year begin:					33,069,220				257,366,261
Cash/cash equivalents at the year end:	442,889,103	(552,675,083)	(109,785,980)	(109,785,980)	125,512,452	202,229,212	(114)%	28 %	

**Appendix H - Audited
Councillors' arrear consumer accounts (over 90 days)**

Year end 30 June 2015

Surname and Initials	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015
Bacela G M	1,645	1,459	1,276	1,107	936	764	590	415	236	58	-	-
Lekgela L E	-	-	-	-	-	-	-	-	-	-	74	536
Manyoni T M	-	-	-	-	-	1,067	3,074	5,516	25	-	-	-
Mashoane E D	24,462	24,579	24,695	24,812	24,931	25,050	25,169	25,289	25,408	25,527	25,647	25,766
Matsemelela M V	-	-	-	-	-	-	417	359	469	656	599	340
Matsoetlane M J	-	-	-	-	-	-	-	-	-	1,057	889	744
Mbange M B	4,202	4,790	5,502	6,153	6,861	7,361	7,735	8,325	8,971	9,929	10,537	11,094
Minnie H	435	753	1,358	2,030	2,187	427	443	460	462	577	714	472
Mononyane M B	43,325	44,904	45,760	48,675	48,610	50,070	50,875	51,689	52,507	51,233	52,059	34,935
Mpakathe T S	-	-	-	-	-	-	-	-	-	-	109	115
Mpheqeka M S	28,928	29,444	29,362	30,435	30,404	30,428	30,265	30,322	30,293	30,444	30,412	30,049
Mtshwane K J	-	-	-	-	-	-	-	91	191	-	-	-
Naile T J	-	-	177	508	1,189	1,566	1,746	1,930	2,118	2,300	2,482	-
Ndamane S S	100	-	-	-	-	-	-	-	53	-	775	645
Nkoe M J	66,597	67,067	67,526	67,891	66,941	67,582	67,086	67,746	68,215	68,649	69,249	69,734
Nothnagel J	4,683	3,911	3,161	22	36	789	2,164	4,085	5,991	9,245	132	-
Petersen J E	15,746	16,444	17,099	17,841	18,629	19,455	20,895	21,762	23,664	25,445	20,070	21,449
Phajane M A	-	-	-	-	35	1,102	-	6	19	2,437	4,151	5,379
Sechoaro C S K	1,304	2,179	2,554	2,998	2,403	3,180	4,131	4,189	4,843	-	-	-
Siyonzana M A	-	-	-	-	-	-	-	-	-	-	-	-
Thipenyane G	-	-	-	-	-	503	1,006	513	1,025	-	-	-
Tsomela M M	918	944	1,074	1,032	1,407	174	370	343	982	1,503	-	-
Ward V W	112,255	112,024	109,413	109,153	108,738	107,442	107,692	107,922	101,525	100,732	100,464	101,130
GRAND TOTAL	<u>304,600</u>	<u>308,498</u>	<u>308,957</u>	<u>312,657</u>	<u>313,307</u>	<u>316,960</u>	<u>323,658</u>	<u>330,962</u>	<u>326,997</u>	<u>329,792</u>	<u>318,363</u>	<u>302,388</u>

Appendix H - Audited (cont.)
Councillors' arrear consumer accounts (over 90 days)

Year end 30 June 2014

Surname and Initials	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
Bacela G M	-	-	-	248	496	745	997	1,250	1,506	1,763	2,021	1,832
Lekgela L E	49,844	49,488	48,016	48,568	45,121	43,666	42,199	8,190	4,870	3,370	1,632	78
Manyoni T M	20	24	-	-	-	-	-	3	-	-	-	-
Masoetsa L A	-	2	-	436	-	-	-	-	-	18	32	-
Matsoetlane M J	-	-	-	-	-	-	-	-	-	36	72	-
Mbange M B	848	848	848	848	848	1,166	1,901	2,519	2,999	3,175	2,936	3,279
Minnie H	-	-	-	-	-	-	-	44	93	142	191	241
Mononyane M B	19,666	20,416	35,753	68,227	38,678	40,971	41,432	42,214	42,930	43,650	44,387	44,091
Mpeqeka M S	30,397	30,257	30,066	30,570	29,931	29,881	29,803	29,721	29,640	29,556	29,473	29,389
Mtshwane K J	-	-	-	-	-	-	-	-	-	-	-	-
Ndamane S S	-	-	-	49	98	147	196	246	296	347	397	249
Nkoe M J	55,553	58,364	59,103	60,196	57,915	59,024	60,620	62,623	63,413	65,015	65,576	66,075
Nothnagel J	3,940	4,463	3,905	4,552	5,204	5,837	6,489	7,146	6,807	6,473	7,144	5,396
Olivier G J	192	-	-	-	-	-	-	-	-	-	-	-
Sechoaro C S K	-	-	-	-	333	330	812	1,502	1,365	2,199	2,976	1,848
Teko E D	67,243	69,106	72,974	76,881	80,784	15,048	19,229	23,432	24,003	24,113	24,230	24,346
Thipenyane G	1,696	1,345	1,187	1,187	874	1,187	1,591	1,999	2,487	1,983	-	-
Toba A L	184	152	-	189	-	-	-	-	-	-	-	-
Tsomela M M	-	22	3	-	11	-	-	-	228	527	800	680
Van Der Merwe R	-	-	-	85	171	257	343	431	518	607	-	-
Ward V W	10,769	8,938	10,014	9,252	10,952	12,675	14,628	16,622	18,539	18,881	18,857	20,855
GRAND TOTAL	<u>240,352</u>	<u>243,425</u>	<u>261,869</u>	<u>301,288</u>	<u>271,416</u>	<u>210,934</u>	<u>220,240</u>	<u>197,942</u>	<u>199,694</u>	<u>201,855</u>	<u>200,724</u>	<u>198,359</u>



Centlec (SOC) Ltd
(Registration number 2003/011612/07)
Financial statements
for the year ended 30 June 2015

Centlec (SOC) Ltd

(Registration number 2003/011612/07)

Financial Statements for the year ended 30 June 2015

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Electricity distribution
Chief Executive Officer (CEO)	Mr. AN Mgoqi
Chief Finance Officer (CFO)	Mr. TJ Ramulondi
Chief Operating Officer (COO)	Mr. L Kritzinger
Directors	Mr. ML Mbali (Chairperson) Ms. FP Zitha (Deputy Chairperson) Mr. N Mokhesi Mr. TJ Mongake Mr. KM Moroka Mrs. ZC Uwah Mr. SG Xulu Mr. SM Zimu
Registered office	195 Nelson Mandela Drive College Square Telkom Building Bloemfontein Free State 9301
Postal address	Private Bag X14 Brandhof Bloemfontein 9324
Controlling entity	Mangaung Metropolitan Municipality incorporated in South Africa
Bankers	ABSA
Auditors	Auditor-General of South Africa
Company Secretary	Phatshoane Henney Inc.
Company registration number	2003/011612/07
Attorneys	Bokwa Attorneys Dehal Inc. EG Cooper Eugene Attorneys Knowles Husain Lindsay Inc. Leepile & Mbewe Inc. Mabalane Seobe inc. Maduba Attorneys Mhlambi Attorneys Motaung Attorneys

Centlec (SOC) Ltd

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Financial Statements for the year ended 30 June 2015

General Information

Enabling legislation

Mthembu & Mohamed

Phatshoane Henney Inc

Local Government: Municipal Finance Management Act (Act 56 of 2003)

Local Government: Municipal Systems Act (Act 32 of 2000)

Local Government: Municipal Structures Act (Act 117 of 1998)

Division of Revenue Act (Act 6 of 2013)

Companies Act (Act 71 of 2008)

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Financial Statements for the year ended 30 June 2015

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

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Centlec (SOC) Ltd

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Abbreviations

IDP	Integrated Development Plan
NERSA	National Energy Regulator of South Africa
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
SDBIP	Service Delivery and Budget Implementation Plan
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
SOC	State Owned Company
SALGA	South African Local Government Association
AGSA	Auditor-General of South Africa

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Financial Statements for the year ended 30 June 2015

Corporate Governance Report

The Board & Administrative Governance

Introduction to Governance

The board sees and understands governance as a fundamental requisite in stewardship responsibilities.

To this end, the board is therefore committed to maintain the highest standards of governance. The company has a Macro-Organisational structure in place, which provides for separation of duties and responsibilities between the board and administrators.

In the course of rendering services to the community, it is therefore important to do so within the parameters of the law, and this can be achieved by connecting corporate governance with legislative risk management as a guideline.

Board Governance

1. Board of Directors

The board strives to provide the right leadership, strategic oversight and control environment to produce and sustain the delivery of value to the company's shareholder. The board applies integrity, principles of good governance and accountability throughout its activities and each director brings independence of character and judgment to the role.

All of the members of the board are individually and collectively aware of their responsibilities to the company's stakeholders and the board keeps its performance and core governance principles under regular review.

The board held both ordinary and special meetings during the period under review as follows in which a number of decisions were taken:

Type of Meeting	Date	Venue
Ordinary	18 July 2014	Centlec (SOC) Ltd, Telkom Building, 195 Nelson Mandela drive, Bloemfontein
AGM	29 August 2014	Mangaung Metro, Bram Fischer Building, Nelson Mandela Drive, Bloemfontein
Special	29 August 2014	Mangaung Metro, Bram Fischer Building, Nelson Mandela Drive, Bloemfontein
Special	22 September 2014	Melrose Arch Hotel, Johannesburg
Ordinary	28 November 2014	Centlec (SOC) Ltd, Telkom Building, 195 Nelson Mandela drive, Bloemfontein
Special	19 January 2015	Melrose Arch Hotel, Johannesburg
Special	20 March 2015	Centlec (SOC) Ltd, Telkom Building, 195 Nelson Mandela drive, Bloemfontein
Ordinary	24 April 2015	Centlec (SOC) Ltd, Telkom Building, 195 Nelson Mandela drive, Bloemfontein

2. Board Committees

The board had the following committees during the period under review.

2.1 Audit & Risk Committee

T.S. Zakuza	Chairperson
M.C. Llale	Member
C.A. Choeu	Member
L. Majake	Member
N.P. Lubanga	Member
K.M. Moroka	Board Representative

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Financial Statements for the year ended 30 June 2015

2.2. Finance Committee

N. Mokhesi	Chairperson
T.A.J. Mongake	Member
F.P. Zitha	Member
Z.C. Uwah	Member
Chief Executive Officer	Invitee
Chief Financial Officer	Invitee
Chief Operations Officer	Invitee
EM: Corporate Services	Invitee
EM: Engineering	Invitee

2.3. Human Resources & Remuneration Committee

F.P. Zitha	Chairperson
S.G. Xulu	Member
M.S. Zimu	Member
T.A.J. Mongake	Member
M.L. Mbali	Member
K.M. Moroka	Member
Chief Executive Officer	Invitee
Chief Financial Officer	Invitee
Chief Operations Officer	Invitee
EM: Corporate Services	Invitee
EM: Engineering (Retail)	Invitee
EM: Engineering (Wires)	Invitee

2.4. Social Responsibility & Ethics Committee

K.M. Moroka	Chairperson
T.A.J. Mongake	Member
F.P. Zitha	Member
Chief Executive Officer	Invitee
Chief Financial Officer	Invitee
Chief Operations Officer	Invitee

2.5. Information Technology Governance Committee

S.G. Xulu	Chairperson
M.S. Zimu	Member
K.M. Moroka	Member
Z.C. Uwah	Member
Chief Executive Officer	Invitee
Chief Financial Officer	Invitee
Chief Operations Officer	Invitee
EM: Engineering (Retail)	Invitee

2.6. Engineering Committee

M.S. Zimu	Chairperson
S.G. Xulu	Member
N. Mokhesi	Member
Chief Executive Officer	Invitee
Chief Financial Officer	Invitee
Chief Operations Officer	Invitee
EM: Engineering (Retail)	Invitee
EM: Engineering (Wires)	Invitee

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Financial Statements for the year ended 30 June 2015

The respective committees held meetings as follows during the period under review:

Committee	No. of Meetings	Dates of meetings
IT Governance	4	8 July 2014 18 October 2014 3 March 2015 20 April 2015
Engineering	4	8 July 2014 18 October 2014 3 March 2015 20 April 2015
HR & Remuneration	4	7 July 2014 22 September 2014 2 March 2015 20 April 2015
Audit & Risk	6	11 July 2014 22 August 2014 17 October 2014 27 November 2014 16 January 2015 10 April 2015
Social Responsibility & Ethics	2	8 July 2014 21 April 2015
Finance	4	17 July 2014 27 August 2014 23 October 2014 14 January 2015

Risk Management

The MFMA requires that the municipal entity develops and maintain an effective, efficient and transparent systems of financial and risk management and internal control; and of internal audit operating in accordance with any prescribed norms and standards.

The municipal entity manages its Risk Management issues through the Internal Audit Unit. The Internal Audit Unit is therefore mainly responsible for the review of the implementation of effective risk management as a key element of good governance and rigorous performance management. Risk management is an integral part of corporate, business planning and service delivery.

During the period under review, corporate and operational risk assessments were performed for all areas within the municipal entity.

Centlec (SOC) Ltd

(Registration number 2003/011612/07)

Financial Statements for the year ended 30 June 2015

General overview of the entity's performance

Overview by the Chairman

Centlec as an entity owned by Mangaung Metropolitan Municipality has strived to support and to be in alignment with the Municipal vision that states: "To become a progressive municipality that is globally safe and attractive to live, work and invest in and also ensuring access to electricity to neighbouring cities and the Southern Free State as a whole".

In relation to this statement, the entity has achieved its mandate of providing access to electricity to the residents of Mangaung Metropolitan and Southern Free State Municipalities, maintained distribution & transmission lines and dealt with electricity meter tampering regardless that South Africa is faced with a severe electricity shortage that has climaxed into load shedding. Centlec has been affected by loadshedding like any other municipality but it has managed to mitigate this by:

- Applying geyser control
- Installing smart meters
- Commissioning the power station
- Considering to build solar power station; tender request was sent out.

The entity has also been acknowledged by the Department of Energy as the best performing municipality in implementing electrification programmes, received an unqualified audit opinion for financial year 2013/14 and also got an award in recognition of improved performance in 2013/14 financial year by the Free State Provincial Government. These awards furthermore prove that Centlec is performing relatively well in taking care of the customers' needs by providing and delivering professional, helpful, high quality service and assistance before, during, and after the customers' requirements are met.

On the 1st of April 2015 Centlec appointed Mr. A.N Mgoqi as the Chief Executive Officer. He has been working for Centlec for 20 years and at the time he was appointed he held a position of the Executive Manager: Engineering Wires. He has a massive experience on how the organisation operates and understands the business's culture. Promoting from within creates positive image for Centlec and provide advancement opportunities that motivates staff to perform at their best level. The appointment of Me. Z.C Uwah to the Board of Centlec will further strengthen the governance and oversight role of the Board.

My sincere gratitude to our key stakeholders, all the Southern Free State Municipalities for their participation and engagement on issues pertaining to electricity supply in their respective Municipalities.

I wish to thank the Parent Municipality, Board of Directors as well the management and staff at Centlec for their support in leading the organisation in achieving its goals.

Finally, I acknowledge and appreciate our relationships and liaisons with Mangaung Metropolitan Municipality at both administrative and political spheres in furtherance of the course to the existence of Centlec.



Mr. ML Mballi
Chairperson of the Board

Centlec (SOC) Ltd

{Registration number 2003/011612/07}

Financial Statements for the year ended 30 June 2015

Executive Summary

Chief Executive Officer's Overview

During the year under review I am delighted to report that there has been certain positive activities despite the challenges that the entity faced like loadshedding, theft of transformers and cables. Centlec continues to work hard towards mitigating these negative impacts whilst pursuing strong commitment to improve satisfaction amongst customers.

The entity had the following achievements: unqualified audit opinion for financial year 2013/14; an award in recognition of improved performance in 2013/14 financial year by the Free State Provincial Government; the entity was also acknowledged by the Department of Energy as the best performing municipality in implementing electrification programmes. Furthermore, Mangaung Metropolitan Municipality ranked number one (1) for getting electricity and enforcing contracts according to the World Bank report.

Centlec also invested a total of R 248 319 018 in capital project mainly funding infrastructure projects. A total of R 208 486 699 (81%) of the capital expenditure has been internally funded. Part of this money helped the entity to successfully provide electricity to the following areas:

- Khayelisha – 526 households connections.
- Caleb Motshabi – 1880 households connections.
- Bloemside 7/Grassland – 427 households connection.
- Five hundred and forty five (545) applications for new upgrading of the existing Public Connections were received, paid for and installed.
- Thirty seven (37) high Mast Lights were installed in Mangaung (Bloemfontein, Botshabelo and Thaba- Nchu).
- Twenty thousand one hundred and five (20,105) Indigents are receiving Free Basic electricity as per the approved Indigents Register.

A number of inspections were undertaken to the different distribution centres and substations. This also included the servicing of the 11kV, 33kV and the 132kV circuit breakers. The maintenance of transmission has improved over the past reporting period. These activities were possible with the additional resources from outside of Centlec in a form of contracted services.

The entity's good performance generated revenue from service charges which increased by 4.47% (2013/14 – R 56 552 152 [3.13%]) to over R1 888 289 555 in 2014/15. This increase is mainly attributed to the adjustment in the electricity tariffs i.e. sale of electricity and prepaid meter sales. As highlighted above, the growth in revenue has been adversely affected by the impact of load shedding, theft of transformers and cables.

The entity's cash and cash equivalents as per the statement of financial position have dropped from R 319 877 087 as reported in 2013/14 to R 137 330 162 in 2014/15 financial year. The main reason for the decline in the reserves is attributed to the changes in customers' consumption patterns which resulted in the entity having to follow a more prudent approach to keep the cash float for the day to day business cash requirements. Other contributing factors include the funding of capital projects which have been financed mainly from internal revenue sources. Disclosed in note 11 of AFS is an investment to the value of R 313 462 646 that is a reserved as an investment and not reported as cash and cash equivalents.

The entity has recently reviewed its strategies following which the new organisational structure was approved by the Council on the 28th November 2014. The alignment in terms of the new strategies is a work in progress as the new structure is envisaged to be populated in five years period.

