

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2016	2015
9. Consumer receivables from exchange transactions (continued)		
Electricity		
Current (0 - 30 days)	166,428,829	108,444,535
31 - 60 days	55,629,462	48,936,037
61 - 90 days	14,812,381	17,741,530
91+ days	285,366,493	300,186,995
Meter reading estimate	156,266,248	154,421,694
Accrual prepaid sales	(39,983)	(39,983)
Discounting	(101,301)	(535,499)
Transferred to non-current receivables	(343,091)	(1,626,351)
Gross balance	678,019,038	627,528,958
Less: Impairment	(324,038,182)	(410,189,162)
	353,980,856	217,339,796
Water		
Current (0 - 30 days)	73,664,620	97,232,685
31 - 60 days	57,009,360	51,346,645
61 - 90 days	52,134,656	49,492,701
91+ days	1,294,110,827	1,130,325,023
Meter reading estimate	18,524,863	17,543,450
Gross balance	1,495,444,326	1,345,940,504
Less: Impairment	(1,170,581,523)	(1,036,985,821)
	324,862,803	308,954,683
Sewerage		
Current (0 - 30 days)	21,302,937	18,997,461
31 - 60 days	13,379,750	13,660,769
61 - 90 days	11,021,450	12,131,906
91+ days	292,172,718	251,035,995
Gross balance	337,876,855	295,826,131
Less: Impairment	(240,958,126)	(214,075,762)
	96,918,729	81,750,369
Refuse		
Current (0 - 30 days)	7,068,831	6,562,370
31 - 60 days	4,652,991	4,317,179
61 - 90 days	4,076,739	3,821,589
91 - 120 days	126,854,069	114,353,492
Gross balance	142,652,630	129,054,630
Less: Impairment	(115,473,338)	(106,031,962)
	27,179,292	23,022,668
Housing rental		
Current (0 - 30 days)	363,760	259,446
31 - 60 days	448,069	396,737
61 - 90 days	421,973	386,794
91+ days	11,497,940	7,544,612
Gross balance	12,731,742	8,587,589
Less: Impairment	(11,002,997)	(6,922,440)
	1,728,745	1,665,149
Other transactions		
Unallocated deposits	220,252	220,252

Summary of debtors by customer classification

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9. Consumer receivables from exchange transactions (continued)		
Residential and sundry		
Current (0 - 30 days)	87,222,903	111,869,382
31 - 60 days	61,782,494	64,243,058
61 - 90 days	55,056,744	56,735,126
91+ days	1,574,526,958	1,443,729,991
Meter reading estimate - Water	18,524,863	17,543,450
Meter reading estimate - Electricity	156,266,248	154,421,693
	1,953,380,210	1,848,542,700
Less: Allowance for impairment	(1,538,179,931)	(1,442,290,006)
	415,200,279	406,252,694
Business / commercial		
Current (0 - 30 days)	154,125,554	89,599,979
31 - 60 days	44,654,993	36,477,495
61 - 90 days	19,784,531	16,166,871
91+ days	297,749,037	207,696,090
	516,314,115	349,940,435
Less: Allowance for impairment	(323,874,235)	(331,915,140)
	192,439,880	18,025,295
Government		
Current (0 - 30 days)	27,480,519	30,027,134
31 - 60 days	24,682,146	17,936,815
61 - 90 days	7,625,924	10,672,522
91+ days	137,726,052	149,219,901
	197,514,641	207,856,372
Total		
Current (0 - 30 days)	268,828,976	231,496,495
31 - 60 days	131,119,633	118,657,368
61 - 90 days	82,467,199	83,574,519
91+ days	2,010,002,047	1,803,446,118
Meter reading estimate - water	18,524,863	17,543,450
Meter reading estimate - electricity	156,266,248	154,421,694
Unallocated deposits	220,252	220,252
Discounting	(101,301)	(535,499)
Accrual prepaid sales	(39,983)	(39,983)
Transferred to non-current receivables	(343,091)	(1,626,351)
	2,666,944,843	2,407,158,063
Less: Allowance for impairment	(1,862,054,166)	(1,774,205,146)
	804,890,677	632,952,917

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 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.

Consumer receivables from exchange transactions are only due after 30 days. Interest shall be paid on accounts which have not been paid within 30 days from the date on which the account became due, at a rate of 1% higher than the prime rate for the period.

None of the consumer receivables from exchange transactions that are fully performing have been renegotiated in the last year.

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9. Consumer receivables from exchange transactions (continued)

Consumer receivables from exchange transactions past due but not impaired

Consumer receivables from exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2016, R 260,897,207 (2015: R 156,268,812) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	114,544,761	89,780,229
2 months past due	66,696,384	62,636,335
3 months past due	79,656,062	3,852,248

Consumer receivables from exchange transactions impaired

As of 30 June 2016, consumer receivables from exchange transactions of R 1,862,054,166 (2015: R 1,774,205,147) were impaired and provided for.

The amount of the provision was R 1,862,054,166 as of 30 June 2016 (2015: R 1,774,205,147).

The ageing of these consumer receivables from exchange transactions is as follows:

Over 3 months	1,862,054,166	1,774,205,147
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Reconciliation of allowance for impairment of consumer receivables from exchange transactions

Opening balance	1,774,205,147	1,411,418,405
Allowance for impairment	393,515,380	428,529,405
Amounts written off as uncollectible	(235,412,847)	(65,742,663)
Unused amounts reversed	(70,253,514)	-
	1,862,054,166	1,774,205,147

Due to the limitations on the financial system it is impractical to disclose the impaired interest on the consumer receivables from exchange transactions.

10. VAT receivable

VAT	57,223,114	153,575,810
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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.

Comparative information has been restated due to correction of prior period errors and omissions.

Disclosure in terms of the MFMA

Opening balance	153,575,811	150,837,419
VAT payable	(103,078,546)	(147,446,825)
VAT claimed not yet received	6,725,850	150,185,217
	57,223,115	153,575,811

11. Investments

Bank investments

Nedbank	-	139,614,679
First National Bank	-	107,303,639
ABSA	107,818,543	115,797,115
	107,818,543	362,715,433

Nedbank

The investment was a short-term 365 day fixed deposit which earned interest at 7.92%. The investment matured on 30 June 2016. No re-investment was made.

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11. Investments (continued)

First National Bank

The investment was a short-term 365 day fixed deposit which earned interest at 7.07%. The investment matured on 1 July 2015. No re-investment was made.

ABSA

The investment was a short-term 365 day fixed deposit which earned interest at 8.01%. The investment matured on 30 June 2016. A re-investment was made on 30 June 2016 as a new short-term 365 day fixed deposit which earns interest at 9.00%

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	133,049	127,549
Bank balances	307,391,657	97,439,007
Short-term deposits	18,154,671	215,344,576
	325,679,377	312,911,132

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 entity is R50,000,000 (2015: R50,000,000)

There are no restrictions on the entity's ability to realise cash balances.

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

Aa1	325,546,328	312,783,583
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Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for the COID reserve	33	12,511,880	10,628,620
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.			

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Figures in Rand

12. Cash and cash equivalents (continued)

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA - Primary Account - 470 000 465	40,463,260	72,753,889	27,491,702	40,463,260	72,753,889	30,910,107
ABSA - Fresh Produce - 470 001 348	3,839,477	2,848,076	2,043,264	3,839,477	2,848,076	2,043,264
ABSA - Direct Deposits - 470 001 380	-	-	-	1,180,482	526,222	-
ABSA - Cheque Account - 405 883 3582	271,089,053	18,939,560	30,473,525	247,918,957	19,406,828	34,324,866
ABSA - Cheque Account - 405 513 3721	22	289	55	22	289	55
ABSA - Cheque Account - 405 406 5339	264,629	79,266	142,041	261,746	79,266	142,041
ABSA - Cheque Account - 470 001 402	4,274,365	2,243,518	7,032,350	4,220,785	2,189,938	6,978,770
ABSA - Cheque Account - 405 453 0924	18,145	17,779	8,424	18,145	17,779	(6,530)
ABSA - Cheque Account - 407 820 9583	11,181,230	1,304,309	202,707	9,459,886	(430,655)	(1,795,792)
ABSA - Cheque Account - 408 052 2070	22,462	21,268	21,344	22,462	21,268	21,344
ABSA - Cheque Account - 408 052 1896	6,435	26,106	6,970	6,435	26,106	6,970
Total	331,159,078	98,234,060	67,422,382	307,391,657	97,439,006	72,625,095

Summary of short term deposits held

Short term deposits held with ABSA	17,003,824	82,548,485
Short term deposits held with FNB	572,424	7,088,839
Short term deposits held with Nedbank	33,027	4,057,570
Short term deposits held with Standard Bank	545,396	121,649,682
	18,154,671	215,344,576

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Figures in Rand 2016 2015

13. Investment property

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1,497,507,000	-	1,497,507,000	1,636,496,363	-	1,636,496,363

Reconciliation of investment property - 2016

	Opening balance	Disposals	Revaluation	Total
Investment property	1,636,496,363	(176,000)	(138,813,363)	1,497,507,000

Reconciliation of investment property - 2015

	Opening balance	Transfers	Total
Investment property	1,643,033,363	(6,537,000)	1,636,496,363

Pledged as security

None of the investment property was pledged for any financial liability.

Details of property

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 entity.

Refer to Appendix B for further details on the movement on Investment Property.

Due to the limitations of the financial system, it is impractical to disclose the expenditure incurred with regard to investment property.

Details of valuation

The investment properties were revalued with reference to comparable market data where available, as well as information from the deeds office.

The entity's investment property was revalued at 30 June 2016 by independent professional qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and categories of the investment properties valued.

14. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,463,890,478	-	1,463,890,478	1,436,875,735	-	1,436,875,735
Buildings	1,353,009,257	(116,808,346)	1,236,200,911	1,303,904,026	(73,302,171)	1,230,601,855
Community	1,676,764,045	(772,849,984)	903,914,061	1,555,302,751	(689,389,513)	865,913,238
Electrical infrastructure	3,994,152,728	(400,567,306)	3,593,585,422	3,772,472,682	(301,691,553)	3,470,781,129
Infrastructure	8,978,644,179	(2,435,660,409)	6,542,983,770	7,883,365,968	(2,065,271,530)	5,818,094,438
Other property, plant and equipment	597,551,310	(188,336,863)	409,214,447	550,675,630	(167,538,890)	383,136,740
Total	18,064,011,997	(3,914,222,908)	14,149,789,089	16,502,596,792	(3,297,193,657)	13,205,403,135

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Figures in Rand

14. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Revaluation / Fair value adjustments	Depreciation	Impairment loss	Total
Land	1,436,875,735	35,001,000	(224,467)	(7,761,790)	-	-	-	1,463,890,478
Buildings	1,230,601,855	49,843,761	(494,124)	-	-	(43,750,581)	-	1,236,200,911
Community	865,913,238	132,879,761	(10,539,393)	-	(494,190)	(83,845,355)	-	903,914,061
Electrical infrastructure	3,470,781,129	232,988,483	(927,581)	-	599,870	(106,479,954)	(3,376,525)	3,593,585,422
Infrastructure	5,818,094,438	1,149,723,955	(24,306,904)	-	-	(400,527,719)	-	6,542,983,770
Other property, plant and equipment	383,136,740	75,884,467	(2,600,406)	-	-	(46,532,349)	(674,005)	409,214,447
	13,205,403,135	1,676,321,427	(39,092,875)	(7,761,790)	105,680	(681,135,958)	(4,050,530)	14,149,789,089

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers	Revaluations / Fair value adjustments	Depreciation	Impairment loss	Total
Land	1,442,238,700	1,577,535	-	(9,240,000)	2,299,500	-	-	1,436,875,735
Buildings	1,214,582,565	25,594,141	-	-	26,528,789	(36,103,640)	-	1,230,601,855
Community	841,455,782	98,189,629	(841,578)	-	9,496,153	(81,868,684)	(518,064)	865,913,238
Electrical infrastructure	1,866,549,768	245,195,696	(10,728,770)	-	1,423,204,145	(53,439,710)	-	3,470,781,129
Infrastructure	5,404,510,909	843,770,761	-	-	-	(428,120,760)	(2,066,472)	5,818,094,438
Other property, plant and equipment	356,427,455	70,675,168	(1,178,360)	-	-	(39,022,776)	(3,764,747)	383,136,740
	11,125,765,179	1,285,002,930	(12,748,708)	(9,240,000)	1,461,528,587	(638,555,570)	(6,349,283)	13,205,403,135

Included in property, plant and equipment are 79 (2015: 79) assets with a nil carrying value at year end. The cost price of these assets amounts to R 3,328,246 (2015: R 3,328,246). These assets are not significant to the entity's operations and service delivery objectives.