Centlec's Training and Development Centre is performing at a satisfactory level. Training is provided for internal and external stakeholders. The section continues to participate in industry wide activities aimed at not only improving the electrical engineering profession but also to protect the integrity of the quality of training offered to the candidates. The following training took place for financial year 2014/15:

- One hundred and ninety five (195) learners' received on the job training in various technical fields.
- Two hundred and forty nine (249) learners received institutional training.
- Sixteen (16) learners successfully passed the trade test examinations and are now qualified electricians.

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Financial Statements for the year ended 30 June 2015

The entity still has a long way to go in terms of addressing the employment equity targets for the designated groups in terms of the Employment Equity Act. Targets for African women, in particular, at the lowest senior management level. Going forward management will attend to this weakness through employment of suitably qualified female candidates and other designated groups.

I wish to thank the Council, Executive Mayor, the Board of Directors, City Manager and the Executive Management for their support and appreciate their stewardship. To all the staff, I would like to thank you for your hard work and dedication; together we can build a reliable energy utility that enables social and economic upliftment. I would like to stretch my sincere gratitude towards the stakeholders as well for their immense involvement and engagement towards resolving issues concerning the electricity supply in their respective municipalities.



Mr. AN Mgoqi
Chief Executive Officer

Centlec (SOC) Ltd

(Registration number 2003/011612/07)

Financial Statements for the year ended 30 June 2015

Director's Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the financial statements fairly present the state of affairs of the municipal entity 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 financial statements and were given unrestricted access to all financial records and related data.

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

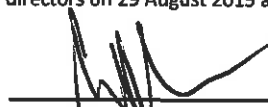
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the municipal entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards 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 municipal entity and all employees are required to maintain the highest ethical standards in ensuring the municipal entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipal entity is on identifying, assessing, managing and monitoring all known forms of risk across the municipal entity. While operating risk cannot be fully eliminated, the municipal entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The directors have reviewed the municipal entity's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, they are satisfied that the municipal entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The financial statements set out on pages 19 - 118, which have been prepared on the going concern basis, were approved by the directors on 29 August 2015 and were signed on its behalf by:



Mr. LM Mbali
Chairperson of the Board

Centlec (SOC) Ltd

(Registration number 2003/011612/07)

Financial Statements for the year ended 30 June 2015

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2015.

Audit committee members and attendance

As provided for in terms of section 166(2) of the MFMA, the municipal entity had an audit committee established on 01 August 2013 to specifically address matters relating to the municipal entity. The Committee comprised the members in the table below to address issues relating to the municipal entity and 6 meetings were held and attended as reflected therein.

Member	2014/07/11	2014/08/22	2014/10/17	2014/11/27	2015/01/16	2015/04/10
T.S. Zakuza (Chairperson)	Yes	Yes	Yes	Yes	Yes	No
M.C. Lale	No	Yes	Yes	Yes	Yes	Yes
N. Lubanga	Yes	Yes	Yes	Yes	Yes	Yes
C. Choeu	No	Yes	No	No	Yes	Yes
L. Majake	Yes	No	No	No	Yes	Yes

All members of the Audit Committee are independent, with no interest in the management or conduct of the business of the Municipality and its entities.

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA in terms of its defined responsibilities as an advisory body to the municipality and a sub-committee of the Board.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the MFMA, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Audit, the Auditor General's Report on the Annual Financial Statements and management report of the Auditor-General; it was noted that there were instances of weaknesses in controls however; the Audit Committee is pleased to report that there has been significant improvement in the general controls and management has put mechanisms and action plans in place to deal with identified weaknesses. Management has further undertaken to report to the Audit Committee on a regular basis on progress made in this regard.

The Audit Committee therefore urges management to address these problems without any further delay.

The committee received good support from the Internal Audit function and as a part of its mandate, reported to the board regularly. The committee also held meetings separately with Internal Audit and the AGSA to establish if there were matters of concern that could not be discussed in an open session with management.

Whilst the Risk Management Strategy and Framework is in place, it was however adopted by the Board late into the financial year under review. The effectiveness of the two documents in managing risk exposure and mitigation is still to be tested and no Assurance Reports were received in this regard.

The Reports received from other areas covered as per the Coverage Plan show areas of improvement whilst also showing shortcomings that were brought to the attention of the Audit Committee by Internal Auditors.

We also received reports of follow-up audits especially in areas that were highlighted by the AGSA in previous audits and which resulted in the qualified audit outcome previously. We received positive comments applauding improvements noted by AGSA and progress made in addressing previous audit findings and matters contained in the Management letter.

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Financial Statements for the year ended 30 June 2015

Audit Committee Report

Performance Management

The Board has also designated the Audit Committee as a Performance Audit Committee in terms of Municipal Planning and Performance Management Regulations 2001.

The committee takes note of the progress made regarding Performance Management System however; the committee noted a gap in reporting the quarterly performance reports. This is as a result that management did not present reports on time to allow the Performance Audit Committee to exercise its oversight role. Accordingly the committee expresses no opinion on the municipal entity's performance and notes insufficient performance reporting which management has conceded to and undertaken to address.

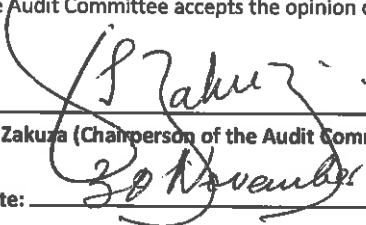
Risk Management

The Audit Committee is also satisfied with the risk management processes within the institution.

The audit committee has since convened a meeting with the AGSA to discuss the final audit report and is pleased with the progress made by management and the resulting audit outcome. The audit committee urges management to sustain the unqualified opinion achieved.

Quality review exercise was conducted on internal audit during the year under review and the overall outcome was one of compliance. This further gave the audit committee comfort about the quality of work of the internal audit.

The Audit Committee accepts the opinion of the Auditor General and wants this report to be read together with the report of the AGSA.



T. Zakuza (Chairperson of the Audit Committee)

Date:

30 November 2015

Centlec (SOC) Ltd

(Registration number 2003/011612/07)

Financial Statements for the year ended 30 June 2015

Director's Report

The directors submit their report for the year ended 30 June 2015.

1. General information and nature of activities

The municipal entity, which is a state owned company, is incorporated and domiciled in South Africa and provides electricity retail, distribution and electrification services.

The municipal entity operates primarily in the Free State Province and employs over 248 people. The address of the municipal entity's registered office is Fort Street, Oranjesig, Bloemfontein, 9324.

The municipal entity is wholly owned by Mangaung Metropolitan Municipality, which is the sole parent municipality of the municipal entity and is domiciled in the Free State Province of South Africa. The address of the parent municipality is C/o Nelson Mandela Drive and Markgraaf Street, Bram Fischer Building, Bloemfontein, 9300.

The municipal entity is one of the only two state owned electricity companies in South Africa and the only one in the Free State Province.

Other than the area of jurisdiction of Mangaung Metropolitan Municipality, the municipal entity also distributes electricity to the following local municipalities in the Southern Free State area: Kopanong Local Municipality, Naledi Local Municipality, Mantsopa Local Municipality and Mohokare Local Municipality.

The municipal entity interacts with its customers and clients through a combination of physical and electronic channels, offering a comprehensive range of electricity services (from pre-paid electricity sales and billing through conventional metering, to electricity infrastructure development to bulk-to-point connection).

The financial statements set out fully the financial positions, results of operations and cash flows of the municipal entity for the reporting period ended 30 June 2015.

Main business and operations

The municipal entity is engaged in electricity distribution and operates principally in South Africa.

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

The municipal entity is continuously engaging with the relevant stakeholders in looking at their electricity rates spectrum and the results of this engagement is expected to have a positive effect on the municipal entity's profitability.

2. Going concern

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

The following analysis supports the going concern assumption:

Current assets (R 857 627 980) exceed current liabilities (R 598 908 824)

Total assets (R 4 599 307 266) exceed total liabilities (R 2 088 516 560)

The municipal entity has an accumulated surplus and other reserves of R 2 510 790 706.

Management has reviewed the municipal entity's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, management is satisfied that the entity has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

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Financial Statements for the year ended 30 June 2015

Director's Report

The municipal entity has embarked on implementing strategies which will strengthen its ability to continue as a going concern. The most significant of these is that the municipal entity has implemented a system to enhance the revenue collection and cash flow by improving on the debt recoverability processes.

3. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year that would have an impact on the financial statements.

4. Accounting policies

The annual financial statements have been prepared in accordance with the effective Standards 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).

5. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the municipal entity during the year under review.

The entire shareholding of the municipal entity is held by Mangaung Metropolitan Municipality.

Unissued ordinary shares are under the control of Mangaung Metropolitan Municipality.

Authorised:

The authorised share capital of the company consists of 1 000 ordinary par value shares of R1 each.

Issued:

The issued total issued share capital of the company of R100 consists of 100 ordinary par value shares of R1 each.

6. Non-current assets

There were no major changes in the physical nature of non-current assets of the municipal entity during the year.

7. Directors

The current Board of Directors consists of eight (8) non-executive directors and three (3) executive directors. The Board of directors were appointed with effect from 28 February 2012. The term of the previous Board ended in November 2011. Four (4) of the new Board members were appointed for a period of four (4) years while the other four members were appointed for a period of three (3) years. The appointment of three directors (Mr. SG Xulu, Mr. SM Zimu and Mr. KM Moroka) were extended for another year until 28 February 2016.

The directors of the municipal entity during the year and to the date of this report are as follows:

Mr. ML Mbali (Chairperson)

Ms. FP Zitha (Deputy Chairperson)

Mr. N Mokhesi

Mr. TJ Mongake

Mr. KM Moroka

Mrs. ZC Uwah

Appointed 01 February 2015

Mr. SG Xulu

Mr. SM Zimu

Prof. L de Jager

Resigned 10 July 2014

8. Dividends

No dividends were declared or paid to the shareholder during the year.

Centlec (SOC) Ltd

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Financial Statements for the year ended 30 June 2015

Director's Report

9. Company secretary

Phatshoane Henney Inc. was appointed to oversee the activities of the Company Secretary. Their contact details are as follows:

Business address:

17 Third Avenue
Westdene
Bloemfontein
South Africa
9300

Postal address:

PO Box 625
Bloemfontein
South Africa
9300

10. Member and executive managers emoluments

Directors' and officers' personal financial interests in contracts

In term of Supply Chain Management Policy of the municipal entity, Directors and the municipal entity's officers are prohibited from entering into commercial transactions with the municipal entity.

Directors are required to disclose any business interest which they may have elsewhere.

The register of declaration of interest is available in the office of the Company Secretary for inspection.

Consistent with the Supply Chain Management Policy of the municipal entity, none of the directors or officers entered into any commercial transaction with the municipal entity during the period under review.

Furthermore, the directors had no interest in any third party or company responsible for managing any of the business activities of the municipal entity.

Directors' and prescribed officers' emoluments

The upper limits of the salary, allowances and other benefits of the Directors, Prescribed Officers and Executive Managers were determined by the parent municipality. Directors, Prescribed Officers and Executive Managers emoluments are disclosed in the Annual Financial Statements.

11. Corporate governance

General

The directors are committed to business integrity, transparency and professionalism in all their activities. As part of this commitment, the directors support the highest standards of corporate governance and the ongoing development of best practice.

The municipal entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2009. The directors discuss the responsibilities of management in this respect at Board meetings and monitor the municipal entity's compliance with the code on a three monthly basis.

Centlec (SOC) Ltd

(Registration number 2003/011612/07)

Financial Statements for the year ended 30 June 2015

Director's Report

Board of directors

The Board:

- retains full control over the municipal entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipal entity;
- is of a unitary structure comprising:
 - non-executive directors, all of whom are independent directors as defined in the Code; and
 - executive directors.
- has established a Board directorship continuity programme.

Chairperson and chief executive

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The upper limits of the remuneration of the Chief Executive Officer, Chief operations officer and the Chief Financial Officer, who are the only three executive directors of the municipal entity, are determined by the Parent entity, and the directors will determine the remuneration within the above mentioned limits.

Executive meetings

The directors have met on - separate occasions during the financial year. The directors schedule to meet at least 4 times per annum.

Non-executive directors have access to all members of management of the municipal entity.

Internal audit

The municipal entity has outsourced its internal audit function to Price Waterhouse Coopers Inc who continued to perform this function from the previous year. This is in compliance with the Municipal Finance Management Act, Section 62(c)(i) & 165, 2003.

12. Controlling entity

The municipal entity's controlling entity is Mangaung Metropolitan Municipality incorporated in South Africa. The municipal entity is wholly owned by Mangaung Metropolitan Municipality.

13. Bankers

ABSA Limited

14. Auditors

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

Centlec (SOC) Ltd

(Registration number 2003/011612/07)

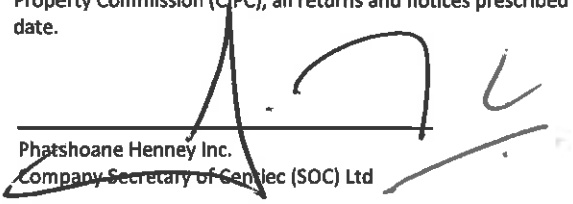
Financial Statements for the year ended 30 June 2015

Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In accordance with the provisions of the Companies Act 71 of 2008, Phatshoane Henney Inc, the Company Secretary of Centlec State Owned Company Ltd, hereby certify that:

In respect of the reporting period ended 30 June 2015, the Company has lodged with the Commissioner of the Companies and Intellectual Property Commission (CIPC), all returns and notices prescribed by the Act and that all such returns and notices are true, correct and up to date.



Phatshoane Henney Inc.

Company Secretary of Centlec (SOC) Ltd

Centlec (SOC) Ltd

(Registration number 2003/011612/07)

Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

	Note(s)	2015 R	2014 Restated* R
Assets			
Current Assets			
Cash and cash equivalents	4	137 330 162	319 877 087
Consumer receivables from exchange transactions	6	278 583 271	362 957 784
Inventories	5	67 137 369	66 273 473
Investments	11	313 462 646	186 559 011
Other financial assets	7	295 546	436 945
Other receivables from exchange transactions	8	60 818 986	1 139 426 315
		857 627 980	2 075 530 615
Non-Current Assets			
Property, plant and equipment	9	3 630 378 425	1 974 068 166
Intangible assets	10	107 267 538	99 780 162
Other financial assets	7	4 033 323	3 154 025
		3 741 679 286	2 077 002 353
Total Assets		4 599 307 266	4 152 532 968
Liabilities			
Current Liabilities			
Consumer deposits	12	70 796 810	49 488 463
Finance lease obligation	14	598 770	177 224
Loans from shareholders	19		267 867 789
Long service awards	16	972 000	597 000
Operating lease liability	13	304 171	149 479
Other financial liabilities	15	166 678 484	7 312 625
Payables from exchange transactions	17	338 898 533	316 784 493
Unspent conditional grants and receipts	23		7 017 544
VAT liability	18	20 660 056	3 766 106
		598 908 824	653 160 723
Non-Current Liabilities			
Loans from shareholders	19	1 071 479 158	2 349 561 685
Other financial liabilities	15	414 019 723	102 562 882
Finance lease obligation	14	1 113 517	127 558
Operating lease liability	13	96 338	234 323
Long service awards	16	2 899 000	2 432 000
		1 489 607 736	2 454 918 448
Total Liabilities		2 088 516 560	3 108 079 171
Net Assets		2 510 790 706	1 044 453 797

* See Note 2 & 43

Centlec (SOC) Ltd

(Registration number 2003/011612/07)

Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

		2015	2014
	Note(s)	R	Restated* R
Share capital / contributed capital	20	100	100
Reserves			
Revaluation reserve	21	1 497 804 315	45 771 881
Other NDR	22	60 000 000	60 000 000
Accumulated surplus		952 986 291	938 681 816
Total Net Assets		2 510 790 706	1 044 453 797

* See Note 2 & 43

Centlec (SOC) Ltd

(Registration number 2003/011612/07)

Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

		2015	2014
	Note(s)	R	Restated* R
Revenue			
Revenue from exchange transactions			
Service charges	24	1 888 289 555	1 803 963 823
Agency services		4 750 908	4 725 488
Other income	32	54 864 067	41 469 478
Interest income	25	120 722 869	115 002 855
Total revenue from exchange transactions		2 068 627 399	1 965 161 644
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	30	26 491 228	68 157 161
Public contributions and donations	26	15 088 138	34 117 167
Total revenue from non-exchange transactions		41 579 366	102 274 328
Total revenue	31	2 110 206 765	2 067 435 972
Expenditure			
Employee related costs	33	95 138 414	75 639 146
Management fees	36	109 470 784	100 666 986
Depreciation and amortisation	29	82 408 487	96 369 969
Impairment loss/ reversal of impairments	35	499 722	(290 854)
Finance costs	34	280 149 947	271 791 893
Debt Impairment	28	6 908 780	23 421 868
Repairs and maintenance		117 066 498	70 716 960
Bulk purchases	27	1 183 803 965	1 104 234 872
General expenses	37	211 718 275	177 988 654
Total expenditure		2 087 164 872	1 920 539 494
Operating surplus		23 041 893	146 896 478
Loss on disposal of assets and liabilities		(8 737 420)	(18 213)
Surplus for the year		14 304 473	146 878 265

* See Note 2 & 43

Centlec (SOC) Ltd

(Registration number 2003/011612/07)
Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

	Share capital / contributed capital R	Revaluation reserve R	Other NDR R	Total reserves R	Accumulated surplus R	Total net assets R
Opening balance as previously reported	100	45 771 881	60 000 000	105 771 881	729 912 601	835 684 582
Adjustments						
Prior year adjustments	-	-	-	-	61 890 953	61 890 953
Balance at 01 July 2013 as restated*	100	45 771 881	60 000 000	105 771 881	791 803 554	897 575 535
Changes in net assets						
Surplus/(Deficit) for the year	-	-	-	-	146 878 262	146 878 262
Total changes					146 878 262	146 878 262
Opening balance as previously reported	100	45 771 881	60 000 000	105 771 881	880 575 107	986 347 088
Adjustments						
Prior year adjustments	-	-	-	-	58 106 710	58 106 710
Restated* Balance at 01 July 2014 as restated*	100	45 771 881	60 000 000	105 771 881	938 681 817	1 044 453 798
Changes in net assets						
Revaluation	-	1 452 032 434	-	1 452 032 434	-	1 452 032 434
Net income (losses) recognised directly in net assets	-	1 452 032 434	-	1 452 032 434	-	1 452 032 434
Surplus for the year	-	-	-	-	14 304 474	14 304 474
Total recognised income and expenses for the year					14 304 474	1 466 336 908
Total changes					14 304 474	1 466 336 908
Balance at 30 June 2015	100	1 497 804 315	60 000 000	1 557 804 315	952 986 291	2 510 790 706
Note(s)	20	21	22			

* See Note 2 & 43

Centlec (SOC) Ltd

(Registration number 2003/011612/07)

Financial Statements for the year ended 30 June 2015

Cash Flow Statement

	Note(s)	2015 R	2014 Restated* R
Cash flows from operating activities			
Receipts			
Sale of goods and services		2 104 698 273	1 835 142 144
Grants, public contributions and donations		41 579 366	102 274 328
Interest income		44 874 574	39 140 953
		<u>2 191 152 213</u>	<u>1 976 557 425</u>
Payments			
Employee costs		(95 138 414)	(75 639 146)
Suppliers		(1 849 017 945)	(1 499 395 244)
Finance costs		(4 368)	(14 622)
		<u>(1 944 160 727)</u>	<u>(1 575 049 012)</u>
Net cash flows from operating activities	40	<u>246 991 486</u>	<u>401 508 413</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(287 155 019)	(236 484 913)
Proceeds from sale of property, plant and equipment	9	3 109 965	-
Purchase of intangible assets	10	(17 601 965)	(4 092 499)
Investments		(126 903 635)	(186 559 010)
(Purchase of)/Proceeds from sale of financial assets		(737 899)	87 051
Net cash flows from investing activities		<u>(429 288 553)</u>	<u>(427 049 371)</u>
Cash flows from financing activities			
Finance lease payments		<u>(249 853)</u>	<u>(360 635)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(182 546 920)</u>	<u>(25 901 593)</u>
Cash and cash equivalents at the beginning of the year		<u>319 877 087</u>	<u>345 778 680</u>
Cash and cash equivalents at the end of the year	4	<u>137 330 167</u>	<u>319 877 087</u>

* See Note 2 & 43

Centlec (SOC) Ltd

(Registration number 2003/011612/07)

Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	2 133 038 648		2 133 038 648	1 888 289 555	(244 749 093)	Note 52
Agency services	5 103 527		5 103 527	4 750 908	(352 619)	Note 52
Other income	29 675 863		29 675 863	54 864 067	25 188 204	Note 52
Interest income	181 750 102		181 750 102	120 722 869	(61 027 233)	Note 52
Total revenue from exchange transactions	2 349 568 140	-	2 349 568 140	2 068 627 399	(280 940 741)	

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	33 061 403		33 061 403	26 491 228	(6 570 175)	Note 52
Public contributions and donations	15 767 015		15 767 015	15 088 138	(678 877)	Note 52
Total revenue from non-exchange transactions	48 828 418	-	48 828 418	41 579 366	(7 249 052)	

Total revenue

2 398 396 558	-	2 398 396 558	2 110 206 765	(288 189 793)	

Expenditure

Employee related costs	(213 928 379)		(213 928 379)	(95 138 414)	118 789 965	Note 52
Management fees			-	(109 470 784)	(109 470 784)	Note 52
Depreciation and amortisation	(90 000 000)		(90 000 000)	(82 408 487)	7 591 513	Note 52
Impairment loss/ Reversal of impairments			-	(499 722)	(499 722)	Note 52
Finance costs	(267 240 971)		(267 240 971)	(280 149 947)	(12 908 976)	Note 52
Debt impairment	(35 000 000)		(35 000 000)	(6 908 780)	28 091 220	Note 52
Repairs and maintenance	(119 136 182)	(1 699 700)	(120 835 882)	(117 066 498)	3 769 384	Note 52
Bulk purchases	(1 107 000 000)		(1 107 000 000)	(1 183 803 965)	(76 803 965)	Note 52
General expenses	(265 820 974)	1 699 700	(264 121 274)	(211 718 274)	52 403 000	Note 52
Total expenditure	(2 098 126 506)	-	(2 098 126 506)	(2 087 164 871)	10 961 635	

Operating surplus

300 270 052	-	300 270 052	23 041 894	(277 228 158)	

Loss on disposal of assets and liabilities

990 000	-	990 000	(8 737 420)	(9 727 420)	Note 52

Surplus before taxation

301 260 052	-	301 260 052	14 304 474	(286 955 578)	

Actual Amount on Comparable Basis

301 260 052	-	301 260 052	14 304 474	(286 955 578)	

Centlec (SOC) Ltd

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Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Position						
Assets						
Current Assets						
Inventories	144 049 863		144 049 863	67 137 369	(76 912 494)	Note 52
Investments	355 217 152		355 217 152	313 462 646	(41 754 506)	Note 52
Other receivables from exchange transactions	1 231 026 765		1 231 026 765	60 818 987	(1 170 207 778)	Note 52
Consumer receivables from exchange transactions	347 936 472		347 936 472	278 583 271	(69 353 201)	Note 52
Cash and cash equivalents	43 068 920		43 068 920	137 330 162	94 261 242	Note 52
	2 121 299 172	-	2 121 299 172	857 332 435	(1 263 966 737)	
Non-Current Assets						
Property, plant and equipment	3 029 192 622		3 029 192 622	3 630 378 424	601 185 802	Note 52
Intangible assets				107 267 538	107 267 538	Note 52
Other financial assets	4 216 646		4 216 646	4 328 869	112 223	Note 52
	3 033 409 268	-	3 033 409 268	3 741 974 831	708 565 563	
Total Assets	5 154 708 440	-	5 154 708 440	4 599 307 266	(555 401 174)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	494 143 441		494 143 441	338 898 532	(155 244 909)	Note 52
VAT liability		-	-	20 660 056	20 660 056	Note 52
Consumer deposits	47 763 633	-	47 763 633	70 796 810	23 033 177	Note 52
	541 907 074	-	541 907 074	430 355 398	(111 551 676)	
Non-Current Liabilities						
Loans from shareholders	2 654 264 178	-	2 654 264 178	1 071 479 158	(1 582 785 020)	Note 52
Other non-current financial liabilities	104 204 622	-	104 204 622	580 698 207	476 493 585	Note 52
Finance lease obligation	934 648	-	934 648	1 712 287	777 639	Note 52
Operating lease liability	313 412	-	313 412	400 509	87 097	Note 52
Long service awards	3 201 947	-	3 201 947	3 871 000	669 053	Note 52
	2 762 918 807	-	2 762 918 807	1 658 161 161	(1 104 757 646)	
Total Liabilities	3 304 825 881	-	3 304 825 881	2 088 516 559	(1 216 309 322)	
Net Assets	1 849 882 559	-	1 849 882 559	2 510 790 707	660 908 148	
Net Assets						
Net Assets Attributable to Controlling Entity						
Share capital	100		100	100		Note 52

Centlec (SOC) Ltd

(Registration number 2003/011612/07)

Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Reserves						
Revaluation reserve	116 739 388		116 739 388	1 497 804 315	1 381 064 927	Note 52
Other NDR	60 000 000		60 000 000	60 000 000	-	Note 52
Accumulated surplus	1 673 143 071		1 673 143 071	952 986 292	(720 156 779)	Note 52.
Total Net Assets	1 849 882 559	-	1 849 882 559	2 510 790 707	660 908 148	

Centlec (SOC) Ltd

(Registration number 2003/011612/07)

Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	2 179 096 326	-	2 179 096 326	2 104 698 273	(74 398 053)	
Grants, public contributions and donations	38 208 205	-	38 208 205	41 579 366	3 371 161	
Interest income	181 750 090	-	181 750 090	44 874 574	(136 875 516)	
	2 399 054 621	-	2 399 054 621	2 191 152 213	(207 902 408)	
Payments						
Suppliers and employee costs	(1 831 543 598)	-	(1 831 543 598)	(1 944 156 359)	(112 612 761)	
Finance costs	(267 240 971)	-	(267 240 971)	(4 368)	267 236 603	
	(2 098 784 569)	-	(2 098 784 569)	(1 944 160 727)	154 623 842	
Net cash flows from operating activities	300 270 052	-	300 270 052	246 991 486	(53 278 566)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(299 093 299)	-	(299 093 299)	(287 155 019)	11 938 280	
Proceeds from sale of property, plant and equipment	990 000	-	990 000	3 109 965	2 119 965	
Purchase of other intangible assets	-	-	-	(17 601 965)	(17 601 965)	
Investments	-	-	-	(126 903 635)	(126 903 635)	
Purchase of financial assets	-	-	-	(737 899)	(737 899)	
Net cash flows from investing activities	(298 103 299)	-	(298 103 299)	(429 288 553)	(131 185 254)	
Cash flows from financing activities						
Finance lease payments	-	-	-	(249 853)	(249 853)	
Net cash flows from financing activities	-	-	-	(249 853)	(249 853)	
Net increase/(decrease) in cash and cash equivalents	2 166 753	-	2 166 753	(182 546 920)	(184 713 673)	
Cash and cash equivalents at the beginning of the year	319 818 399	-	319 818 399	319 877 087	58 688	
Cash and cash equivalents at the end of the year	321 985 152	-	321 985 152	137 330 167	(184 654 985)	

Centlec (SOC) Ltd

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Financial Statements for the year ended 30 June 2015

Appropriation Statement

	Original budget		Budget adjustments		Final adjustments		Shifting of funds (i.t.o. s31 of the MFMA)		Final budget		Actual outcome		Unauthorised expenditure		Variance		Actual outcome as % of final budget		Actual outcome as % of original budget	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
2015																				
Financial Performance																				
Service charges	2 415 640 876	(282 602 228)	2 133 038 648						2 133 038 648	1 888 289 555					(244 749 093)		89 %		78 %	
Investment revenue	181 448 818	301 284	181 750 102						181 750 102	120 722 869					(61 027 233)		66 %		67 %	
Other own revenue	67 286 564	(31 517 174)	35 769 390						35 769 390	59 614 975					23 845 585		167 %		89 %	
Total revenue (excluding capital transfers and contributions)	2 664 376 258	(313 818 118)	2 350 558 140						2 350 558 140	2 068 627 399					(281 930 741)		88 %		78 %	
Employee costs	(202 979 688)	(10 948 691)	(213 928 379)						(213 928 379)	(95 138 414)					118 789 965		44 %		47 %	
Debt impairment	(35 000 000)		(35 000 000)						(35 000 000)	(6 908 780)					28 091 220		20 %		20 %	
Depreciation and asset impairment	(148 008 111)	58 008 111	(90 000 000)						(90 000 000)	(82 908 208)					7 091 792		92 %		56 %	
Finance charges	(267 452 575)	211 604	(267 240 971)						(267 240 971)	(280 149 947)					(12 908 976)		105 %		105 %	
Materials and bulk purchases	(1 350 000 000)	243 000 000	(1 107 000 000)						(1 107 000 000)	(1 183 803 965)					(76 803 965)		107 %		88 %	
Other expenditure	(413 029 172)	28 072 016	(384 957 156)						(384 957 156)	(446 992 977)					(62 035 821)		116 %		108 %	
Total expenditure	(2 416 469 546)	318 343 040	(2 098 126 506)						(2 098 126 506)	(2 095 902 291)					2 224 215		100 %		87 %	
Surplus/(Deficit)	247 906 712	4 524 922	252 431 634						252 431 634	(27 274 892)					(279 706 526)		(11)%		(11)%	

Centlec (SOC) Ltd

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Financial Statements for the year ended 30 June 2015

Appropriation Statement

	Original budget		Budget adjustments (i.t.o. s28 and s31 of the MFMA)		Final adjustments budget		Shifting of funds (i.t.o. s31 of the MFMA)				Virement (i.t.o. of the council approved policy)		Final budget		Actual outcome		Unauthorised expenditure		Variance		Actual outcome as % of final budget		Actual outcome as % of original budget	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Transfers recognised - capital	33 061 403	-	-	33 061 403	-	-	-	-	-	-	-	-	-	33 061 403	26 491 228	-	-	-	-	(6 570 175)	-	80 %	-	80 %
Contributions recognised - capital and contributed assets	19 267 015	(3 500 000)	(3 500 000)	15 767 015	-	-	-	-	-	-	-	-	-	15 767 015	15 088 138	-	-	-	-	(678 877)	-	96 %	-	78 %
Surplus (Deficit) after capital transfers and contributions	300 235 130	1 024 922	1 024 922	301 260 052	-	-	-	-	-	-	-	-	-	301 260 052	14 304 474	-	-	-	-	(286 955 578)	-	5 %	-	5 %
Surplus/(Deficit) for the year	300 235 130	1 024 922	1 024 922	301 260 052	-	-	-	-	-	-	-	-	-	301 260 052	14 304 474	-	-	-	-	(286 955 578)	-	5 %	-	5 %
Capital expenditure and funds sources																								
Total capital expenditure	298 963 243	130 056	130 056	299 093 299	-	-	-	-	-	-	-	-	-	299 093 299	248 319 018	-	-	-	-	(50 774 281)	-	83 %	-	83 %
Sources of capital funds																								
Transfers recognised - capital	26 491 228	-	-	26 491 228	-	-	-	-	-	-	-	-	-	26 491 228	26 501 071	-	-	-	-	9 843	-	100 %	-	100 %
Public contributions and donations	19 267 015	(3 500 000)	(3 500 000)	15 767 015	-	-	-	-	-	-	-	-	-	15 767 015	13 331 248	-	-	-	-	(2 435 767)	-	85 %	-	69 %
Internally generated funds	253 205 000	3 630 056	3 630 056	256 835 056	-	-	-	-	-	-	-	-	-	256 835 056	208 486 699	-	-	-	-	(48 348 357)	-	81 %	-	82 %
Total sources of capital funds	298 963 243	130 056	130 056	299 093 299	-	-	-	-	-	-	-	-	-	299 093 299	248 319 018	-	-	-	-	(50 774 281)	-	83 %	-	83 %

Centlec (SOC) Ltd

(Registration number 2003/011612/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Presentation of Financial Statements

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

These 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. They are presented in South African Rand and the amounts are rounded off to the nearest Rand.

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 financial statements, are disclosed below.

Centlec (SOC) Ltd ("the municipal entity") is a municipal entity wholly owned by Mangaung Metropolitan Municipality.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

The following analysis supports the going concern assumption:

Current assets (R 857 627 980) exceed current liabilities (R 598 908 824)

Total assets (R 4 599 307 266) exceed total liabilities (R 2 088 516 560)

The municipal entity has an accumulated surplus and other reserves of R 2 510 790 706.

Management has reviewed the municipal entity's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, management is satisfied that the entity has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The municipal entity has embarked on implementing strategies which will strengthen its ability to continue as a going concern. The most significant of these is that the municipal entity has implemented a system to enhance the revenue collection and cash flow by improving on the debt recoverability processes.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements. Significant judgements include:

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1.3 Significant judgements and sources of estimation uncertainty (continued)

Trade receivables / Held to maturity investments and/or loans and receivables

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

Allowance for slow moving, damaged and obsolete stock

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

Impairment testing

The recoverable (service) 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. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets:

The municipal entity 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. They are significantly affected by a number of factors, together with economic factors such as inflation and interest.

Value in use of non-cash generating assets:

The municipal entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in the notes to the financial statements.

Useful lives of property, plant and equipment and other assets

The municipal entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipal entity.

Effective Interest rate

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

Allowance for impairment

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

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1.4 Property, plant and equipment

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

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

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

Property, plant and equipment are 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 no-value exchange asset, or a combination of these 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 or received.

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.

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

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

Subsequent measurement:

Cost model

Motor vehicles and office equipment is carried at cost less accumulated depreciation and any impairment losses.

Revaluation model

Land, buildings, plant and machinery and infrastructure assets are carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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

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

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1.4 Property, plant and equipment (continued)

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

An impairment loss on a non-revalued asset is recognised in surplus or deficit. However, an impairment loss on a revalued asset is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

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

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost or revaluation amount of an asset less its residual value.

Depreciation commences when an asset is available for use and ceases when the asset is derecognised.

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

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.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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

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

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

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

Item	Average useful life
Land	Indefinite
Buildings	
• Office buildings	40 years
• Training centres	40 years
• Fixtures & fittings	3 years
Motor vehicles	
• Trucks and light delivery vehicles	5-7 years
• Ordinary motor vehicles	5-7 years
• Motor cycles	3 years

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1.4 Property, plant and equipment (continued)

Office equipment

• Computer hardware	5 years
• Computer machines	3-5 years
• Air conditioners	5-7 years
• Chairs	7-10 years
• Tables and desks	7-10 years
• Cabinets and cupboards	7-10 years
• Access control systems	5 years
• Security systems	5 years
• Household refuse bins	5 years
• Bulk refuse containers	10 years
• Fire hoses	5 years
• Other fire-fighting equipment	15 years
• Emergency lights	5 years

Infrastructure

• Generation	50 years
• HV Transformers	40 years
• HV Substation Equipment	45 years
• HV Lines	40 years
• HV Cables	45 years
• Buildings	50 years
• MV Transformers	40 years
• MV Switchgear	45 years
• MV Lines	50 years
• MV Cables	50 years
• MV Switching Station	45 years
• OH Line Equipment	40 years
• Service Connections	45 years
• LV Distribution Boxes	50 years
• LV Lines	45 years
• LV Cables	50 years
• Meters Consumer Credit	20 years
• Meters Consumer Prepaid	15 years
• Meter Consumer Electronic	15 years
• Meters Consumer Smart	15 years
• Load Control	15 years
• Protection	20 years
• Electrical Information Systems	7 years
• IT Equipment	5 years
• MV Batteries	20 years
• Security fencing	3 years

1.5 Intangible assets

Initial recognition

Intangible assets are initially recognised at cost.

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

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

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1.5 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequent measuring

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

Servitudes are subsequently measured in accordance with the revaluation model.

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

Other intangible assets that are acquired by the municipal entity and have finite useful lives are initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Where an intangible asset is acquired at no cost, or for a nominal cost, the cost is deemed to be its fair value as at the date of acquisition.

Servitudes created through the exercise of legislation are not recognised as intangible assets and any costs incurred to register these servitudes are expensed. However, servitudes that are created through an agreement (contract) are recognised as intangible assets.

Subsequent expenditure

Expenditure on intangible assets shall be recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria. All other expenditure, including expenditure on internally generated goodwill and customer lists, is recognised in surplus or deficit as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Servitudes are not amortised as their nature are the same as that of land, which is not a depreciable item.

Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Item	Useful life
Computer software and licenses	1-5 years

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of financial performance.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Intangible assets are derecognised on disposal or when no future economic benefits or services 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 the statement of financial performance when the asset is derecognised.