Included in property, plant and equipment are 16 (2015: 16) fully depreciated assets no longer in use by the entity. The cost price of these assets amounts to R 114,654,249 (2015: R 114,654,249) and consists of closed landfill sites and quarries.

Refer to Appendix B for further details on the movement of property, plant and equipment.

Pledged as security

No property, plant and equipment has been pledged as security for any financial liabilities.

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14. Property, plant and equipment (continued)		
Assets subject to finance lease (Net carrying amount)		
Motor vehicles	156,452,479	146,950,620
Office equipment	10,951,841	-
Centlec leased assets	1,904,413	1,704,729
	169,308,733	148,655,349

Revaluations

The effective date of the revaluation 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 deeds office.

The valuation was performed after the following factors were taken into account:

- the useful lives and;
- the condition of the asset.

There are no restrictions on 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 valuers, Mr Theunis Hendrik Myburgh & Mr Raymond Taylor, professional valuers in terms of the Valuers'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 electrical 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 entity.

The valuations were performed using the depreciated replacement cost method.

Details of properties

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 entity.

Reconciliation of Assets under Construction 2016

	Included within Electrical Infrastructure	Included within Basic Services Infrastructure	Included within Community	Included within Other PPE	Total
Closing balance	178,149,468	1,200,153,472	99,299,091	61,373,977	1,538,976,008

Reconciliation of Assets under Construction 2015

	Included within Electrical Infrastructure	Included within Basic services Infrastructure	Included within Community	Included in Other PPE	Total
Closing balance	218,097,058	903,317,812	141,091,548	18,964,558	1,281,470,976

Deemed cost

Deemed cost was determined using depreciated replacement cost.

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15. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	53,060,249	(29,592,566)	23,467,683	54,610,702	(23,538,265)	31,072,437
Servitudes	84,886,940	-	84,886,940	84,765,628	-	84,765,628
Total	137,947,189	(29,592,566)	108,354,623	139,376,330	(23,538,265)	115,838,065

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	31,072,437	6,620,108	(14,224,862)	23,467,683
Servitudes	84,765,628	121,312	-	84,886,940
	115,838,065	6,741,420	(14,224,862)	108,354,623

Reconciliation of intangible assets - 2015

	Opening balance	Additions	WIP Transferred to Additions	Amortisation	Total
Computer software	23,528,932	18,794,408	(562,999)	(10,687,904)	31,072,437
Servitudes	84,745,932	19,696	-	-	84,765,628
	108,274,864	18,814,104	(562,999)	(10,687,904)	115,838,065

Pledged as security

None of the intangible assets were pledged as security for any financial liability.

Other information

Refer to Appendix B for further details on the movement of intangible assets.

Intangible assets with indefinite lives:

Servitudes	84,886,940	84,765,628
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The servitudes held by the entity are land rights that have been issued. The land held by the entity is deemed to have an indefinite useful life, including servitudes.

Deemed cost

Deemed cost was determined using depreciated replacement cost.

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16. Heritage assets

	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	321,568,687	-	321,568,687	321,568,687	-	321,568,687

Reconciliation of heritage assets 2016

	Opening balance	Total
Heritage assets	321,568,687	321,568,687

Reconciliation of heritage assets 2015

	Opening balance	Total
Heritage assets	321,568,687	321,568,687

Pledged as security

None of the heritage assets were pledged as security for any financial liability.

Revaluations

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.

Refer to Appendix B for further details on the movement of heritage assets.

17. Non-current receivables

Designated at fair value

2535 Unlisted shares - OVK Limited	33,107	32,498
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At amortised cost

Erven loans	8,760,885	8,904,843
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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	47,833,011	47,924,746
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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	9,144,198	9,372,425
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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

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17. Non-current receivables (continued)		
Kopanong Local Municipality	1,269,360	1,449,290
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 bear interest at 10%		
Mohokare Local Municipality	681,461	777,003
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 bear interest at 10%		
Naledi Local Municipality	160,603	180,679
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 bear interest at 10%		
Consumer debtors - Arrangements	343,091	1,626,351
Consumer debtors with arrangements that stretch over a period longer than 12 months.		
	68,192,609	70,235,337
Impairment - Erven loans	(8,593,141)	(8,735,906)
Impairment - Housing selling schemes	(47,755,514)	(47,468,253)
Impairment - Cricket stadium	(9,144,198)	(9,372,425)
	2,699,756	4,658,753
Total other financial assets	2,732,863	4,691,251
Non-current assets		
Designated at fair value	33,107	32,498
At amortised cost	2,699,756	4,658,753
	2,732,863	4,691,251
Current assets		
At amortised cost	295,545	295,545
Financial assets at fair value		
Fair values of financial assets measured or disclosed at fair value		
Class 1 - Unlisted shares	33,107	32,498
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	33,107	32,498

Mangaung Metropolitan Municipality

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Figures in Rand	2016	2015
17. Non-current receivables (continued)		
Financial assets at amortised cost		
Financial assets at amortised cost past due but not impaired		
Other non-current receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2016, none of the non-current receivables were past due but not impaired.		
Financial assets at amortised cost impaired		
As of 30 June 2016, other non-current receivables of R 65,492,836 (2015: R 65,576,584) were impaired and provided for.		
The amount of the provision was R 65,492,836 as of 30 June 2016 (2015: R 65,576,584).		
The ageing of these loans is as follows.		
Over 3 months	65,492,836	65,576,584
Reconciliation of provision for impairment of financial assets at amortised cost		
Impairment of Erven loans		
Opening balance	8,735,906	9,010,111
Unused amounts reversed	(142,765)	(274,205)
	8,593,141	8,735,906
Impairment of Housing selling scheme loans		
Opening balance	47,468,253	47,723,462
Provision for impairment	783,547	-
Unused amounts reversed	(496,286)	(255,209)
	47,755,514	47,468,253
Impairment of Cricket stadium		
Opening balance	9,372,425	9,466,383
Provision for impairment	(228,227)	-
Unused amounts reversed	-	(93,958)
	9,144,198	9,372,425

Due to the limitations on the financial system, it is impractical to disclose the impaired interest on the non-current receivables.

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.

None of the non-current receivables were pledged as security for any financial liability.

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18. Deferred tax		
Deferred tax liability		
Opening balance	(391,523,240)	-
Property, plant and equipment	(55,294,395)	(391,380,636)
Taxable temporary differences	(16,103,430)	-
Prepaid expenses	(8,749)	(142,604)
Total deferred tax liability	(462,929,814)	(391,523,240)
Deferred tax asset		
Opening balance	8,036,308	-
Taxable temporary differences	-	8,036,308
Tax losses available for set off against future taxable income	135,855,139	60,161,194
Total deferred tax asset	143,891,447	68,197,502
Deferred tax liability	(462,929,814)	(391,523,240)
Deferred tax asset	143,891,447	68,197,502
Total net deferred tax liability	(319,038,367)	(323,325,738)
Reconciliation of deferred tax asset \ (liability)		
At beginning of year	(323,325,738)	-
Depreciable assets	(55,294,415)	(391,380,636)
Finance leases	(5,098)	2,116
Operating leases	(84,732)	112,143
Provisions	(16,013,599)	7,922,049
Prepaid expenses	(8,748)	(142,604)
Assessed loss	75,693,964	60,161,194
	(319,038,366)	(323,325,738)

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable surpluses in excess of the surpluses arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a deficit in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

The deferred tax asset arose as a result of the municipal entity not having been subject to income tax in the past. However in the 2014/15 financial year the municipal entity had to account for income tax which resulted in the wear and tear allowances being in excess of the available surplus. The municipal entity has the ability to generate profit in the foreseeable future against which temporary differences will be utilised.

Deferred tax assumptions

Mangaung Metropolitan Municipality

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18. Deferred tax (continued)

As at 30 June 2016 no guidance was received from SARS on the transition from a tax exempt entity to a taxable entity. Due to this, uncertainties in the calculation of the municipal entity's taxation exist and will continue to exist going forward until a pronouncement is made by SARS on the municipal entity's tax calculation. In the absence of a pronouncement from SARS and the fact that the municipal entity is no longer tax exempt, the municipal entity had to make certain key assumptions relating to income- and deferred tax to be able to account for tax. These assumptions are set out as follows:

Infrastructure assets

The base cost for the electrical infrastructure assets of the municipal entity was determined by using the audited infrastructure fixed asset register. The tax exemption for the municipal entity was no longer applicable as at the 1 July 2014, on this date the municipal entity embarked on an exercise to determine the base cost for each of the Infrastructure assets. The closing balance for the 2013/2014 financial year was deemed as the most accurate value to be used as the base cost and carrying values for tax purposes moving forward. Up until 1 July 2014 management had never claimed any wear & tear on infrastructure assets. The base cost was therefore the deemed cost as at 1 July 2014.

Infrastructure assets of the municipal entity are all carried on the revaluation model as per General Recognised Accounting Standards 17 - Property plant and equipment. There is no General Recognised Accounting Standards standard applicable to taxation, therefore the municipal entity referred to the international accounting standards (IAS) for further guidance, which is IAS 12: Income taxation. Through inspection of the income tax action and the practice notes it was noted that there was no clear guidance regarding the write off periods for electrical infrastructure assets. Due to this Section 12D of the income tax action was deemed as the best alternative to use to determine the write off periods for most of the electrical infrastructure assets. Section 12D was applied to the following electrical infrastructure assets: High Voltage conductors, Medium Voltage conductors, Low Voltage conductors and the Streetlights. All other categories of infrastructure assets could operate independent of transmission lines and Section 12D would not be applicable to these assets.

As per the Income Tax Act, 1962 (Act 58 of 1962) the kind of information that could be useful in determining the expected useful life of an asset/write off period include:

- Independent engineering information;
- The taxpayer's own past experience with similar assets;

Based on the above and due to insufficient guidance in the Income Tax Act, 1962 (Act 58 of 1962) the option of best professional judgement in determining an accurate write off period for the Infrastructure assets was used as follows:

- For all the distribution lines and cables a 5% write off period was used
- For all other infrastructure assets a 5 year write off period was adopted as the assets have been in operation for some time and as per the engineering information they cannot fall within Section 12D of the Income Tax Act, 1962 (Act 58 of 1962) .

Section 12 of the Income Tax Act, 1962 (Act 58 of 1962) was applied therefore no apportionment of the wear and tear was done. The wear and tear of assets is the amount that the South African Receiver of Revenue considers an appropriate write off timeframe for each asset. The wear and tear was calculated as follows:

- The depreciated replacement cost was taken per asset and any addition for the year was added and this value was multiplied by 20%.
- When an asset is disposed of during the financial year wear and tear is still calculated for that asset and an inspection for a possible recoupment is done.

Non-Infrastructure assets

All assets other than infrastructure assets were written off by making use of Practice note 19.

Debt impairment

The provision for debt impairment is limited as a tax deduction to the extent that the originating revenue was taxable. Since the municipal entity was tax exempt for a period the revenue recognised and subsequently impaired during this period could not fully be included as a tax deduction. Due to this only the movement in the debt impairment for the year when the municipal entity first became taxable was used in calculating the tax.

Mangaung Metropolitan Municipality

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Figures in Rand	2016	2015
19. Payables from exchange transactions		
Accrued bonus	26,832,614	24,842,890
Accrued leave pay	114,095,774	99,620,907
Claims - unfair dismissals	4,879,817	6,608,171
Deferred lease expenditure	1,711,549	2,612,165
Deferred revenue	10,882,310	9,195,258
Electricity connections	6,887,585	6,236,798
Mantsopa Local Municipality	8,333,222	3,704,549
Operating expense accrual	10,361,972	9,799,595
Other payables	52,410,259	1,241,288
Other payables - grants	8,166,928	8,204,077
Payments received in advanced	85,401,686	79,086,404
Retentions	135,884,853	88,816,192
Salaries payable	1,845,965	2,705,134
Trade payables	844,894,987	488,824,613
Unallocated deposits received	6,116,487	6,093,311
	1,318,706,007	837,591,352

The entity defaulted on the payment of suppliers within 30 days. The average term of payment of suppliers for the current year was 139 days (2015: 52 days).

The terms were not renegotiated before the financial statements were authorised for issue.

20. Payables from non-exchange transactions

Deposits	620,390	558,047
Other	1,342,476	1,342,476
Payments received in advance	284,236,541	277,514,037
	286,199,407	279,414,560

21. Consumer deposits

Electricity	127,743,335	70,796,810
Water	33,728,408	30,872,092
	161,471,743	101,668,902

Guarantees in lieu of consumer deposits for water amounted to R 2,018,667 (2015: R 2,063,152)

Guarantees in lieu of consumer deposits for electricity amounted to R 11,368,891 (2015: R 15,549,583)

Fair value hierarchy

For financial liabilities 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 liabilities which are measured using unadjusted quoted prices in active markets for identical liabilities.

Level 2 applies inputs other than quoted prices that are observable for the liabilities 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.

Fair values of financial liabilities measured or disclosed at fair value

Level 1		
Water	33,728,408	30,872,092
Electricity	127,743,335	70,796,810
	161,471,743	101,668,902

Mangaung Metropolitan Municipality

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Figures in Rand	2016	2015
22. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
City of Ghent - Youth development grant	825,516	550,146
Department Telecom and Postal Services	5,292,842	-
Expanded Public Works Programme Incentive Grant	-	38,641
Integrated City Development Grant	96,234	-
Municipal Accreditation Project Funding - Housing Grant	1,312,966	3,628,261
Municipal Human Settlement Capacity Grant	2,784,685	-
Neighbourhood Development Grant	32,240,277	-
Public Transport Infrastructure and Network Systems Grant	-	21,133,200
Sports, Arts and Culture - Admin Libraries	3,291,174	2,000,000
Sustainable Human Settlement Grant	1,595,782	2,598,026
Urban Settlement Development Grant	58,643,843	77,535,555
	106,083,319	107,483,829

The amounts will be recognised as revenue when conditions have been met.

Refer to note 41 for reconciliation of grants from National/Provincial Government.

23. Operating lease liability

Non-current liabilities	-	96,338
Current liabilities	97,893	304,171
	97,893	400,509

The municipal entity leases a building situated in Botshabelo from the Free State Development Corporation (FDC) 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 situated in Bloemfontein from Telkom SA (SOC) Ltd 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%.

Mangaung Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	2016	2015
24. Finance lease obligation		
Finance lease obligation	65,153,319	110,338,389
Minimum lease payments due		
- within one year	52,257,921	49,488,799
- in second to fifth year inclusive	25,622,885	73,229,763
	77,880,806	122,718,562
less: future finance charges	(12,727,487)	(12,380,174)
Present value of minimum lease payments	65,153,319	110,338,388
Present value of minimum lease payments due		
- within one year	44,968,869	41,538,934
- in second to fifth year inclusive	20,184,450	68,799,454
	65,153,319	110,338,388
Non-current liabilities	20,184,450	68,799,455
Current liabilities	44,968,869	41,538,934
	65,153,319	110,338,389

The entity leases various equipment and vehicles under finance leases. The maximum lease term is between 2 and 5 years and the average borrowing rate is between 9% and 15%. Leases are not renewed automatically upon expiry, unless otherwise instructed by the entity.

No arrangements have been entered into for contingent rent.

The entity did not default on any of the finance lease obligations, whether it be on the capital or 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 14.

25. Borrowings

At amortised cost

DBSA Bloemfontein - Sewer 8001/104	-	734,557
DBSA Bloemfontein - Water 8001/104	-	658,552
DBSA - FS1034/01	134,296,964	138,000,746
DBSA - FS1034/02	40,510,298	42,555,911
DBSA - 6100 7294	309,292,276	127,000,000
Standard Bank - Loan 33714314	289,958,385	283,235,810

Total other financial liabilities	774,057,923	592,185,576
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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%.

Non-current liabilities

At amortised cost	673,092,550	557,182,589
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Current liabilities

At amortised cost	100,965,373	35,002,987
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Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

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25. Borrowings (continued)

Defaults and breaches

The following loans were in default as a result of not meeting capital repayment requirements as per the contractual arrangements. The default was due to technical difficulties encountered while the entity was implementing the transfer to the new financial system.

All the defaults on the above borrowings were remedied through payment of the accrued capital and interest amounts on the 7th and 11th July 2016 respectively. There were no renegotiations of the borrowing required.

Loan	Carrying amount at 30 June 2016	Default principal amount	Default interest
DBSA - FS1034/01	134,296,964	515,978	1,378,808
DBSA - FS1034/02	40,510,298	218,835	223,424
DBSA - 6100 7294	309,292,275	12,128,245	12,803,450
Standard Bank 33714314	289,958,385	9,685,604	14,986,997
	774,057,922	22,548,662	29,392,679

26. Provisions

Rehabilitation of landfill sites	203,710,648	143,407,853
Rehabilitation of quarry sites	317,377,880	345,753,994
	521,088,528	489,161,847

Reconciliation of provisions - 2016

	Opening Balance	Re-assessment	Change in discount factor	Total
Rehabilitation of landfill sites	143,407,853	57,759,530	2,543,265	203,710,648
Rehabilitation of quarry sites	345,753,994	(34,559,175)	6,183,061	317,377,880
	489,161,847	23,200,355	8,726,326	521,088,528

Reconciliation of provisions - 2015

	Opening Balance	Re-assessment	Change in discount factor	Total
Rehabilitation of landfill sites	78,473,170	57,772,777	7,161,906	143,407,853
Rehabilitation of quarry sites	357,691,190	(17,765,029)	5,827,833	345,753,994
	436,164,360	40,007,748	12,989,739	489,161,847

Non-current liabilities	178,043,634	294,353,503
Current liabilities	343,044,894	194,808,344
	521,088,528	489,161,847

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 13.491% (2015: 4.789%) for the circumstances of the entity.

Landfill sites consists of:	Restoration date:
Botshabelo Landfill Site	2117
Northern Landfill Site	2038
Southern Landfill Site	2021

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.

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26. 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 13.491% (2015: 4.789%) for the circumstances of the entity.

Quarries consists of:	Restoration date:
<u>Bloemfontein</u>	
Cecelia	2018
Sunnyside	2018
Kgotsong	2016
Ipopeng	2016
Chris Hani	2016
Caleb Motsoabi	2016
N1	2016
<u>Botshabelo</u>	
K-Section	2016
F1-Section	2016
F2.1-Section	2016
F2.2-Section	2016
W-Section	2016
S-Section	2016
B-Section	2016
<u>Thaba Nchu</u>	
Seroala	2016
Thubisi	2016
Putsane	2016
Merino	2016
Rhakoi	2016
Sediba	2016
Rooibult	2016
Kgalala	2016
Baraclava 1	2016
Baraclava	2016
Bultfontein 3	2016
Modutung	2016
Talla	2016
Nogas Pst	2016

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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27. Employee benefit obligations

Defined benefit plan

The defined benefit liability as disclosed below is represented by three different post-employment benefits. None of the benefits set out below are externally funded.

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.

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.

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	730,560,000	646,465,000
Non-current liabilities	729,754,000	645,493,000
Current liabilities	806,000	972,000
	730,560,000	646,465,000

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	2016	2015
27. Employee benefit obligations (continued)		
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	646,465,000	560,245,000
Current service cost	37,060,000	31,018,000
Past service cost	-	24,045,000
Interest cost	60,753,000	53,215,000
Actuarial (gains) losses	2,320,822	(3,116,051)
Benefits paid	(16,038,822)	(18,941,949)
	730,560,000	646,465,000

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 cost	555,000	35,100,000	4,744,000	40,399,000
Current service cost	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

2013	Pension fund	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2012	5,194,000	280,551,000	59,061,000	344,806,000
Interest cost	407,000	25,797,000	4,648,000	30,852,000
Current service cost	47,000	12,922,000	5,767,000	18,736,000
Benefits paid / (expected)	(452,000)	(6,912,000)	(7,509,676)	(14,873,676)
Actuarial (gains) / losses	797,000	60,044,000	15,517,676	76,358,676
	5,993,000	372,402,000	77,484,000	455,879,000

2014	Pension fund	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2013	5,993,000	372,402,000	77,484,000	455,879,000
Interest cost	453,000	34,729,000	5,811,000	40,993,000
Current service cost	43,000	17,517,000	8,173,000	25,733,000
Benefits paid / (expected)	(381,000)	(7,566,000)	(10,552,179)	(18,499,179)
Actuarial (gains) / losses	(943,000)	54,590,000	2,492,179	56,139,179
	5,165,000	471,672,000	83,408,000	560,245,000

2015	Pension fund	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2014	5,165,000	471,672,000	83,408,000	560,245,000
Interest cost	426,000	45,955,000	6,834,000	53,215,000
Current service cost	49,000	22,228,000	8,741,000	31,018,000
Past service costs	-	24,045,000	-	24,045,000
Benefits paid / (expected)	(354,000)	(8,357,000)	(10,230,949)	(18,941,949)
Actuarial (gains) / losses	(352,000)	1,635,000	(4,399,051)	(3,116,051)
	4,934,000	557,178,000	84,353,000	646,465,000

2016	Pension fund	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2015	4,934,000	557,178,000	84,353,000	646,465,000
Interest cost	405,000	53,241,000	7,107,000	60,753,000
Current service cost	47,000	27,719,000	9,294,000	37,060,000
Benefits paid / (expected)	(322,000)	(9,138,000)	(6,578,822)	(16,038,822)
Actuarial (gains) / losses	(247,000)	(2,563,000)	5,130,822	2,320,822
	4,817,000	626,437,000	99,306,000	730,560,000

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	2016			2015
27. Employee benefit obligations (continued)				
Estimated future contributions	Pension fund	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2016	4,817,000	626,435,000	92,417,000	723,669,000
Interest cost	419,000	62,284,000	7,912,000	70,615,000
Current service cost	50,000	33,203,000	9,199,000	42,452,000
Benefits paid / (expected)	(341,000)	(9,046,000)	(11,731,000)	(21,118,000)
	4,945,000	712,876,000	97,797,000	815,618,000

Key assumptions used

Assumptions used at the reporting date:

Discount rate - Pension fund	9.00 %	8.50 %
Discount rate - Medical aid	9.75 %	9.40 %
Discount rate - Long service award	8.65 %	8.40 %
Expected increase in healthcare costs	9.26 %	8.90 %
Salary inflation rate - Pension fund	8.65 %	8.25 %
Salary inflation rate - Long service award	8.35 %	8.10 %
Expected pension increases	6.65 %	6.25 %
Inflation rate - Pension fund	6.65 %	6.25 %
Inflation rate - Medical aid	7.26 %	6.90 %
Inflation rate - Long service awards	6.35 %	6.10 %
Membership discontinued at retirement or death-in-service	10.00 %	10.00 %
Expected retirement age (years)	63	63

Government bond yields were used when setting the best-estimate discount rate assumption for health care cost.

The estimated discount rate health care cost was set equal to the yield on the BESA zero-coupon yield curve with a term of 19 years, the expected duration of the liability based on the current membership data, as at 30 June 2016.