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1.5 Intangible assets (continued)

Intangible assets are derecognised:

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

1.6 Commitments

The term 'commitments' is not defined in any of the standards but may be referred to as the intention to commit to an outflow from the entity of resources embodying economic benefits.

Generally, a commitment arises when a decision is made to incur a liability e.g. a purchase contract. Such a decision is evidenced by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules. These preconditions ensure that the information relating to commitments is relevant and capable of reliable measurement.

An entity may enter into a contract on or before the reporting date for expenditure over subsequent accounting periods e.g. a contract for construction of infrastructure assets, the purchase of major items of plant and equipment or significant consultancy contracts. In these events, a commitment exists at the reporting date as the entity has contracted for expenditure but no work has started and no payments have been made.

The notes to the financial statements must disclose the nature and amount of each material individual expenditure commitment and each material class of capital expenditure commitment as well as non-cancelable operating leases contracted for at the reporting date. Commitments for the supply of inventories, where a liability under a contract has not yet been recognised, do not require disclosure as a commitment.

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

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

1.7 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.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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1.7 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or -liability (or group of financial assets or -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 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, 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 guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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.

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.

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.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or

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1.7 Financial instruments (continued)

- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition in accordance with paragraph 17 of GRAP 104; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

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

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

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

Initial recognition

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

The municipal entity recognises financial assets using trade date accounting.

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1.7 Financial Instruments (continued)

Initial measurement of financial assets and financial liabilities

The municipal entity 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.

The municipal entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipal entity analyses a concessionary loan into its component parts and accounts for each component separately. The municipal entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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Accounting Policies

1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same and discounted cash flow analysis. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity 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.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

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

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

Where the municipal entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

The municipal entity 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.

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1.7 Financial instruments (continued)

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 or through the use of an allowance account. 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.

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1.7 Financial Instruments (continued)

Derecognition

Financial assets

The municipal entity derecognises financial assets using trade date accounting.

The municipal entity derecognises a financial asset only when:

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

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

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

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

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

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

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

Financial liabilities

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

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

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1.7 Financial instruments (continued)

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 municipal 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 municipal entity directly to net assets, net of any related income tax benefit [where applicable]. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit [where applicable].

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

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

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost. Fair value approximates the carrying amount. However, where the asset is not readily convertible into cash amounts for a period exceeding three months these are treated as investments.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Value added tax (VAT)

The municipal entity accounts for VAT on the cash basis. The municipal entity is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipal entity accounts for VAT on a monthly basis.

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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 entity assesses the classification of each element separately.

Finance leases - municipal entity as lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease or where no interest rate implicit in the lease is available, the rate used is the entity's incremental borrowing rate.

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

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

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Operating leases - lessee

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

Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipal entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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1.10 Inventories (continued)

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipal entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipal entity 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.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipal entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipal entity.

Identification

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

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

Irrespective of whether there is any indication of impairment, the municipal entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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1.11 Impairment of cash-generating assets (continued)

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 municipal entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipal entity applies the appropriate discount rate to those future cash flows.

Where it is not practical to determine the fair value less costs to sell, the entity uses the value in use.

Basis for estimates of future cash flows

In measuring value in use the municipal entity:

- 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 restructurings or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

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 municipal entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

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

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1.11 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 municipal entity 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 municipal entity 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 municipal entity 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 entity does not reduce the carrying amount of an asset below the highest of:

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

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

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

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1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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.

1.12 Impairment of non-cash-generating assets

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipal entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipal entity.

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Where it is not practical to determine the fair value less costs to sell, the entity uses the value in use.

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

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

Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned 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.

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

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 municipal entity 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 municipal entity 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 municipal entity 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.

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

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.

1.13 Share capital / contributed capital

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

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1.14 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting municipal entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting municipal entity's own creditors (even in liquidation) and cannot be paid to the reporting municipal entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting municipal entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an municipal entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits

The Board is demonstrably committed to a termination when the Board has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes as a minimum:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than twelve months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit 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 benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

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.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from the municipal entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipal entity has indicated to other parties that it will accept certain responsibilities and as a result, the municipal entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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1.14 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the 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 entity during a reporting period, the entity 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 municipal 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 municipal entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the municipal entity 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 entity has no realistic alternative but to make the payments.

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1.14 Employee benefits (continued)

Other long-term employee benefits

For long service awards the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries.

Actuarial gains and losses are recognised in the statement of financial performance in the period that they occur.

Gains or losses on the curtailment or settlement of long service awards are recognised when the entity is demonstrably committed to curtailment or settlement.

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

The amount recognised in the statement of financial position represents the present value of the long service award obligation minus the fair value of plan assets, if any.

Actuarial assumptions are included in the note of long service awards.

The municipal entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

Reimbursements

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

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

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1.15 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- 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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipal entity

No obligation arises as a consequence of the sale or transfer of an operation until the municipal entity is committed to the sale or transfer, that is, there is a binding arrangement.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Board.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Board; or
- a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
 - the amount of the obligation cannot be measured with sufficient reliability.

After their initial recognition, contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

1.16 Revenue from exchange transactions

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

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

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

Measurement

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

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Accounting Policies

1.16 Revenue from exchange transactions (continued)

Sale of goods

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

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Service charges

Service charges relating to distribution of electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made on a monthly basis when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is raised based on the average monthly consumption. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters are read. These adjustments are recognised as revenue in the invoicing period. Estimates of consumption between meter readings are based on historical information.

Pre-paid electricity

Prepaid electricity revenue is recognised at the point of sale. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. Pre-paid electricity sales are reconciled on a monthly basis and the sum of the monthly sales provides the total sales for the year. The financial year is divided in two seasons based on the application of tariffs with the seasons being summer (1 September – 31 May) and winter (1 June to 31 August). The deferred portion of revenue is accounted for by an adjustment for units not consumed at year end. This adjustment is based on the average consumption history, multiplied by the weighted average cost of units sold in June. Average consumption in units is determined per active prepaid meter using a trend analysis of historical consumer purchase data per meter for the months of May, June and July. The deferred portion of revenue is the amount by which the actual prepaid electricity sold for the month of June exceeds the average consumption calculated.

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Accounting Policies

1.17 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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

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.

Conditional grants and receipts

Revenue from conditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipal entity and the amount of the revenue can be measured reliably and to the extent that there has been compliance with any restrictions associated with the grant.

Recognition

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

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

Measurement

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

When, as a result of a non-exchange transaction, the municipal entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipal entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipal entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed program may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipal entity;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.18 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

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

1.21 Comparative figures

When the presentation or classification of an item in the annual financial statements are amended, comparative amounts are reclassified.

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Financial Statements for the year ended 30 June 2015

Accounting Policies

1.22 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Detailed disclosure have been made in the notes to the financial statements as required by MFMA.

1.23 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 municipal entity's supply chain management policy. 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.

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant program/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.24 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.25 Budget information

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

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

The 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.

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Accounting Policies

1.26 Related parties

The municipal entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

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

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

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

1.27 Events after reporting date

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

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

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

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

1.28 Accumulated surplus

The municipal entity's surplus or deficit for the year is accounted for in the accumulated surplus in the statement of changes in net assets.

The accumulated surplus/deficit represents the net difference between total assets and total liabilities of the municipal entity. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments relating to income and expenditure are debited/credited against accumulated surplus when retrospective adjustments are made.

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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014
	R	R

2. Changes in accounting policy and estimates

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the following:

- Property, plant and equipment
- Financial instruments

Property, Plant and Equipment

During the year, the municipal entity changed its accounting estimates with respect to property, plant and equipment. In order to conform with the benchmark treatment of GRAP17. The municipal entity re-assessed the remaining useful lives of all property, plant and equipment, which led to a change in the depreciation for the current year.

Financial Instruments

During the year, the entity changed its accounting policy with respect to the treatment of Financial Instruments. In order to conform with the benchmark treatment in GRAP 104 – Financial Instruments. The change will ensure that the users of the financial statements have all relevant information available to enable them to make decisions and understand the financial statements completely.

The change in accounting policy relates to the measurement of consumer deposits. The previous year's accounting policy stated that consumer deposits were being measured as a financial liability at cost when in practice it was actually being measured as a financial liability at amortised cost. The accounting policy was amended and resulted in no effect on the statement of financial position or the statement of financial performance.

Refer to note 1.7 for the accounting policy on financial instruments.

The aggregate effect of the changes in accounting estimate on the financial statements for the year ended 30 June 2015 is as follows:

Statement of financial position

Property, plant and equipment

Property, Plant and Equipment	1 841 976 213	2 007 096 844
Change in useful life estimate adjustment	48 842 929	31 070 335
	<u>1 890 819 142</u>	<u>2 038 167 179</u>

Statement of Financial Performance

Depreciation

Value if no change in estimate was made	116 148 342	130 201 968
Change in useful life estimate adjustment	(48 842 929)	(31 070 335)
	<u>67 305 413</u>	<u>99 131 633</u>



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Notes to the Financial Statements

3. New standards and interpretations

3.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2015 or later periods:

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's 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 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.

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;

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Notes to the Financial Statements

3. New standards and interpretations (continued)

- 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 not yet set by the Minister of Finance.

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

The adoption of this standard is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the 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.

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

The adoption of this standard is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the financial statements.

DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP

The objective of this Directive is to permit an entity to change its measurement bases following the initial adoption of Standards of GRAP. The change is based on the principles in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. This Directive should therefore be read in conjunction with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In applying paragraph 13(b) of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors, this Directive allows an entity, that has initially adopted the fair value model for investment property or the revaluation model for property, plant and equipment, intangible assets or heritage assets, to change its accounting policy on a once-off basis to the cost model when the entity elects to change its accounting policy following the initial adoption of these Standards of GRAP. The once-off change will be allowed when the entity made an inappropriate accounting policy choice on the initial adoption of the Standards of GRAP.

Subsequent to the application of this Directive, an entity will be allowed to change its accounting policy in future periods subject to it meeting the requirements in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The effective date of the standard is for years beginning on or after 01 April 2015.

The entity expects to adopt the standard for the first time in the 2016 financial statements.

The impact of this standard is currently being assessed.

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Notes to the Financial Statements

3. New standards and interpretations (continued)

3.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2015 or later periods but are not relevant to its operations:

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 entity. 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 entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

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 2015. Although the effective date is for years beginning on or after 01 April 2015, in accordance with Government Gazette no 37820 and Directive 5 this standard is not yet effective for municipalities and municipal entities.

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

The adoption of this standard is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the 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 2015.

The entity expects to adopt the standard for the first time in the 2016 financial statements.

Notes to the Financial Statements

3. New standards and interpretations (continued)

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

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

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 2015.

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

It is unlikely that the amendment will have a material impact on the entity's 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 2015.

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

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

Notes to the Financial Statements

3. New standards and interpretations (continued)

IGRAP 11: Consolidation – Special purpose entities

An entity may be created to accomplish a narrow and well-defined objective (e.g. to effect a lease, research and development activities or a securitisation of financial assets). Such a special purpose entity ('SPE') may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their management over the operations of the SPE. Frequently, these provisions specify that the policy guiding the ongoing activities of the SPE cannot be modified, other than perhaps by its creator or sponsor (ie they operate on so-called 'autopilot'). The sponsor (or entity on whose behalf the SPE was created) frequently transfers assets to the SPE, obtains the right to use assets held by the SPE or performs services for the SPE, while other parties ('capital providers') may provide the funding to the SPE. An entity that engages in transactions with an SPE (frequently the creator or sponsor) may in substance control the SPE. A beneficial interest in an SPE may, for example, take the form of a debt instrument, an equity instrument, a participation right, a residual interest or a lease. Some beneficial interests may simply provide the holder with a fixed or stated rate of return, while others give the holder rights or access to other future economic benefits or service potential of the SPE's activities. In most cases, the creator or sponsor (or the entity on whose behalf the SPE was created) retains a significant beneficial interest in the SPE's activities, even though it may own little or none of the SPE's net assets.

The Standard of GRAP on Consolidated and Separate Financial Statements requires the consolidation of entities that are controlled by the reporting entity. However, the Standard of GRAP does not provide explicit guidance on the consolidation of SPEs. The issue is under what circumstances an entity should consolidate an SPE. This interpretation of the Standards of GRAP does not apply to post-employment benefit plans or other long-term employee benefit plans to which the Standard of GRAP on Employee Benefits applies.

A transfer of assets from an entity to an SPE may qualify as a sale by that entity. Even if the transfer does qualify as a sale, the provisions of the Standard of GRAP on Consolidated and Separate Financial Statements and this Interpretation of the Standards of GRAP may mean that the entity should consolidate the SPE. This Interpretation of the Standards of GRAP does not address the circumstances in which sale treatment should apply for the entity or the elimination of the consequences of such a sale upon consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

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

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

IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures

Paragraph .54 in the Standard of GRAP on Interests in Joint Ventures refers to both contributions and sales between a venturer and a joint venture as follows: 'When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction'. In addition, paragraph 31 in the Standard of GRAP on Interests in Joint Ventures says that 'a jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest'. There is no explicit guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities ('JCEs').

Contributions to a JCE are transfers of assets by venturers in exchange for an interest in the net asset in the JCE. Such contributions may take various forms. Contributions may be made simultaneously by the venturers either upon establishing the JCE or subsequently. The consideration received by the venturer(s) in exchange for assets contributed to the JCE may also include cash or other consideration that does not depend on future cash flows of the JCE ('additional consideration').

The issues are:

- when the appropriate portion of gains or losses resulting from a contribution of a non-monetary asset to a JCE in exchange for an interest in the net assets in the JCE should be recognised by the venturer in surplus or deficit;
- how additional consideration should be accounted for by the venturer; and
- how any unrealised gain or loss should be presented in the consolidated

Notes to the Financial Statements

3. New standards and interpretations (continued)

This Interpretation of the Standards of GRAP deals with the venturer's accounting for non-monetary contributions to a JCE in exchange for an interest in the net assets in the JCE that is accounted for using either the equity method or proportionate consolidation.

The effective date of this interpretation is dependent on/in conjunction with the effective date of GRAP105, 106 and 107.

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

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

GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107] from the date at which it first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. An entity shall apply these amendments when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

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

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

GRAP 7 (as revised 2010): Investments in Associates

Paragraphs .03 and .42 were amended by the improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .22, .28 and .38 and added paragraph .24. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

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

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

Notes to the Financial Statements

3. New standards and interpretations (continued)

GRAP 8 (as revised 2010): Interests in Joint Ventures

Paragraph .04 was amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers added paragraph .50 and amended paragraphs .51 and .52. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

An entity shall apply this amendment for annual financial statements covering periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107].

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

It is unlikely that the amendment will have a material impact on the entity's 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 entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's 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 arrangements.

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.

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Notes to the Financial Statements

3. New standards and interpretations (continued)

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

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

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Notes to the Financial Statements

	2015 R	2014 R
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	21 310 819	39 671 724
Short-term deposits	116 019 342	280 205 363
	137 330 161	319 877 087

Short-term deposits consist of:

ABSA - 32 Day call account	115 797 115	107 818 543
ABSA - 1 Day call account	222 227	172 386 820
	116 019 342	280 205 363

Short-term deposits consists of the following short term investments with ABSA. The details and interest earned on these investments are set out below:

- ABSA 32 Day call account with an interest rate of 7.40%.

- ABSA 1 Day call account with varying interest rates between 0.00% and 6.00% depending on the amount invested.

The municipal entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
ABSA Bank - Cheque account - 4058833582	18 939 560	30 473 525	72 363 124	19 406 828	34 324 866	105 476 575
ABSA Bank - Cheque account - 4055133721	289	55	528 653	289	55	526 034
ABSA Bank - Cheque account - 4054065339	79 266	142 041	257 714	79 266	142 041	237 547
ABSA Bank - Cheque account - 470001402	2 243 518	7 032 350	2 453 152	2 189 938	6 978 770	1 408 119
ABSA Bank - Cheque account - 4054530924	17 779	8 424	1 335 059	17 779	(6 530)	1 308 567
ABSA Bank - Cheque account - 4078209583	1 304 309	202 707	19 805 133	(430 655)	(1 795 792)	11 503 501
ABSA Bank - Cheque account - 4080522070	21 268	21 344	14 176	21 268	21 344	14 176
ABSA Bank - Cheque account - 4080521896	26 106	6 970	145	26 106	6 970	14 176
Total	22 632 095	37 887 416	96 757 156	21 310 819	39 671 724	120 488 695

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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015 R	2014 R
5. Inventories		
Raw materials, components	67 323 722	66 324 946
	67 323 722	66 324 946
Inventories (write-downs)	(186 353)	(51 473)
	67 137 369	66 273 473

An assessment of the net realisable value against cost was performed and inventory was written down.

Inventories that were recognised as stores issues during the year amounted to R90 088 035, of which a portion was capitalised.

Inventory pledged as security

No inventory was pledged as security.

6. Consumer receivables from exchange transactions**Gross balances**

Electricity	688 772 432	765 470 061

Less: Allowance for impairment

Electricity	(410 189 162)	(402 512 277)

Net balance

Electricity	278 583 271	362 957 784

Electricity

Current (0 -30 days)	108 444 535	127 023 153
31 - 60 days	48 936 037	63 028 100
61 - 90 days	17 741 530	31 286 651
91 - 120 days	361 430 469	412 290 677
Meter reading estimate at year end	154 421 694	132 408 765
Accrual prepaid sales	(39 983)	-
Discounting	(535 498)	(115 778)
Transferred to non-current receivables	(1 626 351)	(451 507)
	688 772 433	765 470 061

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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015 R	2014 R
6. Consumer receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Residential and sundry		
Current (0 -30 days)	17 609 693	26 013 852
31 - 60 days	13 571 932	20 133 246
61 - 90 days	5 789 796	9 764 822
90+ days	169 996 612	164 247 699
	206 968 033	220 159 619
Business/Commercial and municipal		
Current (0 -30 days)	71 965 603	82 813 380
31 - 60 days	24 357 835	35 577 190
61 - 90 days	7 624 370	20 655 437
90+ days	134 686 682	234 093 504
	238 634 490	373 139 511
Government		
Current (0 -30 days)	18 869 239	18 195 921
31 - 60 days	11 006 270	7 317 664
61 - 90 days	4 327 363	866 392
90+ days	56 747 175	13 949 474
	90 950 047	40 329 451
Total		
Current (0 -30 days)	108 444 535	127 023 153
31 - 60 days	48 936 037	63 028 100
61 - 90 days	17 741 530	31 286 651
90+ days	361 430 469	412 290 677
	536 552 571	633 628 581
Provision for debt impairment	(410 189 162)	(402 512 277)
Meter reading estimate	154 421 694	132 408 765
Accrual prepaid sales	(39 983)	-
Discounting	(535 498)	(115 778)
Transferred to non-current receivables	(1 626 351)	(451 507)
	278 583 271	362 957 784
Provision for debt impairment		
Provision for debt impairment	(410 189 162)	(402 512 277)
Reconciliation of allowance for impairment		
Balance at beginning of the year	(402 512 277)	(377 628 950)
Contributions to allowance	(7 676 885)	(24 883 327)
	(410 189 162)	(402 512 277)

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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015 R	2014 R
6. Consumer receivables from exchange transactions (continued)		
Consumer receivables pledged as security		
No consumer receivables were pledged as security in the current or prior financial period.		
Fair value of consumer receivables		
Consumer receivables are reflected net of the provision for doubtful debt and the effect of discounting. The interest rate used in discounting is the prime rate at period end adjusted for CPI applicable to the public sector.		
The municipal entity enters into settlement agreements with debtors whose accounts are long overdue and these agreements carry no interest. The balance that is settled over a period longer than 12 months is deemed to constitute a financing arrangement and is accounted for at the net present value of the future cash flows. The accounts which are due for more than 12 months are disclosed as non-current receivables.		
The creation and release of provision for impaired receivables have been included in expenses in the statement of financial performance. Unwinding of discount is included in the notes to the statement of financial performance. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.		
The maximum exposure to credit risk at the reporting date is the fair value of each class of consumer receivable mentioned above. The municipal entity does not hold any collateral as security.		
Fair value of the consumer debtors approximates the carrying value at year end.		
7. Other financial assets		
Loans and receivables		
Kopanong Local Municipality	1 629 218	1 841 385
The capital funding provided to Kopanong Local Municipality is repayable in monthly installments based on the estimated useful life of the capital asset. The capital advances bears interest at 10%		
Mohokare Local Municipality	872 545	988 848
The capital funding provided to Mohokare Local Municipality is repayable in monthly installments based on the estimated useful life of the capital asset. The capital advances bears interest at 10%		
Naledi Local Municipality	200 754	309 230
The capital funding provided to Naledi Local Municipality is repayable in monthly installments based on the estimated useful life of the capital asset. The capital advances bears interest at 10%		
Consumer debtors - Arrangements	1 626 351	451 507
Consumer debtors with arrangements which stretches over a period longer than 12 months.		
	4 328 868	3 590 970
Non-current assets		
Loans and receivables	4 033 323	3 154 025
Current assets		
Loans and receivables	295 546	436 945

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Notes to the Financial Statements

	2015 R	2014 R
7. Other financial assets (continued)		
Financial assets at fair value		
Renegotiated terms		
None of the financial assets that are fully performing have been renegotiated in the last year.		
Fair value of the other financial assets approximates the carrying value at year end.		
Financial assets pledged as security		
None of the financial assets were pledged as security for any financial liabilities and no securities are held for any of the financial assets.		
8. Other receivables from exchange transactions		
Deposits	725 341	710 779
DOE Grant - Southern Free State Towns	5 087 728	5 087 728
Insurance debtor	77 067	-
Inter company loan	-	895 126 577
Kopanong Local Municipality	14 618 595	10 029 090
Mangaung metropolitan municipality - Other receivables	-	204 242 014
Mohokare Local Municipality	18 384 364	10 248 610
Naledi Local Municipality	15 434 905	12 223 565
Other receivables	5 163 784	760
Prepaid expenses	509 299	211 568
Receipt reversal	2 665	1 522 889
Vendors	815 238	22 735
	60 818 986	1 139 426 315

Other receivables pledged as security

No other receivables from exchange transactions were pledged as security for overdraft facilities of the municipal entity.

Fair value of other receivables

The creation and release of provision for impaired receivables have been included in expenses in surplus or deficit.

Unwinding of discount is included in interest received in surplus or deficit. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The municipal entity does not hold any collateral as security.

Fair value of other receivables approximates the carrying value at year end.

Centlec (SOC) Ltd

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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

Figures in Rand

9. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	9 859 500	-	9 859 500	7 560 000	-	7 560 000
Buildings	79 639 757	(1 564 685)	78 075 072	65 183 372	(10 565 513)	54 617 859
Infrastructure	3 753 515 504	(293 094 939)	3 460 420 565	2 477 431 639	(629 925 326)	1 847 506 313
Motor vehicles	102 188 617	(48 014 377)	54 174 240	88 952 681	(45 787 085)	43 165 596
Office equipment	42 503 044	(16 358 726)	26 144 318	32 346 164	(11 412 768)	20 933 396
Leased Assets	2 064 836	(360 106)	1 704 730	845 713	(560 711)	285 002
Total	3 989 771 258	(359 392 833)	3 630 378 425	2 672 319 569	(698 251 403)	1 974 068 166

Centlec (SOC) Ltd

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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Capital work in progress	Disposals	Revaluations	Depreciation	Impairment loss	Total
Land	7 560 000	-	-	-	2 299 500	-	-	9 859 500
Buildings	54 617 860	253 219	-	-	26 528 789	(3 324 795)	-	78 075 073
Infrastructure	1 847 506 312	166 787 217	85 601 175	(10 728 770)	1 423 204 145	(51 949 514)	-	3 460 420 565
Motor vehicles	43 165 597	23 057 437	-	(689 796)	-	(10 999 089)	(359 909)	54 174 240
Office equipment	20 933 396	11 455 971	-	(428 819)	-	(5 816 231)	-	26 144 317
Leased Assets	285 002	1 623 993	-	-	-	(204 266)	-	1 704 729
	1 974 068 167	203 177 837	85 601 175	(11 847 385)	1 452 032 434	(72 293 895)	(359 909)	3 630 378 424

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Capital work in progress	Disposals	Depreciation	Impairment reversal	Total
Land	7 560 000	-	-	-	-	-	7 560 000
Buildings	54 607 653	2 947 541	-	-	(2 937 334)	-	54 617 860
Infrastructure	1 740 661 577	91 764 567	90 236 959	-	(75 156 791)	-	1 847 506 312
Motor vehicles	11 764 442	37 786 178	-	(18 213)	(6 697 731)	330 921	43 165 597
Office equipment	10 856 541	13 749 668	-	-	(3 672 813)	-	20 933 396
Leased Assets	343 499	237 934	-	-	(296 431)	-	285 002
	1 825 793 712	146 485 888	90 236 959	(18 213)	(88 761 100)	330 921	1 974 068 167

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Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015 R	2014 R
9. Property, plant and equipment (continued)		
Property, plant and equipment pledged as security		
No property, plant and equipment are pledged as security		
Revaluations		
The effective date of the revaluations for land and buildings was year end 30 June 2015. Revaluations for land and buildings were performed by the independent valuer, Mr. Theunis Hendrik Myburgh & Mr. Raymond Taylor, professional valuers in terms of the Valuer's Act (Act 23 of 1982) of Equity Valuers. Equity Valuers is not connected to the entity.		
The effective date of the revaluations for the infrastructure assets was year end 30 June 2015. Revaluations for infrastructure assets was performed by an independent valuer, Mr. Frederick Coenraad Edward van der Merwe, BSc(Electrical), Professional Engineer (Reg.no 9770135), Engineering Council of South Africa and member of the South African Institute of Electrical Engineers (Reg.no 11180) from FCE Consulting Engineers. FCE Consulting Engineers is not connected to the municipal entity.		
The valuations were performed using the depreciated replacement costs method.		
Restrictions on title		
Carrying value of assets not yet legally transferred from Mangaung Metropolitan Municipality to Centlec (SOC) Ltd in accordance with the Sale of Business agreement:		
Land and buildings	86 298 492	65 129 312
The intention of the sale of business agreement was to sell the land and buildings to the municipal entity for operational usage. The municipal entity has been using the land and buildings for operational usage since inception, 1 July 2005, but as at year end 30 June 2015 the land and buildings have not yet been legally transferred from Mangaung Metropolitan Municipality to the municipal entity.		
	86 298 492	65 129 312
Reconciliation of Work-in-Progress 2015		
	Included within Infrastructure	Total
Opening balance	139 688 579	139 688 579
Additions/capital expenditure	106 563 427	106 563 427
Transferred to completed items	(20 962 252)	(20 962 252)
	225 289 754	225 289 754

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Notes to the Financial Statements

	2015 R	2014 R

9. Property, plant and equipment (continued)**Reconciliation of Work-in-Progress 2014**

	Included within Infrastructure	Total
Opening balance	49 451 620	49 451 620
Additions/capital expenditure	90 236 959	90 236 959
	139 688 579	139 688 579

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 municipal entity.

10. Intangible assets

	2015			2014		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software and licenses	42 942 207	(20 134 589)	22 807 618	28 083 935	(12 743 998)	15 339 937
Servitudes	84 459 920	-	84 459 920	84 440 225	-	84 440 225
Total	127 402 127	(20 134 589)	107 267 538	112 524 160	(12 743 998)	99 780 162

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer software and licenses	15 339 939	17 582 270	(10 114 591)	22 807 618
Servitudes	84 440 225	19 695	-	84 459 920
	99 780 164	17 601 965	(10 114 591)	107 267 538

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software and licenses	19 948 298	3 000 510	(7 608 869)	15 339 939
Servitudes	83 348 236	1 091 989	-	84 440 225
	103 296 534	4 092 499	(7 608 869)	99 780 164

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Notes to the Financial Statements

	2015 R	2014 R
11. Investments		
Bank investments		
Nedbank The investment is a short-term fixed deposit for a period of 365 days which earns interest at 7.40%.	139 614 679	62 320 938
First National Bank The investment is a short-term fixed deposit for a period of 365 days which earns interest at 7.07%.	107 303 639	62 278 735
ABSA The investment is a short-term fixed deposit for a period of 365 days which earns interest at 7.40%	66 544 328	61 959 337
	313 462 646	186 559 010

Fair value of the investments approximates the carrying value at year end.

12. Consumer deposits

Electricity	70 796 810	49 488 463

Guarantees in lieu of vendor deposits amounted to R 15 461 583 (2014: R 13 770 891).

Fair value approximates the carrying value of the vendor deposits.

13. Operating lease accrual

Non-current liabilities	96 338	234 323
Current liabilities	304 171	149 479
	(400 509)	(383 802)

The municipal entity leases a building from Free State Development Corporation (FDC) situated in Botshabelo for an indefinite period which can be terminated by way of a 3 month cancellation clause. Management has estimated to rent from FDC until the year 2016. The lease rental is escalated annually on 1 December by 10%. The straight lined amount was calculated as R30 062 per month.

The municipal entity leases a building from Telkom SA (SOC) Ltd situated in Bloemfontein for an initial rental period of 3 years, commencing on 1 November 2013 and terminating on 31 October 2016 with no option to purchase. The lease rental is escalated annually on 1 November by the prime lending rate as quoted by Standard Bank at the date of escalation plus 1%. The straight lined amount was calculated as R233 078 per month.

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Notes to the Financial Statements

	2015 R	2014 R
14. Finance lease obligation		
Minimum lease payments due		
- within one year	731 649	196 565
- in second to fifth year inclusive	1 217 645	135 027
- later than five years	-	-
	<u>1 949 294</u>	<u>331 592</u>
less: future finance charges	(237 007)	(26 810)
Present value of minimum lease payments	<u>1 712 287</u>	<u>304 782</u>
Present value of minimum lease payments due		
- within one year	598 770	177 223
- in second to fifth year inclusive	1 113 517	127 559
- later than five years	-	-
	<u>1 712 287</u>	<u>304 782</u>
Non-current liabilities	<u>1 113 517</u>	<u>127 558</u>
Current liabilities	<u>598 770</u>	<u>177 224</u>
	<u>1 712 287</u>	<u>304 782</u>

It is the municipal entity's policy to lease certain photo copiers under finance leases. The average lease term is 3 years and the average effective borrowing rate was 10% (2014: 10%). Initial lease payment varied between R153 and R4 286 per month for a lease period of between 3-5 years and are subject to prime lending rates.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

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Notes to the Financial Statements

	2015 R	2014 R
15. Other financial liabilities		
Held at amortised cost		
Capital Advances Mangaung Metropolitan Municipality	102 562 882	109 875 508
The capital funding provided to the municipal entity is repayable in monthly installments based on the estimated useful life of the capital asset as initially determined by Mangaung Metropolitan Municipality. The capital funding provided to the municipal entity will bear interest annually at the interest rate equal to the prime lending rate on the first day of each financial year and shall thereafter be fixed for the entire financial year. The prime interest rate at 1 July 2014 was 9.00% (2013/14: 8.5%)		
Inter company loan	478 135 325	
The shareholders loan payable as at year end, 30 June 2015, was set off against the Inter company loan. The remaining balance is to be settled over a 3 year period.		
	580 698 207	109 875 508
Total other financial liabilities	580 698 207	109 875 508
There were no defaults on the financial liability during the reporting period.		
Non-current liabilities		
At amortised cost	414 019 723	102 562 882
Current liabilities		
At amortised cost	166 678 484	7 312 625

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	2015 R	2014 R				
16. Long service awards						
Reconciliation of long service awards - 2015						
	Opening Balance	Actuarial (gains) / losses	Utilised during the year	Current service costs	Interest costs	Total
Provision for long service award	3 029 000	137 949	(169 949)	623 000	251 000	3 871 000
Reconciliation of long service awards - 2014						
	Opening Balance	Actuarial (gains) / losses	Utilised during the year	Current service costs	Interest costs	Total
Provision for long service award	2 915 000	(637 821)	(108 179)	626 000	234 000	3 029 000
Non-current liabilities					2 899 000	2 432 000
Current liabilities					972 000	597 000
Present value of long service awards obligation					3 871 000	3 029 000

The long service awards liability arises from the municipal entity being a party to the Collective Agreement on Conditions of Service for the Free State Division of SALGBC. This agreement is effective from 1 July 2010.

The long service awards plan is a defined benefit plan. At year end 248 (2014 - 177) employees were eligible for long service bonuses.

The current service cost for the ensuing year is estimated to be R 803 000 (2014 - R 623 000) whereas the interest-cost for the next year is estimated to be R 379 000 (2014 - R 251 000).

As at the valuation date, the long service leave award liability of the organisation was unfunded, i.e. no dedicated assets have been set aside to meet this liability. We therefore did not value any assets as part of our valuation.

The key assumptions utilised by management in determining the long service awards liability are listed below:

Discount Rate	Yield Curve	7.96%
Normal Salary Increase Rate	CPI+1%	7.33%
Net Effective Discount Rate	Yield Curve Based	0.59%
Mortality	SA 85-90	SA 85-90
Normal Retirement age	65	65
Average Retirement Age	63	63
Consumer price inflation (CPI)	Difference between nominal and real yield curve	6.33%

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	2015 R	2014 R
16. Long service awards (continued)		
Total expense recognised in the statement of financial performance under the line item employee related costs:		
Current service cost	623 000	626 000
Interest cost	251 000	234 000
Actuarial (gains) / losses	137 949	(637 821)
	1 011 949	222 179

Present value of long service award obligation:

Present value of long service award as at 30 June 2015	(3 871 000)
Present value of long service award as at 30 June 2014	(3 029 000)
Present value of long service award as at 30 June 2013	(2 915 000)
Present value of long service award as at 30 June 2012	(695 000)

Financial Variables

The two most important financial variables used in our valuation are the discount rate and salary inflation/increase.

Discount rate:

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:

"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."

In accordance with the above, the nominal and real zero curves as at 30 June 2015 supplied by the JSE was used to determine the discounted rates and CPI assumptions at each relevant time period. This methodology was changed from a point estimate in order to present a more accurate depiction of the liability. For example a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years. Previously only one discount rate was used to value all the liabilities.

The Net Effective Discount Rate:

The Net Effective Discount Rate is different for each relevant time period of the yield curves' various durations and therefore the Net Effective Discount Rate is based on the relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Salary Inflation for each relevant time period.

Normal Salary Increase Rate:

The underlying future rate of consumer price index inflation (CPI inflation) was derived from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) Inflation-linked Bond rate for each relevant time period. 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 01 July 2015 of 6.79%. As at the time of this valuation South African Municipal salaries' negotiations were still in progress. Therefore, for the purpose of performing this valuation, it was assumed that the previous year's increase rate of 6.79% is still relevant in this year's valuation. The next salary increase was assumed to take place on 01 July 2016.

Interest Cost:

The Interest Cost represents the accrual of interest on the Accrued Defined Benefit Obligation, allowing for benefit payments, over the corresponding year. This arises because the long service benefits are one year closer to payment.

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	2015	2014
	R	R

16. Long service awards (continued)

Current Service Cost:

The Current Service Cost reflects the additional liability that is expected to accrue in respect of in service members' service over the corresponding year.

Actuarial loss:

The main reasons for the actuarial loss can be attributed to the following factors:

1. Changes in economic variables – In this year's valuation we used the nominal and real zero curves as at 30 June 2015 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period. As a result the interest rates, bond yields and inflation figures changed significantly. This resulted in a decrease in liability of around R 19 000.
2. Membership data changes – Over the past financial year, there were various membership data changes. This, along with some other smaller factors, lead to an overall increase in liability of around R 259 000.