Other assumptions

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

	One percentage point increase	One percentage point decrease
Effect on defined benefit obligation	(794,451,000)	(521,682,000)
Effect on the aggregate of the service cost	(41,991,000)	(26,155,000)
Effect on the aggregate of the interest cost	(74,671,000)	(51,681,000)

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

	2016 R	2015 R	2014 R	2013 R	2012 R
Defined benefit obligation	730,560,000	646,465,000	560,245,000	455,879,000	344,806,000
Experience adjustments on plan liabilities	1,039,000	6,659,000	(16,647,000)	(33,624,000)	(8,418,000)

28. FRESHCO liability

FRESHCO non-current liability	214,558,041	193,357,936
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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 5% 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.

Mangaung Metropolitan Municipality

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29. Land availability liability

Land availability non-current liability	186,119,361	31,575,456
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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.

30. Revaluation reserve

Opening balance	1,984,560,395	951,129,369
Revaluation of assets	17,260,688	1,452,032,434
Impairment losses on revalued capital assets	(17,794,678)	-
Realisation of the revaluation reserve	(22,095,838)	(12,032,305)
Deferred tax	-	(406,569,103)
	1,961,930,567	1,984,560,395

31. Other NDR

Non-distributable reserve	60,000,000	60,000,000
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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.

32. Self insurance reserve

Opening balance	5,000,000	5,000,000
Contributions received	180,770	264,447
Insurance claims processed	(180,770)	(264,447)
	5,000,000	5,000,000

33. COLD reserve

Opening balance	10,628,620	8,934,694
Contributions received	3,393,230	3,132,625
Insurance claims processed	(1,509,970)	(1,438,699)
	12,511,880	10,628,620

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34. Financial instruments disclosure

Categories of financial instruments

2016

Financial assets

	At fair value	At amortised cost	Total
Non-current receivables	33,107	2,995,301	3,028,408
Other receivables from non-exchange transactions	-	4,454,092	4,454,092
Other receivables from exchange transactions	-	96,266,927	96,266,927
Consumer receivables from non-exchange transactions	-	262,419,381	262,419,381
Consumer receivables from exchange transactions	-	804,890,677	804,890,677
Cash and cash equivalents	-	325,546,328	325,546,328
Investments	-	107,818,543	107,818,543
	33,107	1,604,391,249	1,604,424,356

Financial liabilities

	At fair value	At amortised cost	Total
Borrowings	-	774,057,923	774,057,923
Payables from exchange transactions	-	1,177,777,620	1,177,777,620
Payables from non-exchange transactions	-	286,199,407	286,199,407
Finance lease obligation	-	65,153,319	65,153,319
Consumer deposits	161,471,743	-	161,471,743
Operating lease liability	-	97,893	97,893
	161,471,743	2,303,286,162	2,464,757,905

2015

Financial assets

	At fair value	At amortised cost	Total
Non-current receivables	32,498	4,954,298	4,986,796
Other receivables from non-exchange transactions	-	810,045	810,045
Other receivables from exchange transactions	-	88,135,211	88,135,211
Consumer receivables from exchange transactions	-	632,952,917	632,952,917
Consumer receivables from non-exchange transactions	-	303,378,328	303,378,328
Cash and cash equivalents	-	312,783,583	312,783,583
Investments	-	362,715,433	362,715,433
	32,498	1,705,729,815	1,705,762,313

Financial liabilities

	At fair value	At amortised cost	Total
Borrowings	-	592,185,575	592,185,575
Payables from exchange transactions	-	713,127,555	713,127,555
Payables from non-exchange transactions	-	279,414,560	279,414,560
Finance lease obligation	-	110,338,389	110,338,389
Consumer deposits	101,668,902	-	101,668,902
Operating lease liability	-	400,509	400,509
	101,668,902	1,695,466,588	1,797,135,490

Mangaung Metropolitan Municipality

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35. Revenue		
Service charges	2,891,918,204	2,717,576,105
Agency services	4,788,455	4,750,908
Interest received	220,587,550	237,073,638
Licences and permits	656,529	170,677
Rental of facilities and equipment	33,243,326	28,370,601
Other income from exchange transactions	77,612,549	57,090,659
Property rates	810,476,472	787,453,693
Fines	51,082,513	77,671,023
Government grants & subsidies	1,710,171,686	1,608,312,776
Other income from non-exchange transactions	47,486,438	24,945,123
	5,848,023,722	5,543,415,203
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	2,891,918,204	2,717,576,105
Agency services	4,788,455	4,750,908
Interest received - investment	220,587,550	237,073,638
Licences and permits	656,529	170,677
Rental of facilities and equipment	33,243,326	28,370,601
Other income from exchange transactions	77,612,549	57,090,659
	3,228,806,613	3,045,032,588
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	810,476,472	787,453,693
Transfer revenue		
Government grants & subsidies	1,710,171,686	1,608,312,776
Fines	51,082,513	77,671,023
Other income from non-exchange transactions	47,486,438	24,945,123
	2,619,217,109	2,498,382,615
36. Service charges		
Sale of electricity	1,964,403,914	1,798,046,182
Sale of water	622,627,224	645,647,884
Sewerage and sanitation charges	220,157,852	196,311,702
Refuse removal	84,729,214	77,570,337
	2,891,918,204	2,717,576,105
37. Rental of facilities and equipment		
Premises		
Venue hire	1,190,983	1,118,800
Facilities and equipment		
Rental of facilities	31,487,109	26,683,159
Rental of equipment	565,234	568,642
	32,052,343	27,251,801
	33,243,326	28,370,601

Mangaung Metropolitan Municipality

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Figures in Rand	2016	2015
38. Other income from exchange transactions		
Advertising	1,271,056	1,163,857
Analysis of industrial effluent	2,580,717	1,461,591
Building plan fees	3,782,363	3,557,783
Clearance certificates	2,058,736	2,371,089
Commission - Fresh Produce Market	19,254,934	17,371,615
Connection and re-connection of water	6,129,381	4,913,946
Credit control fees	2,352,052	1,166,771
Entrance fees	1,549,304	1,303,237
Grave plots	3,042,842	2,789,833
Insurance collection	2,864,572	2,595,227
Parking fees	1,154,287	1,352,821
Removal fees	1,108,306	545,495
Sale of erven	11,514,818	5,441,315
Sale of redundant material	9,611	3,507
Sundry services rendered	9,000	122,126
Sale of tender documents	2,696,193	2,979,225
Street lighting	24,803	36,692
Training income	3,744,077	4,037,980
Sundry income	12,465,497	3,876,549
	77,612,549	57,090,659
39. Interest received		
Interest revenue		
Cash and cash equivalents	14,279,064	22,546,158
Interest charged on long term receivables	1,441,415	1,728,644
Interest charged on trade and other receivables	173,759,040	178,899,691
Interest on investments	31,108,031	33,899,145
	220,587,550	237,073,638

Mangaung Metropolitan Municipality

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Figures in Rand	2016	2015
40. Property rates		
Rates levied		
Residential and business/commercial	648,867,605	544,924,819
Government	161,608,867	242,528,874
	810,476,472	787,453,693
Valuations		
Residential	62,580,729,147	78,057,664,404
Business/Commercial	17,862,389,465	21,226,868,426
Government	8,716,257,170	10,116,646,160
Municipal	5,122,902,685	4,760,661,886
	94,282,278,467	114,161,840,876

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 is exempted from taxes, including properties which are zoned for the purpose of town houses and flats, as well as smallholdings 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.

2016:

From 1 July 2015 the basic rates were adjusted as follows:

- R0.001533 on the value of rateable farm property
- R0.006131 on the value of rateable residential property
- R0.025205 on the value of rateable government property
- R0.025205 on the value of rateable business/commercial property

2015:

From 1 July 2014 the basic rates were adjusted as follows:

- R0.001446 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

Mangaung Metropolitan Municipality

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Figures in Rand	2016	2015
41. Government grants and subsidies		
Operating grants		
Equitable Share	596,652,000	603,580,999
Fuel Levy	260,928,000	256,663,000
City of Ghent - Youth Development Grant	300,965	1,453,935
Department of Water Affairs	-	3,057,723
Electricity Demand Side Management Grant	-	7,490,000
Financial Management Grant	1,300,000	1,500,000
Lotto Grant	-	4,912,281
Municipal Accreditation Project Funding - Housing Grant	2,315,295	-
Municipal Human Settlement Capacity Grant	6,421,315	-
National Electrification Programme Grant	30,000,000	30,200,000
National Sports and Recreation Grant	-	500,000
Neighbourhood Development Grant	21,535,723	5,000,000
Sports, Arts & Culture - Admin libraries	708,826	-
Sports, Arts & Culture - Sport	-	4,000,000
	920,162,124	918,357,938
Capital grants		
DWAF - Water Conservation Grant	-	942,277
Expanded Public Works Programme Incentive Grant	3,135,641	2,392,359
Integrated City Development Grant	10,060,766	5,596,000
Public Transport Infrastructure and Network Systems Grant	63,072,200	8,866,800
Sustainable Human Settlement Grant	1,002,243	24,560,384
Urban Settlement Development Grant	712,738,712	647,597,018
	790,009,562	689,954,838
	1,710,171,686	1,608,312,776
Equitable Share		
Current year receipts	596,652,000	603,581,000
Conditions met - transferred to revenue	(596,652,000)	(603,581,000)
	-	-
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Fuel Levy		
Current-year receipts	260,928,000	256,663,000
Conditions met - transferred to revenue	(260,928,000)	(256,663,000)
	-	-
The fuel levy is allocated to the entity from the General Fuel Levy Revenue Fund.		
City of Ghent - Youth Development Grant		
Balance unspent at beginning of year	550,146	1,453,936
Current-year receipts	576,335	550,146
Conditions met - transferred to revenue	(300,965)	(1,453,936)
	825,516	550,146
Conditions still to be met - remain liabilities (see note 22).		
The grant is given by the City of Ghent for youth development.		

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Figures in Rand	2016	2015
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41. Government grants and subsidies (continued)

Department of Water Affairs

Current-year receipts	-	3,057,723
Conditions met - transferred to revenue	-	(3,057,723)
	-	-

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
Conditions met - transferred to revenue	-	(7,490,000)
	-	-

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.

Financial Management Grant

Current-year receipts	1,300,000	1,500,000
Conditions met - transferred to revenue	(1,300,000)	(1,500,000)
	-	-

The purpose of the grant is to promote and support reforms to financial management and the implementation of the MFMA.

Lotto Grant

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.

Municipal Accreditation Project Funding - Housing Grant

Balance unspent at beginning of year	3,628,261	3,628,261
Conditions met - transferred to revenue	(2,315,295)	-
	1,312,966	3,628,261

Conditions still to be met - remain liabilities (see note 22).

The grant is allocated to the entity to finance and support the entity accreditation project as well as capacity development.

Municipal Human Settlement Capacity Grant

Current-year receipts	9,206,000	-
Conditions met - transferred to revenue	(6,421,315)	-
	2,784,685	-

Conditions still to be met - remain liabilities (see note 22).

To build capacity in municipalities to deliver and subsidise the operational costs of administering human settlement programmes.

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Figures in Rand	2016	2015
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41. Government grants and subsidies (continued)

National Electrification Programme Grant

Current-year receipts	30,000,000	30,200,000
Conditions met - transferred to revenue	(30,000,000)	(30,200,000)
	-	-

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.

National Sports and Recreation Grant

Current-year receipts	-	500,000
Conditions met - transferred to revenue	-	(500,000)
	-	-

The grant is used to assist host cities with the operational responsibilities associated with the hosting of sports events.

Neighbourhood Development Grant

Current-year receipts	53,776,000	5,000,000
Conditions met - transferred to revenue	(21,535,723)	(5,000,000)
	32,240,277	-

Conditions still to be met - remain liabilities (see note 22).

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.

Sports, Arts & Culture - Admin Libraries

Balance unspent at beginning of year	2,000,000	-
Current-year receipts	2,000,000	2,000,000
Conditions met - transferred to revenue	(708,826)	-
	3,291,174	2,000,000

Conditions still to be met - remain liabilities (see note 22).