Sensitivity analysis:

In order to illustrate the sensitivity of the results to changes in certain key variables, the liabilities have been recalculated using the following assumptions:

- 20% increase/decrease in the assumed level of withdrawal rates;
- 1% increase/decrease in the Normal Salary cost inflation

Withdrawal rate:

Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the organisation. If the actual rates of withdrawal turns out to be higher than the rates assumed in the valuation basis, then the cost to the organisation in the form of benefits will reduce and vice versa. The effect of higher and lower withdrawal rates have been illustrated by increasing and decreasing the withdrawal rates by 20%. The effect is as follows:

Withdrawal rate	-20% Withdrawal rate	Valuation Assumption	+20% Withdrawal rate
Total Accrued Liability	4 173 000	3 871 000	3 605 000
Current Service Cost	883 000	803 000	735 000
Interest Cost	410 000	379 000	351 000
	<u>5 466 000</u>	<u>5 053 000</u>	<u>4 691 000</u>

Normal salary inflation:

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. The effect of a 1% p.a. change in the normal salary inflation assumption was tested. The effect is as follows:

Normal salary inflation	-1% Normal salary inflation	Valuation Assumption	+1% Normal salary inflation
Total Accrued Liability	3 596 000	3 871 000	4 179 000
Current Service Cost	741 000	803 000	874 000
Interest Cost	351 000	349 000	410 000
	<u>4 688 000</u>	<u>5 023 000</u>	<u>5 463 000</u>

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	2015 R	2014 R
17. Payables from exchange transactions		
Accrued leave pay and bonus	9 329 298	7 718 050
Deferred revenue	9 195 258	7 882 940
Electricity connections	31 962 916	19 066 252
Mantsopa Local Municipality	3 901 760	2 757 101
Operating expense accrual	10 152 644	6 102 047
Other payables	21 112	-
Payments received in advance	76 847 219	76 976 286
Retention creditors	1 274 842	1 030 970
Salary control	2 705 134	390 483
Trade payables	187 415 039	188 499 269
Unallocated deposits received	6 093 311	6 361 095
	338 898 533	316 784 493
18. VAT liability		
VAT liability	20 660 056	3 766 106
VAT is payable on the receipts basis. VAT is paid over to the South African Revenue Services (SARS) only once payment is received from debtors. All VAT returns have been submitted by the due date throughout the financial year. The amount stated above as VAT liability includes an amount of R27 133 391.80 (2013: R14 398 630.60) relating to VAT accrued for streetlight consumption and streetlight repairs & maintenance billed to Mangaung Metropolitan Municipality. The transaction is recorded against the inter company loan account and no actual payment has been received for these services, resulting in a VAT accrual being raised at year end.		
19. Loans from shareholders		
Mangaung Metropolitan Municipality	(1 071 479 158)	(2 617 429 474)
The loans are unsecured and bears interest at the lower of 15% of the revenue (sale of electricity and pre-paid electricity) of the municipal entity for the previous financial year or the interest rate on the loan for the financial year ended 30 June 2011 adjusted annually for the CPI applicable to the Public Finance Sector. Installments of R267 867 789 are payable every five (5) years with the initial payment on 30 June 2015. There were no defaults on the shareholders loan during the reporting period.		
Non-current liabilities	(1 071 479 158)	(2 349 561 685)
Current liabilities	-	(267 867 789)
	(1 071 479 158)	(2 617 429 474)
20. Share capital / contributed capital		
Authorised		
1000 Ordinary shares of par value of R1	1 000	1 000
Issued		
100 Ordinary shares	100	100

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	2015 R	2014 R
21. Revaluation reserve		
Revaluation surplus opening balance	45 771 881	45 771 881
Movements in the reserve for the year	1 452 032 434	-
	1 497 804 315	45 771 881
22. Other NDR		
In accordance with the terms of the NERSA (National Energy Regulator of South Africa) agreement it was agreed that R60 000 000 is to be held as a non-distributable reserve.		
Closing balance	60 000 000	60 000 000
23. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Electricity demand side management grant	-	7 017 544
Movement during the year		
Balance at the beginning of the year	7 017 544	-
Additions during the year	-	7 017 544
Transferred to parent municipality payable	(7 017 544)	-
	-	7 017 544
24. Service charges		
Free services recoverable	5 533 456	3 501 887
Sale of electricity	1 340 109 155	1 341 957 268
Sale of pre-paid electricity	542 646 943	458 504 668
	1 888 289 554	1 803 963 823

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	2015 R	2014 R
25. Interest Income		
Interest revenue		
Interest on ABSA Current account	788 094	953 402
Interest on loans and other receivables from exchange transactions	75 848 295	75 861 901
Interest on consumer receivables from exchange transactions	10 187 334	17 592 434
Interest on bank investments	33 899 145	20 595 118
	<u>120 722 868</u>	<u>115 002 855</u>
Short-term deposits consists of the following short term investments with ABSA, First National Bank & Nedbank. The details and interest earned on these investments are set out below:		
- ABSA 32 Day call account with an interest rate of 7.40%.		
- ABSA 1 Day call account with varying interest rates between 0.00% and 6.00% depending on the amount invested.		
- ABSA 365 day fixed investment with an interest rate of 7.40%.		
- FNB 365 day fixed investment with an interest rate of 7.07%.		
- Nedbank 365 day fixed investment with an interest rate of 7.40%.		
26. Public contributions and donations		
Public contributions	8 903 275	22 374 658
Donations received	6 184 863	11 742 509
	<u>15 088 138</u>	<u>34 117 167</u>
27. Bulk purchases		
Electricity	<u>1 183 803 965</u>	<u>1 104 234 872</u>
28. Debt impairment		
Contributions to debt impairment provision	<u>6 908 780</u>	<u>23 421 868</u>
29. Depreciation and amortisation		
Property, plant and equipment	73 681 650	88 761 099
Intangible assets	8 726 836	7 608 869
	<u>82 408 486</u>	<u>96 369 968</u>

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	2015 R	2014 R

30. Government grants and subsidies**Capital grants**

National electrification programme grant	26 491 228	36 842 105
Urban settlements development grant	-	31 315 056
	<u>26 491 228</u>	<u>68 157 161</u>
	<u>26 491 228</u>	<u>68 157 161</u>

Electricity demand side management grant

Balance unspent at beginning of year	7 017 544	-
Current-year receipts	-	3 508 772
Transferred to parent municipality debtor	-	3 508 772
Transferred to parent municipality payable	(7 017 544)	-
	<u>-</u>	<u>7 017 544</u>

Conditions still to be met - remain liabilities (see note 23).

The purpose of the grant is to implement the Electricity Demand Side Management programme by providing capital subsidies to licensed distributors to address the programme in residential dwellings, communities and municipal buildings in order to mitigate the risk of load shedding and supply interruptions.

National Electrification Programme

Current-year receipts	26 491 228	36 842 105
Conditions met - transferred to revenue	(26 491 228)	(36 842 105)
	<u>-</u>	<u>-</u>

The purpose of the grant is to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure.

The conditions were met and the grant was transferred to revenue.

Urban Settlements Development Grant

Current-year receipts	-	26 315 789
Conditions met - transferred to revenue	-	(31 315 056)
Conditions met - transferred to parent municipality debtor	-	4 999 267
	<u>-</u>	<u>-</u>

The purpose of the grant is to upgrade informal settlements, either by creating formal housing or by upgrading services to informal settlements.

The conditions were met and the grant was transferred to revenue.

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	2015 R	2014 R
31. Revenue		
Agency services	4 750 908	4 725 488
Government grants & subsidies	26 491 228	68 157 161
Interest received	120 722 869	115 002 855
Other income	54 864 067	41 469 478
Public contributions and donations	15 088 138	34 117 167
Service charges	1 888 289 555	1 803 963 823
	2 110 206 765	2 067 435 972
The amount included in revenue arising from exchanges of goods or services are as follows:		
Agency services	4 750 908	4 725 488
Interest income	120 722 869	115 002 855
Other income	54 864 067	41 469 478
Service charges	1 888 289 555	1 803 963 823
	2 068 627 399	1 965 161 644
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	26 491 228	68 157 161
Public contributions and donations	15 088 138	34 117 167
	41 579 366	102 274 328
32. Other income		
Credit control fees	1 166 771	1 636 951
Insurance claim recovery	-	14 114
Reconnection tests and removals	840 401	243 586
Sale of clearance certificates	883 001	372 667
Sale of tender documents	175 544	175 235
Sundry services recovered	122 126	184 134
Training income	1 979 742	2 819 729
Other income	70 371	1 194 093
Street lighting	49 626 112	34 828 969
	54 864 068	41 469 478

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	2015 R	2014 R
33. Employee related costs		
Basic salary and wages	67 543 370	55 119 795
Bargaining council	21 615	17 874
Housing benefits and allowances	156 725	127 237
Long-service awards	1 011 949	222 179
Medical aid - company contributions	3 884 181	3 003 191
Overtime payments	8 370 731	4 979 688
Pension and provident fund contributions	6 700 898	5 406 933
Travel, motor car, accommodation, subsistence and other allowances	7 009 027	6 429 305
UIF contributions	439 918	332 944
	95 138 414	75 639 146

Remuneration of Chief Executive Officer

Annual Remuneration	1 232 110	1 460 348
Travel, motor car, accommodation, subsistence and other allowances	16 469	277 879
Contributions to UIF, Medical and Pension Funds	24 471	52 649
Acting Allowance	34 030	80 400
	1 307 080	1 871 276

During the 2015 financial year the Chief Executive Officer resigned. The Executive Manager - Wires was appointed as the Acting Chief Executive Officer from 1 July 2014 up until a member of the board, mr. K.M. Moroka, was temporarily tasked with the duties of the Chief Executive Officer. The vacancy was filled by a new Chief Executive Officer on 1 April 2015 on a fixed term appointment basis.

Remuneration of Chief Financial Officer

Annual Remuneration	977 991	940 977
Travel, motor car, accommodation, subsistence and other allowances	230 144	234 087
Contributions to UIF, Medical and Pension Funds	208 162	166 871
	1 416 297	1 341 935

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	2015 R	2014 R
33. Employee related costs (continued)		
Remuneration of Chief Operating Officer		
Annual Remuneration	1 562 009	1 441 461
Travel, motor car, accommodation, subsistence and other allowances	127 350	158 872
Contributions to UIF, Medical and Pension Funds	18 514	17 563
	1 707 873	1 617 896

Remuneration of Company Secretary

Annual Remuneration		1 121 807
Travel, motor car, accommodation, subsistence and other allowances		108 180
Contributions to UIF, Medical and Pension Funds		52 088
		1 282 075

During the 2014 financial year the position became vacant when the Company Secretary resigned on the 31st of March 2014. Motaung Attorneys was appointed to oversee the activities of the Company Secretary until the vacancy is filled. At 30 June 2015 the post was still vacant.

Remuneration of Executive Manager: Retail

Annual Remuneration	1 174 917	1 101 635
Travel, motor car, accommodation, subsistence and other allowances	162 324	149 483
Contributions to UIF, Medical and Pension Funds	14 970	14 056
	1 352 211	1 265 174

Remuneration of Executive Manager: Wires

Annual Remuneration	981 908	1 234 496
Travel, motor car, accommodation, subsistence and other allowances	16 563	18 860
Contributions to UIF, Medical and Pension Funds	44 057	56 490
Acting allowance	55 287	61 901
	1 097 815	1 371 747

During the 2015 financial year the Executive Manager: Wires was appointed as acting Chief Executive Officer and an Acting Executive Manager: Wires was appointed from 1 July 2014. On 1 April 2015 the Executive Manager: Wires was permanently appointed as the Chief Executive Officer and an acting Executive Manager: Wires was appointed.

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	2015	2014
	R	R

33. Employee related costs (continued)**Remuneration of Executive Manager: Human Resources**

Annual Remuneration	272 403	698 915
Travel, motor car, accommodation, subsistence and other allowances	5 089	8 580
Contributions to UIF, Medical and Pension Funds	18 535	8 159
Acting Allowance	66 014	389 551
	<u>362 041</u>	<u>1 105 205</u>

During the 2015 financial year the Executive Manager: Human Resources was dismissed and an Acting Executive Manager: Human Resources was appointed from 1 January 2015. On 1 April 2015 a new Executive Manager: Human Resources was appointed.

Remuneration of directors

Annual Remuneration	1 331 395	1 248 024
Contributions to UIF, Medical and Pension Funds	23 330	23 736
	<u>1 354 725</u>	<u>1 271 760</u>

Refer to note 47 for details of the remuneration per person.

34. Finance costs

Capital advances Mangaung Metropolitan Municipality	9 888 796	10 424 602
Finance leases	33 365	35 355
Shareholders loan	270 223 418	261 317 314
Trade and other payables	4 368	14 622
	<u>280 149 947</u>	<u>271 791 893</u>

35. Impairment loss / (reversal of impairments)**Impairments**

Property, plant and equipment	359 909	(330 921)
The recoverable amount of the asset was assessed at the end of the 2014/15 financial year and it was found to be less than the carrying amount of the asset and an impairment loss was raised. During the 2013/14 financial year it was assessed that the conditions leading to the original impairment loss no longer exist and the impairment loss was reversed.		
Inventories	139 813	40 067
An assessment of the net realisable value against cost was performed and inventory was written down.		
	<u>499 722</u>	<u>(290 854)</u>

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	2015 R	2014 R
36. Management fees		
Management fees - Mangaung Metropolitan Municipality	109 470 784	100 666 986
Management fees are paid to Mangaung Metropolitan Municipality for employees seconded to the municipal entity.		
37. General expenses		
Advertising & marketing	5 806 139	4 182 920
Auditors remuneration	6 955 080	7 884 747
Bank charges	1 399 532	1 582 547
Bursaries	156 693	282 417
Cleaning	220 844	233 649
Commission paid	68 656 820	61 697 635
Computer expenses	240 545	414 860
Conferences and delegations	244 882	797 595
Consulting and professional fees	19 169 598	19 251 631
Consumables	7 419	2 541
Contractors fees	8 130 967	10 884 314
Corporate social investment	3 829 580	943 177
Credit control fees	7 602 107	871 903
Employment agencies	20 268	161 714
Entertainment	294 758	270 974
Fines and penalties	-	370 308
Fuel and oil	5 754 040	4 017 156
ICT Strategy system integration	3 462 158	-
Insurance	22 511 338	17 753 633
Internal audit fee	4 845 150	3 717 812
Internal servitude expenditure	-	30 527
Lease rentals on operating lease	3 157 678	2 229 790
Leave provision	988 893	2 743 426
Legal costs	4 296 369	3 575 539
License fees	1 568 138	433 952
Meter reading	12 589 242	20 124 785
Other expenses	1 280 488	1 647 085
Postage and courier	1 847	7 550
Printing and stationery	3 146 449	3 144 214
Protective clothing	641 688	786 293
Security services	686 782	856 517
Skills development levy	801 772	519 908
Software expenses not capitalised	1 711	16 281
Staff welfare	776 484	478 502
Stock adjustments	-	(438 504)
Stores and materials	334 543	333 030
Subscriptions and membership fees	25 884	11 347
Telephone and fax	2 879 943	2 033 091
Training	16 564 476	1 578 998
Travelling	1 272 277	1 698 977
Utilities - Electricity	1 262 799	746 409
Utilities - Water	132 891	109 404
	211 718 272	177 988 654

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	2015 R	2014 R
38. Taxation		
The municipal entity was granted exemption from income tax in terms of Section 10(1)(t)(v)(iii) of the Income Tax Act on the 27 August 2012 which was effective until the year of assessment commencing on or before 1 January 2014.		
Management has engaged the South African Revenue Services (SARS) and National Treasury on the transition to a fully taxable entity. Given the complex nature of Municipality infrastructure assets that are not subject to tax, SARS has undertaken to assist the entity in its transition to a fully taxable entity with specific reference to the tax treatment of assets that are not provided for in SARS's practice and interpretation notes.		
As a result of this engagement the entity is not in a position to account for income tax as at 30 June 2015.		
39. Auditors' remuneration		
Audit fees	6 955 080	7 884 747
40. Cash generated from operations		
Surplus	14 304 474	146 878 262
Adjustments for:		
Depreciation and amortisation	82 408 487	96 369 969
(Gain)/Loss on sale of assets and liabilities	8 737 420	18 213
Finance costs - Finance leases	33 365	35 355
Impairment loss (reversal)	499 722	(290 854)
Debt impairment	6 908 780	23 421 868
Movements in operating lease liability	16 707	180 553
Movements in long service awards	842 000	114 000
Finance costs - shareholders loan	-	261 317 314
Interest on intercompany loan	(75 848 295)	(75 861 901)
Changes in working capital:		
Inventories	(1 003 708)	(11 198 421)
Other receivables from exchange transactions	79 328 009	23 433 682
Consumer receivables from exchange transactions	77 465 734	(38 450 328)
Payables from exchange transactions	22 114 038	(13 597 268)
VAT receivable / payable	16 893 950	(18 329 320)
Unspent conditional grants and receipts	(7 017 544)	7 017 544
Consumer deposits	21 308 347	449 745
	246 991 486	401 508 413

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	2015 R	2014 R
41. Capital commitments		
Authorised capital expenditure		
Approved and contracted for		
• Property, plant and equipment - Infrastructure	175 848 306	29 283 224
Approved but not yet contracted for		
• Property, plant and equipment - Infrastructure	58 905 012	99 336 820
Total capital commitments		
Already contracted for but not provided for	175 848 306	29 283 224
Not yet contracted for and authorised by directors	58 905 012	99 336 820
	234 753 318	128 620 044
This expenditure will be financed from		
• Government grant	76 817 077	29 283 224
• Own resources	157 936 241	99 336 820
	234 753 318	128 620 044
Authorised operational expenditure		
Approved and contracted for		
• Contracted services	9 953 068	14 095 754
Approved but not yet contracted for		
• Contracted services	20 948 302	2 925 582
Total operational commitments		
Already contracted for but not provided for	9 953 068	14 095 754
Not yet contracted for and authorised by directors	20 948 302	2 925 582
	30 901 370	17 021 336
Total commitments		
Total commitments		
Authorised capital expenditure	234 753 318	128 620 044
Authorised operational expenditure	30 901 370	17 021 336
	265 654 688	145 641 380

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

In the prior year management did not make disclosure for the operational commitments and as a way of improving on the quality of information reported, all commitments have been disclosed with the inclusion of the comparative figure.