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.

DWAF - Water Conservation Grant

Current-year receipts	-	942,277
Conditions met - transferred to revenue	-	(942,277)
	-	-

The purpose of the grant is to develop regional bulk infrastructure for water supply to supplement water treatment work and resource development.

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41. Government grants and subsidies (continued)

Expanded Public Works Programme Incentive grant

Balance unspent at beginning of year	38,641	138,463
Current-year receipts	3,097,000	2,431,000
Conditions met - transferred to revenue	(3,135,641)	(2,392,359)
Surrendered to National Treasury	-	(138,463)
	-	38,641

Conditions still to be met - remain liabilities (see note 22).

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.

Integrated City Development Grant

Current-year receipts	10,157,000	5,596,000
Conditions met - transferred to revenue	(10,060,766)	(5,596,000)
	96,234	-

Conditions still to be met - remain liabilities (see note 22).

To provide a financial incentive for metropolitan municipalities to achieve a more compact urban spatial form through integrating and focussing their use of available infrastructure investment and regulatory instruments.

Public Transport Infrastructure and Network Systems Grant

Balance unspent at beginning of year	21,133,200	597,471
Current-year receipts	48,128,000	30,000,000
Conditions met - transferred to revenue	(63,072,200)	(8,866,800)
Surrendered to National Treasury	(6,189,000)	(597,471)
	-	21,133,200

Conditions still to be met - remain liabilities (see note 22).

The grant is allocated to the entity to improve public transport infrastructure and systems, in accordance with agreed project plans.

Sustainable Human Settlement Grant

Balance unspent at beginning of year	2,598,026	27,158,410
Other	(1,002,244)	(24,560,384)
	1,595,782	2,598,026

Conditions still to be met - remain liabilities (see note 22).

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.

Urban Settlement Development Grant

Balance unspent at beginning of year	77,535,555	70,726,573
Current-year receipts	693,847,000	654,406,000
Conditions met - transferred to revenue	(712,738,712)	(647,597,018)
	58,643,843	77,535,555

Conditions still to be met - remain liabilities (see note 22).

Supplements the capital revenues of metropolitan municipalities in order to support the national human settlements development programme, focusing on poor households.

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Figures in Rand	2016	2015
41. Government grants and subsidies (continued)		
Department Telecom and Postal Services		
Current-year receipts	5,292,842	-
Conditions still to be met - remain liabilities (see note 22).		
To develop information and communication technology (ICT) policies and legislation that create favourable conditions for accelerated and shared sustainable economic growth that positively impacts on the wellbeing of all South Africans.		
Changes in level of government grants		
Based on the allocations set out in the Division of Revenue Act. (Act 3 of 2016), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
42. Other income from non-exchange transactions		
Penalties	-	1,562,435
Public contributions and asset gains	43,922,792	22,595,611
Unclaimed deposits and stale cheques	3,563,646	787,077
	47,486,438	24,945,123
43. Employee related costs		
Salaries and wages	890,137,299	774,464,588
Contributions to medical aid	75,143,027	61,911,547
Contributions to pension funds	132,614,774	117,056,185
Contributions to UIF	7,138,133	6,398,973
Defined benefit plan - current service costs	36,257,000	30,395,000
Defined benefit plan - past service costs	-	24,045,000
Housing benefits and allowances	11,430,213	3,002,268
Overtime payments	151,400,398	130,423,568
Staff bonus - 13th cheque accrual	1,059,822	2,248,717
Staff leave pay provision	23,226,566	27,489,246
Travel, motor car, accommodation, subsistence and other allowances	92,004,251	82,948,275
Long-service awards	3,114,822	1,011,949
	1,423,526,305	1,261,395,316
Remuneration of Accounting Officer		
Annual Remuneration	1,840,731	2,088,238
Car and Other Allowances	178,515	338,253
Contributions to UIF, Medical and Pension Funds	51,826	68,798
	2,071,072	2,495,289
The accounting officer was placed on suspension with full pay and benefits from 15 December 2015 to 29 February 2016. The accounting officer resigned as of 29 February 2016.		
Remuneration of Acting Accounting Officer		
Annual Remuneration	945,537	-
Car and Other Allowances	107,250	-
Contributions to UIF, Medical and Pension Funds	89,570	-
	1,142,357	-

This position had an official acting in it from 15 December 2015.

Mangaung Metropolitan Municipality

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Figures in Rand	2016	2015
43. Employee related costs (continued)		
Remuneration of the Chief Financial Officer		
Annual Remuneration	1,576,052	1,430,020
Car and Other Allowances	481,620	525,655
Contributions to UIF, Medical and Pension Funds	60,413	60,492
	2,118,085	2,016,167
Remuneration of Executive Director - Corporate Services		
Annual Remuneration	1,453,561	1,022,951
Car and Other Allowances	474,365	321,531
Contributions to UIF, Medical and Pension Funds	242,374	62,738
	2,170,300	1,407,220
The position was filled from September 2014.		
Remuneration of Acting Executive Director - Corporate Services		
Annual Remuneration	-	109,727
Car and Other Allowances	-	28,746
Contributions to UIF, Medical and Pension Funds	-	28,840
	-	167,313
The position had an official acting for the period July and August 2014.		
Remuneration of Executive Director - Social Services		
Annual Remuneration	1,486,675	1,357,537
Car and Other Allowances	252,925	304,383
Contributions to UIF, Medical and Pension Funds	307,380	289,323
	2,046,980	1,951,243
Remuneration of Acting Executive Director - Planning		
Annual Remuneration	838,808	-
Car and Other Allowances	115,678	-
Contributions to UIF, Medical and Pension Funds	140,610	-
	1,095,096	-
The position had an official acting from 27 October 2015.		
Remuneration of Executive Director - Economic Development & Planning		
Annual Remuneration	-	1,127,900
Car and Other Allowances	-	216,000
Contributions to UIF, Medical and Pension Funds	-	14,980
	-	1,358,880
The position was filled from July 2014 to April 2015.		
Remuneration of Executive Director - Human Settlements and Housing		
Annual Remuneration	1,511,705	1,392,049
Car and Other Allowances	199,200	218,510
Contributions to UIF, Medical and Pension Funds	386,090	361,837
	2,096,995	1,972,396

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43. Employee related costs (continued)

Remuneration of Executive Director - Engineering Services

Annual Remuneration	1,557,597	1,424,128
Car and Other Allowances	439,200	494,577
Contributions to UIF, Medical and Pension Funds	59,619	38,765
	2,056,416	1,957,470

Remuneration of Acting Executive Director - Waste and Fleet Management

Annual Remuneration	131,015	-
Car and Other Allowances	6,000	-
Contributions to UIF, Medical and Pension Funds	1,516	-
	138,531	-

The position had an official acting from 1 June 2016.

Remuneration of Executive Director - Strategic Projects and Service Delivery (Acting Executive Director: Planning)

Annual Remuneration	1,759,640	1,556,297
Car and Other Allowances	199,200	334,805
Contributions to UIF, Medical and Pension Funds	64,720	61,962
	2,023,560	1,953,064

The position had an acting official from 1 May 2015.

Remuneration of Acting Executive Director - Strategic Projects and Service Delivery

Annual Remuneration	283,059	-
Car and Other Allowances	91,848	-
Contributions to UIF, Medical and Pension Funds	54,236	-
	429,143	-

This position had an acting official from 1 July 2015 to 31 October 2015.

44. Remuneration of councillors

Councillors allowance	34,360,568	32,313,866
Councillors pension contributions	3,430,259	3,187,129
Medical aid contributions	499,796	478,408
Travel allowance	11,556,077	11,038,175
Cell phone allowance	2,432,467	2,434,213
Housing allowance	142,492	142,492
	52,421,659	49,594,283

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.

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Figures in Rand	2016	2015
Executive Mayor		
Councillors allowance	798,937	757,114
Councillors pension contributions	115,590	108,836
Medical aid contributions	17,280	17,280
Travel allowance	310,602	294,410
Cell phone allowance	45,420	45,420
	1,287,829	1,223,060
Deputy Executive Mayor		
Councillors allowance	589,066	609,195
Councillors pension contributions	84,927	86,837
Medical aid contributions	15,840	17,280
Travel allowance	229,944	237,771
Cell phone allowance	41,635	45,420
	961,412	996,503
The late deputy executive mayor received her salary until 31 May 2016.		
Speaker		
Councillors allowance	947,867	858,172
Medical aid contributions	17,280	17,280
Travel allowance	-	37,385
Cell phone allowance	45,420	45,420
Housing allowance	38,246	38,246
	1,048,813	996,503
Chief Whip		
Councillors allowance	616,285	585,207
Councillors pension contributions	89,225	83,523
Travel allowance	235,170	222,910
Cell phone allowance	24,468	24,468
	965,148	916,108
Mayoral committee members		
Councillors allowance	5,114,481	4,891,346
Councillors pension contributions	738,838	643,816
Medical aid contributions	133,189	119,520
Travel allowance	2,018,777	1,940,999
Cell phone allowance	210,017	214,095
Housing allowance	80,246	80,246
	8,295,548	7,890,022
Part-time Councillors		
Councillors allowance	26,293,932	24,612,831
Councillors pension contributions	2,401,680	2,264,118
Medical aid contributions	316,207	307,048
Travel allowance	8,761,583	8,304,700
Cell phone allowance	2,065,507	2,059,390
Housing allowance	24,000	24,000
	39,862,909	37,572,087

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2016	2015
45. Depreciation and amortisation		
Property, plant and equipment	678,894,482	642,698,613
Intangible assets	14,224,864	10,687,902
	693,119,346	653,386,515
46. Impairment of assets		
Impairments		
Property, plant and equipment	4,050,530	6,349,283
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.		
Inventories	1,749,938	139,813
An assessment of the net realisable value against cost was performed and inventory was written down.		
	5,800,468	6,489,096
47. Finance costs		
Finance leases	9,125,933	12,176,532
Non-current borrowings	71,172,617	31,668,068
Trade and other payables	7,774	4,368
Defined benefit obligation	60,374,000	52,964,000
	140,680,324	96,812,968
48. Debt impairment		
Debt impairment	394,970,009	607,335,202
49. Bulk purchases		
Electricity	1,339,120,718	1,183,803,965
Water	419,812,317	430,764,023
	1,758,933,035	1,614,567,988
50. Contracted services		
Audit fees	22,562,976	22,358,971
Consultant fees	69,593,650	51,300,427
Contractors fees	9,924,764	7,887,167
Debt collection fees	41,051,267	49,846,093
ICT Strategy system integration	-	3,462,158
IPTN	90,732,485	-
Integrated call centre	9,920,692	9,620,061
Internal audit fees	3,862,925	4,845,150
Investigations	1,493,929	-
Meter reading services	42,723,469	31,737,748
Meter replacement	12,846,872	8,318,616
Refuse removal	46,441,425	36,982,826
Security services	50,532,929	35,320,601
Other contracted services	92,940,648	68,134,395
	494,628,031	329,814,213

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2016	2015
51. Grants and subsidies paid		
Bursaries paid to employees	1,983,746	1,353,179
Central agricultural society	11,288	10,751
Free electricity services	2,472,722	8,432,753
Miscellaneous grants	271,944	447,762
SPCA	456,678	434,931
	5,196,378	10,679,376

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.

Miscellaneous grants

These grants are allocated mainly for ad hoc grants and the free use of Council facilities, as approved during the year.

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.

SPCA - Society for the Prevention of Cruelty to Animals

The subsidy is paid annually to the society to assist them in performing their tasks.

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2016	2015
52. General expenses		
Advertising	10,274,324	10,546,222
Animal Costs	3,010,526	3,299,684
Bank charges and commission	8,200,540	7,889,763
Chemicals	5,249,696	4,359,287
Cleaning	856,736	1,879,243
Commission paid	83,217,704	68,656,820
Community development and training	2,216,111	1,900,885
Computer expenses	-	240,545
Conferences and seminars	9,841,261	10,179,065
Consumables	13,219,440	10,601,668
Corporate social investment	3,496,678	3,829,580
Discount allowed	1,808,835	2,583,966
Electricity	2,810,070	3,267,186
Entertainment	577,280	294,758
Fines and penalties	454,160	89,398
Fuel and oil	32,474,908	35,445,724
Hire	4,780,857	4,321,847
IT expenses	-	20,268
Indigent burials	1,680,163	1,894,383
Insurance	38,210,364	32,019,076
Inventory management system	3,562,628	1,324,293
Lease rentals on operating lease	3,474,925	2,695,103
Legal expenses	28,706,767	34,691,291
Marketing	5,838,677	20,682,256
Motor vehicle expenses	15,771,888	14,274,974
Operating lease expenditure	7,758,590	5,770,954
Financial management grant projects	1,680,428	2,940,022
Postage and courier	6,535,353	5,318,004
Printing and stationery	11,625,234	12,341,196
Reconnection test and removal of meters	3,157,378	7,166,977
Refreshments	950,217	1,189,052
Rehabilitation of landfill and quarry sites	6,183,061	22,699,082
Royalties and license fees	9,885,021	11,758,383
Sewerage and waste disposal	-	641,082
Skills development levy	11,270,142	10,595,101
Software expenses	1,941,767	409,455
Special projects and public participation	32,197,351	23,689,867
Staff welfare	914,379	1,598,462
Subscriptions and membership fees	12,030,319	11,147,277
Telephone and fax	21,323,328	14,627,583
Title deed search fees	8,071,311	14,651,077
Tools, plant & equipment	509,555	2,130,338
Tourism development	485,547	2,805,933
Training	17,144,935	30,193,130
Travel and subsistence	2,034,631	1,538,481
Uniforms and protective clothing	3,684,211	3,708,772
Vacuum services	61,754	102,066
Water	656,467	(412,286)
Water research	3,192,602	3,070,234
Sundry expenses	31,087,365	27,438,646
	474,115,484	494,106,173
53. Fair value adjustments		
Investment property (Fair value model)	(138,813,363)	-
Other financial assets		
• Other financial assets (Designated as at FV through P&L)	(304,778)	9,683
	(139,118,141)	9,683

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2016	2015
54. Taxation		
Major components of the tax income		
Current		
Local income tax - current period	-	-
Local income tax - recognised in current tax for prior periods	88,673,501	-
	88,673,501	-
Deferred		
Originating and reversing temporary differences	71,406,591	61,254,387
Prior year - (Over) / Under provision	(88,673,501)	(84,336,558)
Assessed loss utilised	60,161,195	-
Assessed loss raised	(135,855,158)	(60,161,194)
	(92,960,873)	(83,243,365)
	(4,287,372)	(83,243,365)
Reconciliation of the tax expense		
Reconciliation between accounting surplus and tax expense.		
Accounting (deficit) surplus	(256,059,178)	69,277,423
Tax at the applicable tax rate of 28% (2015: 28%)	(71,696,570)	19,397,678
Tax effect of adjustments on taxable income		
Tax effect of the intercompany transactions*	72,456,242	(15,581,731)
Non-taxable income - Municipal entity	(7,368,421)	(7,417,565)
Prior year under / (over) provision deferred tax	-	(84,336,558)
Non-deductable expenses - Municipal entity	2,321,376	4,694,811
	(4,287,373)	(83,243,365)

*The intercompany transactions has an effect on the tax expense reconciliation due to the different tax statuses between the controlled and the controlling entity. The controlled entity, Centlec (SOC) Limited, is liable for taxation at 28%, while the entity is not liable for tax. The elimination of intercompany transactions therefore has an effect on the reconciliation between the surplus/deficit and the taxable income.

The municipal entity was granted exemption from income tax in terms of Section 10(1)(t)(v)(iii) of the Income Tax Act, (Act 58 of 1962) 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 Service (SARS) and National Treasury on the transition to a fully taxable entity. Given the complex nature of municipal infrastructure assets that are not subject to tax, SARS has undertaken to assist the municipal 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' practice and interpretation notes.

As a result of this engagement, the municipal entity was not in a position to account for income tax as at 30 June 2015. As at the end of 30 June 2016, the municipal entity was able to account for income tax as at 30 June 2015 and 30 June 2016 resulting in the restatement of the comparative figures.

Income tax was accounted for in terms of the principles set out in International Accounting Standard 12.

Mangaung Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	2016	2015
55. Cash generated from operations		
(Deficit) surplus	(251,771,806)	152,520,788
Adjustments for:		
Depreciation and amortisation	693,119,346	653,386,515
Gain on sale of assets and liabilities	30,021,902	17,733,658
Fair value adjustments	139,118,141	(9,683)
Finance costs - Finance leases	9,125,933	12,176,532
Finance costs - Borrowings	71,172,617	31,668,068
Interest income	(32,549,446)	(35,627,789)
Impairment deficit	5,800,468	6,489,096
Movements in operating lease assets and accruals	(302,616)	16,707
Movements in retirement benefit assets and liabilities	84,095,000	85,623,000
Movements in provisions	31,926,681	52,997,487
Annual charge for deferred tax	(4,287,372)	(83,243,365)
Unwinding of FRESCHO liability	(10,394,123)	(7,524,321)
Public contributions and asset gains	(36,603,064)	(22,508,075)
Changes in working capital:		
Inventories	(76,168,508)	(29,011,150)
Other receivables from exchange transactions	(8,131,716)	(22,825,097)
Other receivables from non-exchange transactions	(3,644,047)	2,705,606
Consumer receivables from exchange transactions	(171,937,760)	(76,095,958)
Consumer receivables from non-exchange transactions	40,958,947	44,559,985
Payables from exchange transactions	481,114,656	(9,730,278)
VAT	96,352,696	(2,738,391)
Payables from non-exchange transactions	6,784,847	132,970,654
Unspent conditional grants and receipts	(1,400,510)	3,780,715
	1,092,400,266	907,314,704

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2016	2015
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56. Commitments

Commitments in respect of capital expenditure

Approved and contracted for

• Infrastructure assets	608,414,294	355,981,415
• Other asset classes	62,320,131	47,851,598
	670,734,425	403,833,013

The capital expenditure will be financed from

Unspent conditional grants and receipts	106,083,319	107,483,829
Borrowings	433,178,408	120,500,878
Own funds	131,472,698	175,848,306
	670,734,425	403,833,013

During the current year, errors relating to the commitment register were corrected. The effect of the change is as follows:
Commitment increased by R10,859,467.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	1,409,717	4,349,291
- in second to fifth year inclusive	723,345	2,250,278
	2,133,062	6,599,569

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 annum. There are no renewal and/or purchase options. No contingent rent is payable.

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	5,902,580	5,633,273
- in second to fifth year inclusive	21,399,494	19,297,005
- later than five years	32,981,912	30,137,406
	60,283,986	55,067,684

The entity leases various fixed properties under non-cancellable 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 19,371,904 (2015: R 24,950,902) 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.

Comparative information has been restated due to reconstruction of the lease register and the accounting for the contract extensions which were not previously accounted for. The restatement is as follows:

Minimum lease payments due

- within one year - increased by R499,509
- in second to fifth year inclusive - increased by R8,005,070
- later than five years - increased by R2,844,506

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2016	2015
57. Contingencies		
Housing 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	3,611,511	3,686,859
Contingent liabilities		
The entity is involved in 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	6,881,720	27,578,703
Labour cases and employee related matters	5,176,919	11,528,441
Claims by individuals due to property damages in various incidents	175,000	2,024,930
Claims by individuals due to various incidents	58,158,544	5,291,491
Claims from suppliers due to contractual disputes	51,232,481	93,608,767
	121,624,664	140,032,332

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2016	2015
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58. Related parties

Related party transactions

Operating expense transactions with related parties

Sentech SOC Ltd	4,214,637	2,315,668
Jager Technologies CC / Exilasolve (Pty) Ltd trading as Aqua-Elec Utility Solution - Meter reading and -audit services	-	26,970,434

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.

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. The risk is mitigated by the fact that she did not form part of the municipal entity's forum that approved the services level agreement. 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 transaction 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.

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 43 for key management and note 44 for councillors.

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

58. Related parties (continued)

Municipal Entity's directors' emoluments

2016

Name	Directors fees	Company contribution - UIF	Company contribution - SDL	Total
ML Mbabi (Chairperson)	343,710	1,564	573	345,847
FP Zilha (Deputy Chairperson)	229,144	1,345	382	230,871
N Mokhesi	136,134	860	227	137,221
KM Moroka	136,134	860	227	137,221
ZC Uwah	136,134	860	227	137,221
TJ Mongake	75,630	860	227	76,717
SG Xulu	136,134	860	227	137,221
SM Zimu	75,630	860	227	76,717
	1,268,650	8,069	2,317	1,279,036

2015

Name	Directors fees	Company contribution - UIF	Company contribution - SDL	Total
ML Mbali (Chairperson)	361,992	1,785	3,620	367,397
FP Zilah (Deputy Chairperson)	241,332	1,785	2,413	245,530
N Mokhesi	143,376	1,279	1,434	146,089
KM Moroka	92,820	774	928	94,522
ZC Uwah	57,903	518	579	59,000
TJ Mongake	143,376	1,279	1,434	146,089
SG Xulu	143,376	1,279	1,434	146,089
SM Zimu	143,376	1,279	1,434	146,089
L de Jager	3,844	38	38	3,920
	1,331,395	10,016	13,314	1,354,725

Mangaung Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand

59. Prior period errors

1. Prior period error - VAT Apportionment

During the current year the VAT was paid for the apportionment of the 2015 VAT.

Statement of financial position	
Decrease in VAT Receivable	- (382,750)
Statement of financial performance	
Increase in General expenditure	- 382,750
	- -

2. Prior period error - Input VAT denied

During the current year SARS denied input VAT relating to the prior year.

Statement of financial position	
Decrease in VAT Receivable	- (333,367)
Statement of financial performance	
Increase in General expenses	- 333,367
	- -

3. Prior period error - Input VAT

VAT accrued for prior period creditors was identified where it should have been reversed, but were not. The effect of the restatement is as follows:

Statement of financial position	
Decrease in VAT Receivable	- (1,238,586)
Increase in Accumulated Surplus	- 1,238,586
	- -

4. Prior period error - Training costs

The classification of training costs was incorrect during the prior year.

Statement of financial performance	
Increase in sundry income	- (32,071)
Increase in general expenditure	- 32,071
	- -

5. Prior period error - Revenue Foregone

Due to clarification from the Standards of GRAP regarding classification between Revenue Foregone and Grants Given, the following reclassification needed to be performed:

Statement of financial performance	
Decrease in Property Rates - Residential and business/commercial	- 12,326,074
Decrease in Service charges - Sewerage and sanitation charges	- 86,611,357
Decrease in Service charges - Refuse removal	- 59,852,563
Decrease in Service charges - Sale of water	- 13,619,408
Decrease in Grants and subsidies paid - Subsidised municipal services	- (172,409,402)
	- -

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

59. Prior period errors (continued)

6. Prior period error - Conditional Grants

The prior period error arose in terms of grant expenditure not being realised to revenue when the conditions were met in the prior years.

Statement of financial position

Increase in Accumulated Surplus	-	(18,786,182)
Decrease in Unspent Conditional Grants	-	18,786,182
	-	-

7. Prior period error - VAT on Impairment

During the year, it was confirmed that VAT on the impairment of debtors was previously treated incorrectly. As a result, an adjustment was made to the balance on the VAT accounts.

Statement of financial position

Decrease in VAT payable	-	140,284,249
Increase in accumulated surplus	-	(111,103,370)
	-	-
	-	-

Statement of financial performance

Decrease in impairment	-	(29,180,879)
	-	-
	-	-

8. Prior period error - Rates appeals

During the year it was noted that the adjustment for the valuation appeals was not effected on the system during the same period as the appeal board reached its decision.