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	2015 R	2014 R
41. Capital commitments (continued)		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	3 461 849	3 133 365
- in second to fifth year inclusive	1 028 651	4 470 692
- later than five years	-	-
	4 490 500	7 604 057
The municipal entity leases a building from Free State Development Corporation (FDC) situated in Botshabelo for an indefinite period which can be terminated by way of a 3 month cancellation clause. Management has estimated to rent from FDC until 2016. The lease rental is escalated annually on 1 December at 10 %. The straight lined amount was calculated as R30 062 per month The municipal entity leases a building from Telkom SA (SOC) Ltd situated in Bloemfontein for an initial rental period of 3 years, commencing on 1 November 2013 and terminating on 31 October 2016 with no option to purchase. The lease rental is escalated annually on 1 November by the prime lending rate as quoted by Standard Bank at the date of escalation plus 1%. The straight lined amount was calculated as R233 078 per month.		
42. Contingencies		
The entity is being sued for the following pending claims. All the claims are being contested based on legal advice. The certainty and the timing of the outflow of these liabilities are uncertain.		
Contingent liabilities		
Litigations of Centlec (SOC) Ltd vs M Coetzee - Litigation against Centlec (SOC) Ltd to prohibit them from disconnecting electricity supply.	200 000	200 000
Litigations of Centlec (SOC) Ltd vs MNK Accountants - Litigation against Centlec (SOC) Ltd relating to service agreement termination and non payment by Centlec (SOC) Ltd due to non performance.	50 000 000	50 000 000
Litigations of Centlec (SOC) Ltd vs Ramakarane - Litigation against Centlec (SOC) Ltd for breach of employment contract.	3 000 000	3 000 000
Investigations of garnishes on employee payslips.	-	200 000
Litigations of Centlec (SOC) Ltd vs Pogietser - Litigation against Centlec (SOC) Ltd relating to labour disputes.	1 000 000	250 000
Litigations of Centlec (SOC) Ltd vs Easy Pay - Litigation against Centlec (SOC) Ltd relating to extension of Easy Pay contract.	400 000	400 000
Litigations of Centlec (SOC) Ltd vs Vuyani Security Services.	-	750 000
Litigations of Centlec (SOC) Ltd vs Tlelai N.O. & Power Trust 66 (Lengau Hotel) - Litigation against Centlec (SOC) Ltd to prohibit them from disconnecting electricity supply.	62 000	200 000
Litigations of Centlec (SOC) Ltd vs D.M. Letseli relating to re-instatement from suspension.	-	479 682
Litigations of Centlec (SOC) Ltd vs M.P. Seboka relating to disciplinary hearings.	-	909 728
Litigations of Centlec (SOC) Ltd vs Chabas CL & SD - Litigation against Centlec (SOC) Ltd relating to Discovery.	2 747	-
Litigations of Centlec (SOC) Ltd vs Polixeni Aresti & 1 other - Litigation against Centlec (SOC) Ltd relating to taxation.	74 981	-
Deposits received by Centlec (SOC) Ltd on behalf of Mangaung Metropolitan Municipality being disputed and in progress of being investigated.	188 114	-
	54 927 842	56 389 410

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	2015 R	2014 R
42. Contingencies (continued)		
Contingent assets		
The entity is taking legal actions against a supplier and the result of the pending claim is uncertain. The claim is being contested based on legal advice. The certainty and the timing of the inflow of these assets are uncertain. The details are as follows:		
Litigations of Centlec vs Landis & Gyr - Summons issued against Landis & GYR for delivering defective meters to Centlec (SOC) Ltd.	400 000	2 000 000
43. Prior period errors		
The Municipal entity corrected the following prior period errors retrospectively and restated comparative amounts in terms of GRAP 3 - Accounting policies, Changes in Estimates and Errors:		
43.1. Prior period error - Public connection income:		
During the period under review it was noted that amounts received during the 2013/2014 financial year was never recognised as revenue after the connections were made due to the fact that the completions date of the connections was not available at that time. The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of Financial Position		
Decrease in payables from exchange transactions		8 505 658
Statement of Financial Performance		
Increase in public connection income		(8 505 658)
43.2. Prior period error - Public connection refunds:		
During the period under review it was noted that amounts received during the 2013/2014 financial year for public connections were incorrectly recognised as revenue even though the amount received was refunded to the applicant. This revenue was derecognised due to the fact that the connections were never made and a refund was made as per the applicant's requests. The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of Financial Position		
Increase in payables from exchange transactions		(8 339)
Statement of Financial Performance		
Decrease in public connection income		8 339
43.3. Prior period error - Provision for leave pay understated:		
During the period under review it was noted that the provision for leave was understated. The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of Financial Position		
Increase in payables from exchange transactions		(2 216 547)
Statement of Financial Performance		
Increase in employee related costs		2 216 547

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	2015 R	2014 R
43. Prior period errors (continued)		
43.4. Prior period error - Third party vendors commission:		
During the period under review it was noted that an amount for third party vendors commission owed at year end was never accrued for as at 30 June 2014. The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of Financial Position		
Increase in payables from exchange transactions		(1 749)
Statement of Financial Performance		
Increase in general expenditure		1 749
43.5. Prior period error - Insurance claims received not recorded in Statement of Financial Performance:		
During the period under review it was noted that amounts relating to insurance debtors recorded in 2012/13 financial year will not be received as it was held as a credit amount under consumer receivables from exchange transactions and should not have been recognised as income received from insurance. The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of Financial Position		
Decrease in other receivables from exchange transactions		(2 976 249)
Decrease in opening accumulated surplus or deficit		2 976 249
43.6. Prior period error - Interest earned by the Southern Free State Towns:		
During the period under review it was noted that interest income levied on Southern Free State Towns consumer receivables in arrears was recorded as Centlec interest income. The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of Financial Position		
Decrease in other receivables from exchange transactions		(285 052)
Statement of Financial Performance		
Decrease in interest income		285 052
43.7. Prior period error - ACB's uncashed:		
During the period under review it was noted that uncashed ACB's was never reversed and cancelled. These cheques relate to payments that were made during the 2012/2013 year. The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of Financial Position		
Increase in cash and cash equivalents		58 688
Increase in opening accumulated surplus or deficit		(58 688)

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	2015 R	2014 R
43. Prior period errors (continued)		
43.8. Prior period error - Public connection income:		
During the period under review it was noted that an amount was incorrectly recognised as public connection income. The comparative statements for the 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of Financial Position		
Increase in payables from exchange transactions		(44 872)
Statement of Financial Performance		
Decrease in public connection income		44 872
43.9. Prior period error - Operating lease liability:		
During the period under review it was noted that the straight lining calculation for the Free State Development Corporation operating lease was incorrect. The calculation was corrected and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of Financial Position		
Increase in operating lease liability		(11 782)
Statement of Financial Performance		
Increase in general expenditure		11 782
43.10. Prior period error - Operating lease utility expense:		
During the period under review it was noted a amount for utilities payable to TFMC was never accrued as at 30 June 2014. The comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of Financial Position		
Increase in payables from exchange transactions		(669 922)
Statement of Financial Performance		
Increase in general expense		669 922
43.11. Prior period error - Interest on long outstanding debtors:		
During the period under review it was noted that an amount relating to prior year interest on long outstanding consumer debtors was incorrectly reversed in the current year. A correction was made and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of Financial Position		
Increase in payments received in advance		(15 860 436)
Decrease in opening accumulated surplus or deficit		5 347 340
Statement of Financial Performance		
Decrease in interest income		10 513 097

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	2015 R	2014 R
43. Prior period errors (continued)		
43.12. Prior period error - Reclassifying of Vendors accounts receivable:		
During the period under review it was noted that in the prior year, vendor accounts were incorrectly allocated to consumer deposits and payments received in advance instead of other receivables from exchange transactions. A reclassification correction was made and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of Financial Position		
Increase in other receivables from exchange transactions		22 735
Decrease in consumer deposits		5 000
Increase in payments received in advance		(27 735)
43.13. Prior period error - Reclassifying of utilities expense:		
During the period under review it was decided to show utilities expense as a separate line item under general expense. A reclassification was done for the prior period and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of Financial Performance		
Decrease in general expense - other expenses		(185 891)
Increase in general expense - utilities expense		185 891
43.14. Prior period error - Reclassifying of Input VAT:		
During the period under review it was noted that the input VAT relating to the Southern Free State towns was incorrectly classified as part of the Southern Free State towns loan accounts. A reclassification was done for the prior period and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of Financial Position		
Decrease in other receivables from exchange transactions		(9 636 459)
Decrease in VAT liability		9 636 459
43.15. Prior period error - Revaluation reserve:		
During the period under review it was noted that the revaluation done during the 2012/13 financial year was not done per individual asset and subsequently the amount transferred for each revalued asset can not be determined. The revaluation was not done in such a way that the revaluation surplus could be transferred to the accumulated surplus when the assets were derecognised. The revaluation reserve was adjusted and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of financial position		
Decrease in the revaluation reserve		70 967 507
Increase in opening accumulated surplus or deficit		(70 967 507)

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	2015 R	2014 R
43. Prior period errors (continued)		
43.16. Prior period error - VAT on debt impairment calculation:		
During the period under review it was noted that the provision for debt impairment included VAT. This resulted in VAT incorrectly being expensed in the statement of financial performance. A correction was made and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of financial position		
Increase in VAT accrued		1 464 159
Statement of Financial Performance		
Decrease in debt impairment		(1 464 159)
43.17. Prior period error - Intercompany loan:		
During the period under review it was noted that an amount accrued for management fees during the 2011/12 financial year was not reversed in the subsequent years. A correction was made and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of financial position		
Decrease in other receivables from exchange transactions		(811 653)
Decrease in opening accumulated surplus or deficit		811 653
43.18. Prior period error - Inter departmental consumption:		
During the period under review it was noted that inter departmental consumption was incorrectly accounted for as both a service charge and a general expense. A correction was made and the comparative statements for 2013/14 financial year have been restated. The effect of the correction of the error(s) is summarised below:		
Statement of Financial Performance		
Decrease in general expenses		(1 027 519)
Decrease in service charges		1 027 519
44. Events after the reporting date		
The directors are not aware of any material matter or circumstances arising since the end of the financial year to the date of this report in respect of matters which would require adjustments to or disclosures in the annual financial statements.		

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	2015	2014
	R	R

45. Going concern

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

The following analysis supports the going concern assumption:

Current assets (R 857 627 980) exceed current liabilities (R 598 908 824)

Total assets (R 4 599 307 266) exceed total liabilities (R 2 088 516 560)

The municipal entity has an accumulated surplus and other reserves of R 2 510 790 706.

Management has reviewed the municipal entity's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, management is satisfied that the entity has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The municipal entity has embarked on implementing strategies which will strengthen its ability to continue as a going concern. The most significant of these is that the municipal entity has implemented a system to enhance the revenue collection and cash flow by improving on the debt recoverability processes.

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	2015	2014
	R	R

46. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- entities that are directly or indirectly controlled by the municipality;
- associates;
- joint ventures and management;
- key management personnel, and close members of the family of key management personnel;
- entities in which a substantial ownership interest is held, directly or indirectly, by key management personnel or entities over which such a person is able to exercise significant influence; and
- entities that control or exert significant influence over the municipality

Controlling entity

Mangaung Metropolitan Municipality is the sole shareholder of the municipal entity. The municipal entity was formed to take over all activities in respect of the supply of electricity.

Executive management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the municipal entity, directly or indirectly, including any director (whether executive or otherwise) of the municipal entity. The municipal entity's key management personnel includes the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Company Secretary and Executive Managers.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or to be influenced by key management individuals, in their dealings with the group.

Business transactions took place between the municipal entity and Jager Technologies CC / Exilasolve Pty Ltd trading as Aqua-Elec Utility Solution. Prof L de Jager, a director of the municipal entity, has business interests in Jager Technologies CC / Exilasolve Pty Ltd trading as Aqua-Elec Utility Solution due to being a close family member of one of the directors at Jager Technologies CC / Exilasolve Pty Ltd trading as Aqua-Elec Utility Solution. The risk is mitigated by the fact that she did not form part of the municipal entity's forum that approved the service level agreement contract for Jager Technologies CC / Exilasolve Pty Ltd trading as Aqua-Elec Utility Solution. Prof L de Jager also submitted her resignation as member of the board during the 2015 financial year and is no longer a member of the board of directors. The nature of the transactions is in the form of the municipal entity having a service level agreement with Jager Technologies CC / Exilasolve Pty Ltd trading as Aqua-Elec Utility Solution to provide meter reading and meter auditing services.

Business transactions took place between the municipal entity and Sentech SOC Ltd. Mr. J.A. Mongake, a director of the municipal entity, is also a director of Sentech SOC Ltd. The nature of the transactions is in the form of the municipal entity having a service level agreement with Sentech SOC Ltd to provide IT related services.

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	2015 R	2014 R
46. Related parties (continued)		
Related party balances		
Loan accounts - Owing (to) by related parties		
Mangaung Metropolitan Municipality - Advances	(102 562 882)	(109 875 508)
Mangaung Metropolitan Municipality - Shareholders Loan	(1 071 479 158)	(2 617 429 474)
Mangaung Metropolitan Municipality - Intercompany loan balance	(478 135 325)	895 938 230
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Mangaung Metropolitan Municipality	299 747 209	204 242 014
Municipal accounts	241 305 363	187 642 604
Related party transactions		
Interest paid to (received from) related parties		
Mangaung Metropolitan Municipality - Advances	9 888 796	10 424 602
Mangaung Metropolitan Municipality - Shareholder loan	270 223 418	261 317 314
Mangaung Metropolitan Municipality - Intercompany loan	(75 534 349)	(75 501 720)
Purchases from (sales to) related parties		
Mangaung Metropolitan Municipality - Electricity charges paid		2 457 310
Mangaung Metropolitan Municipality - Employee related costs paid	109 470 788	100 666 986
Mangaung Metropolitan Municipality - Telephone expenses	952 069	(143 520)
Mangaung Metropolitan Municipality - Electricity charges - Municipal consumption	(45 374 103)	(73 713 443)
Mangaung Metropolitan Municipality - Electricity charges - Streetlight consumption	(47 165 402)	(37 005 216)
Mangaung Metropolitan Municipality - Reimbursable Expenses - Streetlight repairs and maintenance	(56 531 939)	(34 820 791)
Operating expense transactions with related parties		
Jager Technologies CC / Exilasolve Pty Ltd trading as Aqua-Elec Utility Solution - Meter reading & -audit services	26 970 434	17 239 405
Sentech SOC Ltd	2 315 668	917 002
Compensation to directors and other key management		
Annual remuneration	6 201 338	7 999 639
Travel, motor car, accommodation, subsistence and other allowances	557 938	955 941
Contributions to UIF, Medical and Pension Funds	328 709	367 875
Acting allowance	155 331	531 852
Directors fee	1 331 395	1 248 024
	8 574 711	11 103 331

Refer to note 33 and note 47 for details of the remuneration per person.

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	2015 R	2014 R

47. Directors' emoluments**Non-executive****2015**

	Directors' fees	Company Contribution - UIF	Company Contribution - SDL	Total
Mr. ML Mbali (Chairperson)	361 992	1 785	3 620	367 397
Ms. FP Zitha (Deputy Chairperson)	241 332	1 785	2 413	245 530
Mr. N Mokhesi	143 376	1 279	1 434	146 089
Mr. TJ Mongake	143 376	1 279	1 434	146 089
Mr. KM Moroka	92 820	774	928	94 522
Mrs. ZC Uwah	57 903	518	579	59 000
Mr. SG Xulu	143 376	1 279	1 434	146 089
Mr. SM Zimu	143 376	1 279	1 434	146 089
Prof. L de Jager	3 844	38	38	3 920
	1 331 395	10 016	13 314	1 354 725

2014

	Directors' fees	Company Contribution - UIF	Company Contribution - SDL	Company Contribution - SALGBC Fee	Total
Mr. ML Mbali (Chairperson)	312 012	1 785	3 120	51	316 968
Ms. FP Zitha (Deputy Chairperson)	208 008	1 785	2 080	51	211 924
Mr. N Mokhesi	121 334	1 213	1 213	51	123 811
Mr. TJ Mongake	121 334	1 213	1 213	51	123 811
Mr. KM Moroka	121 334	1 213	1 213	51	123 811
Mr. SG Xulu	121 334	1 213	1 213	51	123 811
Mr. SM Zimu	121 334	1 213	1 213	51	123 811
Prof. L de Jager	121 334	1 213	1 213	51	123 811
	1 248 024	10 848	12 478	408	1 271 758

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	2015 R	2014 R

48. Risk management

Financial risk management

This note presents information about the entity's exposure to each of the financial risks below and the entity's objectives, policies and procedures for measuring and managing financial risks. Further quantitative disclosures are included in the Annual Financial Statements.

The Board of directors has overall responsibility for the establishment and oversight of the municipal entity's risk management framework. The municipal entity's audit committee oversees the monitoring of compliance with the municipal entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the municipal entity. The audit committee is assisted in its oversight role by the municipal entity's internal audit function.

The municipal entity's exposure to risk is similar to that of the previous year. The municipal entity still faces the same risks as in the previous financial year.

The municipal entity monitors and manages the financial risks relating to the operations of the municipal entity through internal risk reviews which analyse exposures by degree and magnitude of risks. These risks include the following:

- liquidity risk;
- credit risk; and
- market risk (including interest rate risk).

The municipal entity seeks to minimise the effects of these risks in accordance with the municipal entity's policies approved by the Board. The policies provide written principles on interest rate risk, credit risk, and in the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The municipal entity does not enter into or trade in financial instruments for speculative purposes.

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	2015 R	2014 R

48. Risk management (continued)**Liquidity risk**

Liquidity risk is the risk that the municipal entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The municipal entity's exposure to liquidity risk is as a result of the funds not being available to cover future commitments. The municipal entity manages liquidity risk through ongoing review of commitments.

The municipal entity has started replacing rotational meters with prepaid meters to improve the cash funds available.

The municipal entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The municipal entity has not defaulted on payables and lease commitment payments and no re-negotiation of terms were made on any of these instruments.

All of the municipal entity's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly. The impaired receivables are mostly due from customers defaulting on service costs levied by the municipal entity.

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

	Less than 1 year	Between 1 and 2 years
2015		
Consumer deposits	70 796 810	-
Finance lease obligation	598 770	1 113 517
Other financial liabilities	166 678 484	414 019 723
Payables from exchange transactions	338 898 533	-
	576 972 597	415 133 240
2014		
Consumer deposits	49 488 463	-
Finance lease obligation	177 224	127 558
Other financial liabilities	7 312 625	102 562 882
Payables from exchange transactions	316 784 493	-
	373 762 805	102 690 440

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	2015	2014
	R	R

48. Risk management (continued)**Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipal entity 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 board. The municipal entity utilizes a system where when debtors do not settle their account within 60 days a warning letter is issued after which the electricity supply will be cut until the account is settled. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Maximum exposure to credit risk: There has been no significant change during the financial year, or since the end of the financial year, to the municipal entity's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

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

Financial instrument	2015	2014
Cash and cash equivalents	137 330 162	319 877 087
Investments	313 462 646	186 559 011
Consumer receivables from exchange transactions	278 583 271	362 957 784
Other financial assets	295 546	436 945
Other receivables from exchange transactions	60 818 986	1 139 426 315

These balances represent the maximum exposure to credit risk.