Statement of financial position

Decrease in Consumer receivables from non-exchange transactions	-	(73,876,955)
Decrease in Consumer receivables from exchange transactions	-	(10,185,144)
Increase in VAT receivable	-	9,999
Decrease in Accumulated surplus	-	3,089,819
	-	-
	-	-

Statement of financial performance

Decrease in Property rates	-	71,432,641
Decrease in Service charges - sewerage	-	9,529,640
	-	-
	-	-

9. Prior period error - Deferred lease income

The operating leases income register was revised to include only contracts with end date. Contracts which were effective during the 2014/15 financial year were identified during the current year, these had to be taken into account for the straightlining in the previous year.

Statement of financial position

Decrease in Payables from exchange transactions - Deferred lease income	-	499,509
	-	-
	-	-

Statement of financial performance

Decrease in General expenditure - Hire	-	(499,509)
	-	-
	-	-

10. Prior period error - Classification of unclaimed deposits

Revenue from unclaimed deposits was identified to have been incorrectly classified as revenue from exchange transactions. This classification was corrected during the current year.

Statement of financial performance

Increase in Other income from non-exchange transactions	-	(787,077)
Decrease in Other income from exchange transactions	-	787,077
	-	-
	-	-

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

59. Prior period errors (continued)

11. Prior period error - Adjust opening balances of PPE to align to the asset registers

Adjustments were made to align the land and buildings asset register to the accounting records.

Statement of financial position

Decrease in Cost of PPE - Buildings	-	(800)
Decrease in Cost of PPE - Land	-	(1)
Decrease in Accumulated depreciation of PPE - Buildings	-	332
Decrease in Accumulated Surplus	-	801

Statement of financial performance

Decrease in Depreciation	-	(332)
	-	-

12. Prior period error - Classification of properties corrected

During the current year properties were identified that were incorrectly classified as investment property and inventory and were therefore reclassified to land and buildings.

The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - Buildings	-	439,867
Increase of Cost of PPE - Land	-	32,264,633
Decrease in Cost of Investment Property	-	(32,464,500)
Decrease in Cost of Inventory	-	(38,892)
Increase in Accumulated Depreciation - Buildings	-	(25,875)
Increase in Revaluation Reserve	-	(8,504,058)
Decrease in accumulated surplus	-	8,315,887

Statement of financial performance

Increase in depreciation	-	12,938
	-	-

13. Prior period error - Adjustment of opening balances - Community

Adjustments were made to align the community asset register to the accounting records.

Statement of financial position

Decrease in Cost of PPE - Community Assets	-	(322,691)
Decrease in Cost of PPE - WIP Community Assets	-	(54,722)
Decrease in Accumulated depreciation - Community assets	-	1,965,216
Increase in Accumulated Surplus	-	419,543

Statement of financial performance

Decrease in depreciation	-	(1,965,216)
Decrease in repairs and maintenance	-	(42,130)
	-	-

14. Prior period error - Community and Infrastructure assets depreciation

During the current year an error in the calculation of depreciation for community and infrastructure assets was identified and rectified. The effect of the restatement is as follows:

Statement of financial position

Increase in Accumulated depreciation - Infrastructure assets	-	(17,077,154)
Increase in Accumulated depreciation - Community assets	-	(8,866,881)
Decrease in Accumulated Surplus	-	11,167,324

Statement of financial performance

Increase in Depreciation - Infrastructure assets	-	13,338,753
Increase in Depreciation - Community assets	-	1,437,958
	-	-

Mangaung Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

Figures in Rand

59. Prior period errors (continued)

15. Prior period error - Capitalisation of WIP in prior year - Bloemfontein park

During the current year it was identified that expenditure included in Work-In-Progress (WIP) should have been capitalised in prior periods. The effect of the restatement is as follows:

Statement of financial position	
Increase in Cost of PPE - Community assets - Parks	- 4,225,813
Increase in Cost of PPE - Community assets - Sport stadiums	- 186,584
Increase in accumulated depreciation - Parks	- (281,526)
Increase in accumulated depreciation - Sport stadiums	- (8,725)
Decrease in cost of PPE - WIP Community	- (4,412,397)
Decrease in accumulated surplus	- 216,961
Statement of financial performance	
Increase in depreciation	- 73,290
	-

16. Prior period error - Re-classification of investment property to Inventory

During the year, properties that should have been classified as inventory were identified as part of investment property.

Statement of financial position	
Decrease in Cost of Investment Property	- (790,000)
Increase in Inventory	- 99,783
Decrease in Accumulated Surplus	- 690,217
	-

17. Prior period error - Derecognition of unknown property

During the year, properties were identified which the deeds office has no record of ownership. These properties have therefore been removed from the asset register.

Statement of financial position	
Decrease in Investment property	- (570,000)
Decrease in Accumulated surplus	- 570,000
	-

18. Prior period error - Heritage assets Hertzog Park capitalisation

Hertzog Park was erroneously excluded from the Heritage Asset register in prior years.

Statement of financial position	
Increase in cost of heritage assets	- 596,582
Increase in accumulated surplus	- (596,582)
	-

19. Prior period error - Heritage assets - repairs to City Hall incorrectly capitalised to 1314

Repairs and maintenance expenditure to City Hall incurred during prior years, were incorrectly carried as WIP within heritage assets, and not expensed as it should have been. The effect of the restatement is as follows:

Statement of financial position	
Decrease in cost of heritage assets	- (684,236)
Increase in accumulated surplus	- 684,236
	-

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59. Prior period errors (continued)

20. Prior period error - Infrastructure adjustments to opening balance

Adjustments were made to align the infrastructure asset register to the accounting records.

Statement of financial position

Decrease in cost of PPE - Infrastructure	-	(19,999)
Decrease in Cost of PPE - WIP Infrastructure	-	(79,183)
Decrease in Accumulated depreciation - Infrastructure	-	(29,793)
Decrease in accumulated surplus	-	99,182

Statement of financial performance

Increase in Depreciation	-	29,793
	-	-

21. Prior period error - Correction of amount derecognised during 2014: maintenance related expenditure

Capital expenditure incurred in prior years was erroneously expensed and not recorded as part of the WIP for infrastructure assets.

Statement of financial position

Increase in Cost of PPE - WIP Infrastructure assets	-	5,897,929
Increase in Accumulated surplus	-	(5,897,929)

22. Prior period error - Amounts capitalise in excess of actual spend

During the current year an adjustment was made to balances that were capitalised in excess of the actual spending due to the recapitalisation of projects. The effect of the restatement is as follows:

Statement of financial position

Increase in Cost of PPE - WIP Infrastructure	-	1,460,703
Increase in accumulated surplus	-	(1,460,703)

23. Prior period error - Finance leases

During the year it was identified that a Mercedes Benz, fleet number 1021, was not accounted for in the 2014/2015 period.

Statement of financial position

Increase in property, plant and equipment	-	2,207,217
Increase in finance lease liability	-	(2,207,217)
Increase in accumulated depreciation	-	(432,977)

Statement of financial performance

Increase in depreciation	-	432,977
	-	-

24. Prior period error - Impairment incorrectly raised in prior year

The impairment that was previously raised on assets in the prior year was found to be incorrect.

Statement of financial position

Decrease in accumulated depreciation of PPE - Other assets	-	1,827,805
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Statement of financial performance

Decrease in impairment loss	-	(1,827,805)
	-	-

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59. Prior period errors (continued)

25. Prior period error - Traffic fines

The traffic fines receivable listing and the accounting records were aligned.

Statement of financial position		
Decrease in Other receivables from non-exchange transactions	-	(1,527,198)
Statement of financial performance		
Decrease in fines revenue	-	1,527,198
	-	-

26. Prior period error - Community assets

Through inspection of the WIP register, a project that should have been capitalised was identified.

Statement of financial position		
Increase in Cost of PPE - WIP Buildings	-	6,183,065
Decrease in Cost of PPE - WIP Community Assets	-	(6,657,865)
Decrease in Accumulated surplus	-	221,306
Statement of financial performance		
Increase in Contracted services	-	253,494
	-	-

27. Prior period error - Billing of Industrial effluent

During the year, it was identified that a customer was billed at the incorrect rate for industrial effluent. This rate was adjusted during the year and the balance corrected.

Statement of financial position		
Decrease in Other receivables from exchange transactions - sundry debtors	-	(2,621,121)
Decrease in Accumulated surplus	-	2,049,205
Statement of financial performance		
Decrease in Other income from exchange transaction - Sundry income	-	571,916
	-	-

28. Prior period error - Operational expenditure included in WIP

During the current year it was identified that operational expenditure were incorrectly included in WIP. The effect of the restatement is as follows:

Statement of financial position		
Decrease in cost of PPE - Infrastructure WIP	-	(54,904,524)
Decrease in Accumulated Surplus	-	40,608,157
Statement of financial performance		
Increase in Repairs and maintenance expenditure	-	14,296,367
	-	-

29. Prior period error - Infrastructure private developments

During the current year it was identified that assets acquired through private developments were not included in the asset registers.

Statement of financial position		
Increase in Cost of PPE - Infrastructure	-	23,924,876
Increase in Accumulated depreciation of PPE - Infrastructure	-	(13,315,471)
Increase in Accumulated surplus	-	(12,316,692)
Statement of financial performance		
Increase in Depreciation	-	1,707,287
	-	-

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59. Prior period errors (continued)

30. Prior period error - Movables

During the current year it was determined that movable assets were not included in the registers, or were included at the incorrect amounts.

Statement of financial position

Increase in Cost of PPE - Other PPE	-	2,288,019
Increase in Accumulated depreciation of PPE - Other PPE	-	(421,648)
Increase in Accumulated Surplus	-	(860,721)

Statement of financial performance

Decrease in Depreciation	-	(6,709)
Decrease in Repairs and maintenance	-	(998,941)

-	-
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31. Prior period error - Assets held for sale

Properties disclosed as assets held for sale were incorrectly classified under PPE. The properties have been reclassified on Inventory. The effect of the restatement is as follows:

Statement of financial position

Decrease on Cost of PPE - Assets held for sale	-	(14,650,000)
Increase in Inventory	-	14,650,000

-	-
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32. Prior period error - Unknown land

During the current year, two properties were identified which do not belong to the entity and were therefore removed from the Inventory register. The effect of the restatement is as follows:

Statement of financial position

Decrease in Inventory	-	(65,982)
Decrease in Accumulated Surplus	-	65,982

-	-
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33. Prior period error - RDP properties

During the current year it was noted that land already allocated to beneficiaries for RDP housing by the Department of Human Settlements was still included in the inventory register. The properties were therefore removed from this register. The effect of the restatement is as follows:

Statement of financial position

Decrease in Inventory	-	(4,903,832)
Decrease in Accumulated Surplus	-	4,903,832

-	-
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34. Prior period error - Cameras duplicated

During the current year it was identified that law enforcement cameras purchased were duplicated on the asset register. The effect of the correction is as follows:

Statement of financial position

Decrease in Cost of PPE - Community assets	-	(1,500,000)
Decrease in Accumulated Surplus	-	1,500,000

-	-
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59. Prior period errors (continued)

35. Prior period error - Landfill and quarries

Based on the provision valuation report it was noted that landfill sites and quarries were understated as a result of the valuation of the provision. Thus, the entity adjusted the value of the assets in line with the provisions report. The impact of this adjustment is as follows:

Statement of financial position		
Increase in Cost of PPE - Community assets	-	56,661,579
Increase in Accumulated Depreciation of PPE - Community assets	-	(14,537,743)
Increase in Provisions	-	(56,661,579)
Decrease in Accumulated Surplus	-	13,568,560
Statement of financial performance		
Increase in Depreciation	-	969,183
	-	-

36. Prior period error - WIP Correction

During the current year it was noted that repairs and maintenance expenditure were incorrectly included in WIP. The effect of the restatement is as follows:

Statement of financial position		
Decrease in Cost of PPE - Community assets - WIP	-	(4,704,392)
Statement of financial performance		
Increase in Repairs and maintenance	-	4,704,392
	-	-

37. Prior period error - Deemed cost additions - Community

During the current year it was determined that certain ablution facilities were not included with the respective parks. The effect of the restatement is as follows:

Statement of financial position		
Increase in Cost of PPE - Community assets (Parks)	-	1,785,866
Increase in Accumulated depreciation of PPE - Community assets (Parks)	-	(978,263)
Decrease in Accumulated Surplus	-	(1,053,480)
Statement of financial performance		
Increase in Depreciation	-	245,877
	-	-

38. Prior period error - Zoo animal addition

During the current year it was identified that an animal was incorrectly derecognised in the prior year.