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	2015 R	2014 R
48. Risk management (continued)		
Market risk		
Market rate risk		
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipal entity's revenue or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.		
There has been no change, since the previous financial year to the municipal entity's exposure to market risks or the manner in which it manages and measures the risk.		
Market risk consists of the following risks:		
Foreign currency risk		
The municipal entity does not enter into significant foreign currency transactions and has had very limited exposure to foreign currency risk.		
Interest rate risk		
Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. The municipal entity's policy is to minimise interest rate cash flow risk exposures on long-term financing. Long term borrowings are therefore usually at fixed rates. The municipal entity's exposures to interest rates on financial assets and financial liabilities are detailed below:		
At year-end, financial instruments exposed to interest rate risk due to being linked to prime interest rate were as follows:		
- Call and notice deposits - Current bank accounts - Intercompany loans - Shareholder loans - Capital advances - Interest charged on consumer receivables from exchange transactions overdue		
The municipal entity's interest rate risk arises from the above financial instruments being linked to the prime interest rate. The prime interest rate is used as a factor in calculating the interest received or interest charged on these financial instruments. Fluctuations in the prime interest rate during the year give rise to a possible interest rate risk affecting the entity.		
Interest charged on the inter company loans are calculated using the prime rate at the beginning of the financial year on a weighted average basis. Since this interest rate is only based on prime rate at one point during the financial year, fluctuations in prime during the year will not have a material effect on these loans.		
Fair values		
The municipal entity's financial instruments consist mainly of cash and cash equivalents, investments, trade receivables, trade payables and long term debt.		
No financial asset was carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument:		
Cash and cash equivalents		
The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets and financial liabilities		

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	2015	2014
	R	R

48. Risk management (continued)

Investments

Investments are carried at their original cost in the statement of financial position, except for those where the interest received are capitalised.

Receivables from exchange transactions

The carrying amount of trade receivables, net of provision for impairment (provision for bad debt) approximates fair value due to the relatively short-term maturity of these financial assets.

Trade payables

The carrying amount of trade payables approximates fair value due to the relatively short-term maturity of this financial liability.

Interest bearing loans

Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in surplus or deficit over the period of the borrowings on an effective interest basis. The fair value of interest bearing borrowings with variable interest rates approximates their carrying amounts.

Price risk

Price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. These changes are caused by factors specific to the individual financial instruments for its users or by factors affecting all similar financial instruments in the market. The entity's financial instruments are affected by the whole sale price of electricity from ESKOM.

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	2015 R	2014 R
49. Fruitless and wasteful expenditure		
Opening balance		69 068 312
Identified in current year:		
- Current year	4 864	77 448
Amounts written off by council		(69 145 760)
	<u>4 864</u>	<u>-</u>
Details of fruitless and wasteful expenditure incidents relating to 2014/15 is set out as follows:		
Incident	Incident resolution	
Interest on late payment of SDL to SARS.	The interest was incurred due to technical delays on transfer of funds. No official of the entity is liable and the expense has been submitted to council for consideration of being written off.	210
Late payment of FDC rentals.	The invoices are submitted late by FDC and a letter has been written to the service provider to address the concern. No official of the entity is liable and the expense has been submitted to council for consideration of being written off.	4 586
Interest incurred on late payment of ESKOM Electricity accounts.	The interest was incurred due to technical delays on transfer of funds. No official of the entity is liable and the expense has been submitted to council for consideration of being written off.	68
		<u>4 864</u>
		-
Analysis of expenditure to be considered for write off by council are as follows:		
Relating to prior years		-
Current year		4 864
		<u>4 864</u>
50. Irregular expenditure		
Opening balance	8 544 085	275 016 333
Identified in current year		
- Relating to prior year		498 737
- Current year	33 548 425	37 975 950
Amounts written off by council		(304 946 937)
	<u>42 092 510</u>	<u>8 544 083</u>
Analysis of expenditure to be considered for write off by council per age classification		
Current year	33 548 425	-
Prior years		8 544 085
	<u>33 548 425</u>	<u>8 544 085</u>

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	2015 R	2014 R
50. Irregular expenditure (continued)		
Details of irregular expenditure incidents relating to 2014/15		
Incident	Disciplinary steps taken/criminal proceedings	
Competitive bidding processes were not followed.	The expenditure was incurred in the current year. No disciplinary steps taken as the expenditure were incurred as a result of the separation of the financial system of the entity from the parent municipality. The expenditure has been submitted to council for consideration of being written off.	32 299 322
Contract procured through deviation without obtaining service providers' declarations and tax clearance.	The expenditure was incurred in the current year. No disciplinary steps taken as the expenditure were incurred as a result of the separation of the financial system of the entity from the parent municipality. The expenditure has been submitted to council for consideration of being written off.	1 249 103
Total 2014/15 irregular expenditure.		33 548 425

51. Additional disclosure in terms of Municipal Finance Management Act**Audit fees**

Opening balance		374 805
Current year fee	6 955 080	7 884 618
Amount paid - current year	(6 955 080)	(7 884 618)
Amount paid - previous years		(374 805)

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	2015	2014
	R	R

51. Additional disclosure in terms of Municipal Finance Management Act (continued)**Distribution losses**

In the current year the energy losses were 12.89 % (2014: 12.07%). These losses are the result off theft, vandalism, faulty meters and variances in monthly consumption estimates. Management has determined that these losses are not recoverable.

kWh - units	219 417 828	207 981 120
Rand value	154 232 114	132 167 135
Percentage	12.89%	12.07%

The electricity distribution loss comprises of technical and non-technical losses. For the 2014/15 financial year the distribution losses amount to 12.89% (2013/14:12.07%). The annual electricity distribution losses are made up of technical and non-technical losses which are the difference between electricity purchased and electricity sold.

Non-technical losses:

Non-technical losses are amongst others the result of administrative and technical errors, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumption, faulty meters, etc. Non-technical losses amounted to 83 205 603 kWh - units (2014: 70 131 165 kWh - units) with a Rand value of R58 486 478 (2014: R44 566 714).

Technical losses:

Technical losses are the result of electricity losses while being distributed from the source of generation through the transmission and distribution network to the final consumer. The wires (copper or aluminium) being used to distribute electricity have certain resistance which resist the throughput of current, as a result there is a certain portion of electricity that is lost due to distribution. Technical losses amounted to 136 212 225 kWh - units (2014: 137 849 955 kWh - units) with a Rand value of R95 745 636 (2014: R87 600 421).

Comparative adjustment:

During the current financial year it was noted that the effect of the streetlight consumption was never brought into consideration when calculating the distribution losses. A correction was made and the comparative statements for 2013/14 financial year have been restated.

PAYE, UIF and SDL

Opening balance	65	(10 800)
Payable for the current year	16 560 732	13 728 967
Interest and penalties - current year	70 748	216 202
Interest and penalties - reversed by SARS	-	(213 273)
Amount paid - current year	(16 734 907)	(13 731 831)
Amount paid/refunded - previous years	(65)	10 800
	(103 427)	65

Pension and Medical Aid Deductions

Opening balance	(3 335)	16 017
Payable for the current year	16 294 976	12 385 771
Amount paid - current year	(16 268 166)	(12 389 396)
Amount paid - previous years	-	(15 727)
	23 475	(3 335)

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	2015	2014
	R	R

51. Additional disclosure in terms of Municipal Finance Management Act (continued)**Supply Chain Management Regulations**

In terms of Section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved and/or condoned by the Accounting Officer and noted by the Board of Directors.

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.

For the period under review there were instances where goods and services were procured via a deviation from the normal Supply Chain Management Regulations.

The reasons for these deviations were documented and reported to the Accounting Officer, who considered them and subsequently approved the deviation from the normal Supply Chain Management Regulations.

Incident	Number of deviations	Rand value	Number of deviations	Rand value
Sole supplier	12	192 836	12	750 696
Urgent	10	226 444	74	2 951 809
Other	77	5 224 144	680	23 572 962
	99	5 643 424	766	27 275 467

VAT

VAT payable	20 660 056	3 766 106

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

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	2015 R	2014 R

51. Additional disclosure in terms of Municipal Finance Management Act (continued)**Councillors' arrear consumer accounts**

The following councillors had arrear accounts outstanding during the financial year ending 30 June 2015:

Councillor	July 2014	August 2014	September 2014	October 2014
E Snyman van Deventer	469	469	469	469
MB Monanyane	69 647	70 923	72 257	73 714
LA Masoetsa	7 066	5 940	9 541	10 953
MA Siyonzana	11 461	14 680	18 485	15 897
ED Mashoane	78 054	78 551	79 048	79 546
J Nothnagel	21 901	21 901	21 901	21 901
CSK Sechoaro	5 750	5 788	5 826	3 826
JE Peterson	17 384	17 501	17 618	17 618
	211 732	215 753	225 145	223 924

Councillor	November 2014	December 2014	January 2015	February 2015
E Snyman van Deventer	469	469	469	469
MB Monanyane	75 335	75 767	76 235	76 707
LA Masoetsa	11 945	12 700	11 938	11 610
MA Siyonzana	18 079	20 110	21 727	23 346
ED Mashoane	80 043	80 541	81 038	81 535
J Nothnagel	21 901	21 901	21 901	21 901
CSK Sechoaro	3 826	3 826	3 826	3 826
JE Peterson	17 618	17 618	17 618	16 618
	229 216	232 932	234 752	236 012

Councillor	March 2015	April 2015	May 2015	June 2015
E Snyman van Deventer	469	469	469	469
MB Monanyane	77 178	77 649	78 120	78 591
LA Masoetsa	10 689	10 222	9 307	7 235
MA Siyonzana	24 796	26 150	27 807	29 534
ED Mashoane	82 033	82 530	83 028	83 525
J Nothnagel	21 901	21 901	21 901	21 901
CSK Sechoaro	3 826	3 826	3 826	3 826
JE Peterson	15 618	15 618	15 618	14 618
	236 510	238 365	240 076	239 699

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Notes to the Financial Statements

	2015 R	2014 R	
51. Additional disclosure in terms of Municipal Finance Management Act (continued)			
The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2014:			
30 June 2014	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
J Nothnagel		1 357	1 357
E Snyman van Deventer		3	3
MB Monanyane	5 524	64 684	70 208
DX Pongolo	10	387	397
LA Masoetsa	3 966		3 966
MA Siyonzana	7 394	2 634	10 028
ED Mashoane	1 941	76 113	78 054
CSK Sechoaro	3 164	3 664	6 828
TM Manyoni	4 092		4 092
BJ Viviers	2 214		2 214
	28 305	148 842	177 147

52. Budget differences

Variance Explanations

The budget is approved on an accrual basis by nature of classification. The budget and the accounting bases are both on the accrual basis. The annual financial statements are prepared using the nature of expenses in the statement of financial performance. The approved budget covers the fiscal period from 1 July 2014 to 30 June 2015.

Changes from approved budget to final budget are the result of reallocations and shifting within the budget.

Basis for material differences between budget and actual amounts

It is general practice to deem a 5% deviation on operational revenue and expenditure versus the final budget as material and for capital expenditure the percentage deviation is 5%.

Explanations for material variances relating to the Statement of Financial Performance is set out as follows:

1. Service charges - The variance is mainly attributed to the call by Eskom to it's customers to save on electricity consumption and the load shedding implemented which reduced customers' consumption pattern. Other factors include electricity theft and meter tampering. The decrease in actual amounts is in line with the purchase pattern observed in the current and previous years.
2. Income from agency services - The main reason for the variance is the decline in the consumption pattern of the Southern Free State Municipalities on which the agency fees are charged on a percentage basis.
3. Other Income - The main reason for the variance is due to an underestimate in the amount budgeted for the street light repairs and maintenance billed to Mangaung Metropolitan Municipality.
4. Interest received on investments - The main reason for the variance is due to the fact that the year end intercompany loan account balance on which the interest is based on dropped significantly from what formed the basis of the budgeted amount.
5. Government grants & subsidies - The main reason for the variance was due to the fact that the entity was not allocated funds for urban settlement development grant as compared to the previous year.

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	2015	2014
	R	R

52. Budget differences (continued)

6. Public contributions and donations - The main reason for the variance was due to the fact that the Free basic Electricity revenue is budget for under the grants income but on the financial statements it is classified as service charges.

7. Employee related costs - The main reason for the variance is due to the fact that the anticipated transfer of seconded staff from Mangaung Metropolitan Municipality was not finalised in the current year. The related expense was thus reported under management fees.

8. Management fees - The main reason for the variance was due to the fact that the transfer of seconded staff from Mangaung Metropolitan Municipality was not finalised in the current year. The related expense was budgeted to be accounted for as employee related costs.

9. Depreciation and amortisation - The main reason for the variance was due to the fact that a revaluation of assets was conducted in the current financial year which resulted in lower depreciation charges than initially budgeted for.

10. Finance costs - This was mainly due the fact that the interest on the shareholder's loan is influenced by the changes in the CPI that is only reliably verified at the end of each financial year.

11. Debt impairment - The main reason for the variance is due to the setting off of Mangaung Metropolitan Municipality consumer receivables against the inter company loan, which has significantly reduced the long outstanding debtors balance.

12. Bulk purchases - The main reason for the variance was due to unforeseen increases in the electricity tariffs imposed by Eskom during the current financial year.

13. General Expenses - The main reason for the variance was due to the fact that the entity experienced a decline in revenue that required stringent controls over expenditure which resulted in a reduction in the individual general expenditure items.

Explanations for material variances relating to the Statement of Financial Position is set out as follows:

Current assets

The municipal entity does not budget for current portions of long term assets. The current portion as reflected on the face of the statement of financial position is budgeted for as part of the non-current assets.

1. Inventories - The main reason for the variance is due to the fact that the entity has applied cost cutting measures resulting in the phasing out of redundant material. In line with this, is the influence the call by Eskom to reduce consumption has had on customers' behaviour which has resulted in some of the planned electrification projects not being implemented.

2. Investments - The main reason for the variance is due to the fact that the decline in customer consumption resulted in less than anticipated cash reserves that could be reserved for investment. Other factors include the fact that most of the entity's capital projects were funded from internal revenue.

3. Receivables from exchange - The main reason for the variance is due to the fact that the entity set off the intercompany loan account against the shareholder's loan payable at year end.

4. Consumer debtors - The main reason for the variance is due to the fact that the entity implemented stringent debt collection measures as well as the conversion of most of the convectional rotational electricity meters to prepaid meters.

5. Cash and cash equivalents - The main reason for the variance is due to the short term investments classified as cash and cash equivalents resulting in a larger actual amount than originally budgeted for. Other factors include the fact that most of the capital projects were internally funded and changes in customers' consumption pattern that resulted in reduced consumption and thus lower cash collection. This required to keep the cash in reserve for the day to day business cash requirements.

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Notes to the Financial Statements

	2015	2014
	R	R

52. Budget differences (continued)

Non-Current Assets

1. Property, plant and equipment & Intangible assets - The main reason for the variance is due to a revaluation on assets being performed during the financial year resulting in unforeseen adjustments made to the balances of Property, plant and equipment & Intangible assets.

Current Liabilities

The municipal entity does not budget for current portions of long term liabilities. The current portion as reflected on the face of the statement of financial position is budgeted for as part of the non-current liability.

1. Payables from exchange transactions - The main reason for the variance is due to the general decrease in the revenue that contributed to a reduction in the entity's day to day expenditure. Other factors include the delay in the finalisation of seconded staff from Mangaung Metropolitan Municipality which resulted in a reduced leave accrual.

2. Consumer deposits - The main reason for the variance is due to the fact that new prepaid electricity vendors were registered as well as a larger than expected increase in new consumer connections resulting in an increased deposit amount.

Non-Current Liabilities

1. Loans from shareholders - The main reason for the variance is due to the fact that the shareholders loan's current payable at year end was set off against the intercompany loan accounts.

2. Other financial liabilities - The main reason for the variance is due to the fact that the intercompany loan account was set off against the shareholders loan current payable at year end resulting in a non current payable in favour of Mangaung Metropolitan Municipality.

3. Finance lease obligation - The main reason for the variance is due to the fact that the entity entered into new lease agreement in the course of the current financial year.

4. Operating lease liability - The main reason for the variance was due to the fact that there was budgeted for the operating lease as a operating expense and no budget was done for the straight lining effect of the operating lease on the statement of financial position.

5. Long service awards - The main reason for the variance is due to the fact that a number of new staff were appointed during the year. Other factors include the salary increase, changes in the CPI and the other sensitivity analysis factors used in the actuarial assumptions.

53. Inter-departmental consumption

Inter-departmental consumption	647 474	1 027 519

The inter-departmental consumption is based on units consumed as per the meter records.

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	2015 R	2014 R

54. Non-compliance with Municipal Finance Management Act and other Legislation

Non-compliance with Municipal Finance Management Act

During the current financial year the following non-compliance issues were identified:

- **Non-compliance with MFMA sec99(2)(b)**
Money owing by the entity to the value R 24 078 967 was not paid within 30 days of receiving the relevant invoice or statement.

Non-compliance with the Companies Act

In terms of section 9 of the Companies Act 71 of 2008 the municipal entity must comply with all relevant provisions of the Act except where the entity has obtained exemptions. This was not complied with in the following aspects:

- The entity did not have the whistle-blowing mechanism during the period under review as required by Section 159.
- The entity did not finalise the code of conduct of ethics for the Board of Directors that meets the provisions of Section 214 of the Act.

Non-compliance with King III Code of Governance for South Africa, 2009

The King III Report on Corporate Governance (2009) provides governance principles and best implementation practice guides. The entity did not fully comply with the provisions of the code in the following aspects:

- The Shareholder Compact was not signed by the speaker/representative of the Council.
- The entity did not develop an Environmental Impact Assessment Plan and did not perform any environmental impact assessments.
- The evaluation of the board, its committees and the individual directors was not conducted as required by Par 2.22 of the code.

The Employment Equity Act no. 55 of 1998 Section 3(2) and 20(1)

The municipal entity did not finalise the development and approval of the employment equity plan during the financial year.

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Appendix A
Disclosures of Grants and Subsidies In terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act
										Yes/ No
National Electrification Programme Grant	National Government	-	4 535 088	-	21 956 140	30 526	8 297 261	1 245 008	16 919 498	Yes
		-	4 535 088	-	21 956 140	30 526	8 297 261	1 245 008	16 919 498	
		-	4 535 088	-	21 956 140	30 526	8 297 261	1 245 008	16 919 498	

The purpose of the national electrification programme grant is to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure.