Statement of financial position		
Increase in Cost of PPE - Community asset	-	1,500
Increase in Accumulated Surplus	-	(1,500)
	-	-

39. Prior period error - Movables

During the prior year, the purchase of goods only delivered after year end were incorrectly accrued for as Payables. The items related to movables purchases of the current year. The effect of the restatement were as follows:

Statement of financial position		
Decrease in Payables from exchange transactions - Trade payables	-	1,858,655
Decrease in VAT Receivable	-	(201,824)
Statement of financial performance		
Decrease in Repairs and maintenance	-	(1,656,831)
	-	-

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59. Prior period errors (continued)

40. Prior period error - Water meters

During the current year the water meter register was reconstructed, and therefore restated. The effect of the restatement is as follows:

Statement of financial position	
Increase in Cost of PPE - Infrastructure assets	- 218,043,961
Increase in Accumulated depreciation - Infrastructure assets	- (91,310,248)
Increase in Accumulated surplus	- (82,203,499)
Statement of financial performance	
Decrease in Repairs and maintenance	- (59,456,440)
Increase in Depreciation	- 14,926,226
	-

41. Prior period error - Public Contributions & donations:

During the period under review it was noted that amounts received during the 2013/2014 and 2014/2015 financial years for public connections were never recognised as revenue after the connections were made due to the fact that the completion dates of the connections was not available at that time. The comparative statements for 2014/15 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	- 25,726,118
Increase in Accumulated surplus	- (18,306,182)
Statement of financial performance	
Increase in Public Connection Income	- (7,419,936)
	-

42. Prior period error - Auction income accrual

During the period under review it was noted that the accrual raised for the auction income receivable at year end 2014/2015 was incorrect as it did not include the commission. The comparative statements for 2014/15 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	- 109,650
Increase in VAT Payable	- (13,465)
Statement of financial performance	
Decrease in Loss on disposal of assets and liabilities	- (96,185)
	-

43. Prior period error - Infrastructure assets

During the period under review it was noted that pole mounted transformers identified during the 2015 financial year end count was not capitalised during the 2014/2015 financial year as these items were originally thought to be outside the Mangaung service area. The comparative statements for 2014/15 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position	
Increase in Cost of PPE - Infrastructure assets	- 15,675,442
Increase in Accumulated depreciation of PPE - Infrastructure assets	- (3,918,860)
Increase in Accumulated Surplus	- (11,756,582)
Heading	-

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59. Prior period errors (continued)

44. Prior period error - Income Taxation

During the period under review the municipal entity was deemed to be taxable for income taxation starting from the 2014/15 financial year. A taxation calculation for the 2014/2015 financial year was performed resulting in deferred tax assets and -liabilities which had to be recorded for the 2014/2015 financial year. The comparative statements for 2014/15 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position

Increase in deferred tax asset	-	68,197,502
Increase in deferred tax liability	-	(391,523,240)
Decrease in revaluation reserve	-	406,569,103

Statement of financial performance

Decrease in taxation	-	(83,243,365)
	-	-

45. Prior period error - VAT

During the period under review it was noted that the accrual raised for creditors payable at year end 2014/2015 resulted in accounting for VAT on a non-vatable transaction. The comparative statements for 2014/15 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	-	(2,818)
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Statement of financial performance

Increase in General expenditure	-	2,818
	-	-

46. Prior period error - Insurance claim

During the period under review it was noted that amounts received for insurance claims during the 2014/2015 financial year was incorrectly allocated to the insurance debtor. The comparative statements for 2014/15 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position

Increase in receivables from exchange transactions	-	35,730
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Statement of financial performance

Increase in Other income	-	(35,730)
	-	-

47. Prior period error - Retention creditor

During the period under review it was noted that amounts payable relating to the retention creditor for the 2014/2015 financial year was not accounted for. The comparative statements for 2014/15 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position

Increase in Cost of PPE	-	1,411,293
Increase in payables from exchange transactions	-	(1,608,874)
Decrease in VAT payable	-	197,581

	-	-
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59. Prior period errors (continued)

48. Prior period error - Work in progress

During the period under review it was noted that amounts included in work in progress during the 2014/2015 financial year should have been accounted for as a repairs and maintenance expense. The comparative statements for 2014/15 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position	
Decrease in PPE	- (8,603,989)
Statement of financial performance	
Increase in Repairs and maintenance	- 8,603,989
	- -

49. Prior period error - Intangible asset

During the period under review it was noted that amounts capitalised to intangible assets during the 2014/2015 financial year should have been accounted for as an expense. The comparative statements for 2014/15 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position	
Decrease in Intangible assets	- (1,324,293)
Statement of financial performance	
Increase in General expenses	- 1,324,293
	- -

50. Prior period error - Payable from exchange transaction

During the period under review it was noted that amounts relating to electrification project material for Mantsopa Local Municipality was incorrectly accounted for as a Centlec (SOC) Ltd expense instead of a Mantsopa Local Municipality expense during the 2014/2015 financial year. The comparative statements for 2014/15 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	- 197,212
Statement of financial performance	
Decrease in repairs & maintenance expense	- (197,212)
	- -

51. Prior period error - Reclassifying of investments

During the period under review it was noted that in the prior year an investment was incorrectly classified as part of cash and cash equivalents instead of investments. A reclassification correction was made and the comparative statements for 2014/2015 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position	
Increase in Investments	- 49,252,787
Decrease in Cash and cash equivalents	- (49,252,787)
	- -

52. Prior period error - Reclassifying of general expense

During the period under review it was noted that in the prior year an expense relating to contractors fees was incorrectly classified as an expense for protective clothing. A reclassification was done for the prior period and the comparative statements for 2014/15 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 - Protective clothing	- (6,200)
Increase in general expense - Contractors fees	- 6,200
	- -

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59. Prior period errors (continued)

53. Prior period error - Reclassifying of vendors

During the period under review it was noted that in the prior year vendors with credit balances was incorrectly disclosed as an other receivable from exchange transactions instead of as a payment received in advance. A reclassification was done for the prior period and the comparative statements for 2014/15 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	-	2,239,185
Increase in payables from exchange transactions	-	(2,239,185)
	-	-

54. Prior period error - Year end creditor accrual

During the period under review it was noted that the creditors accrued for during the 2014/2015 financial year incorrectly included amounts that should not have been accrued for. The comparative statements for 2014/15 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	-	353,049
Increase in VAT payable	-	(43,357)

Statement of financial performance

Decrease in repairs and maintenance	-	(37,894)
Decrease in general expense	-	(271,798)
	-	-

55. Prior period error - Reclassifying of depreciation and amortisation

During the period under review it was noted that in the prior year an amount relating to amortisation was incorrectly disclosed as part of depreciation. A reclassification was done for the prior period and the comparative statements for 2014/15 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial performance

Decrease in Depreciation	-	(1,387,755)
Increase in Amortisation	-	1,387,755
	-	-

56. Prior period error - Service charges

During the period under review it was noted that service charges relating to the 2014/15 financial year was incorrectly accounted for as part of the 2015/16 financial year service charges. The comparative statements for the 2014/15 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial position

Increase in Consumer receivables from exchange transactions	-	96,003
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Statement of financial performance

Increase in Service charges	-	(96,003)
	-	-

57. Prior period error - Reclassifying of leave pay provision charge

During the period under review it was noted that in the prior year an expense relating to leave pay provision charge which forms part of employee related costs was incorrectly classified as a general expense. A reclassification was done for the prior period and the comparative statements for 2014/15 financial year have been restated. The effect of the correction of the error(s) is summarised below:

Statement of financial performance

Increase in Employee related cost	-	988,893
Decrease in General expense	-	(988,893)
	-	-

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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

Increase in Contracted services - Refuse removal	-	36,982,826
Decrease in General expenditure - Refuse removal	-	(36,982,826)
Other income from exchange transactions		
Advertising	-	(1,163,857)
Sundry income	-	1,163,857

61. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and 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 the financial risks. Further quantitative disclosures are included throughout the 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 principals on interest rate risk, credit risk and 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 risks 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, entity treasury 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 defaulted on external loans, as disclosed in note 25, but did not default on payables and leave commitment payments. 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 raised 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 2016	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings	100,965,373	673,092,550	-
Finance lease obligations	44,087,900	19,179,554	-
Trade payables from exchange transactions	1,177,777,620	-	-
Trade payables from non-exchange transactions	286,199,407	-	-
Operating lease liabilities	97,893	-	-
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
Finance lease obligations	41,538,934	68,799,454	-
Trade payables from exchange transactions	713,127,555	-	-
Trade payables from non-exchange transactions	279,414,560	-	-
Operating lease liabilities	304,171	96,338	-

There has been no change, since the previous financial year, to the entity's exposure to liquidity risks or the manner in which it manages and measures the risks.

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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 raised accordingly. The impaired receivables are mostly due from customers defaulting on the 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	2016	2015
Cash and cash equivalents	325,546,328	312,783,583
Investments	107,818,543	362,715,433
Consumer receivables from exchange transactions	804,890,677	632,952,917
Consumer receivables from non-exchange transactions	262,419,381	303,378,328
Other non-current receivables from exchange transactions	2,995,301	4,954,298
Other receivables from exchange transactions	96,266,927	88,135,211
Other receivables from non-exchange transactions	4,454,092	810,045
Financial instruments designated at fair value	33,107	32,498

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.

There has been no change, since the previous financial year, to the entity's exposure to credit risks or the manner in which it manages and measures the risks.

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 risks.

Interest rate risk

Interest rate risk is defined as the risk that the fair value of future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest rate 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, the 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 leases. Borrowings and finance leases issued at variable rates expose the entity to cash flow interest rate risk.

Borrowings and finance leases issued at fixed rates expose the entity to fair value interest rate risk. Entity policy is to maintain the majority of its borrowings and finance leases in fixed rate instruments. During 2016 and 2015, the entity's borrowings and finance leases at variable rate were denominated in the Rand.

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61. Risk management (continued)

Foreign exchange risk

The entity does not enter into significant foreign currency transactions and has had very limited exposure to foreign currency risk.

The entity does not hedge foreign exchange fluctuations.

Price risk

The entity is exposed to equity securities price risk because of investments held by the entity and classified on the statement of financial position at fair value through surplus or deficit. The entity is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the entity.

The fair value of financial assets with standard terms and conditions, and are traded in an active market is determined with reference to quoted market bid prices, and asked prices respectively.

62. Going concern

We draw attention to the fact that at 30 June 2016, the entity had an accumulated surplus of R 11,455,329,800 and that the entity's total assets exceed its liabilities by R 13,494,772,247.

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 3 of 2016).

63. Unauthorised expenditure

Opening balance	2,054,733,537	1,067,601,004
Unauthorised expenditure - current year	654,817,224	987,132,533
	2,709,550,761	2,054,733,537

The comparative year figure has been restated as follows:

Decrease in Unauthorised expenditure - current year by R10,002,012
Incidents regarding 2014/2015
Decrease in Overspending by Finance by R10,002,012

Comparative information has been restated due to correction of prior period errors and omissions.

Incidents regarding 2015/2016

	Disciplinary steps taken / criminal proceedings		
Overspending by City Manager	None	58,351,818	-
Overspending by Engineering Services	None	379,453,297	-
Overspending by Water Services	None	42,036,752	-
Overspending by Waste and Fleet Management Services	None	8,718,871	-
Overspending by Miscellaneous Services	None	139,964,748	-
Overspending by Finance (Capital budget)	None	428,285	-
Overspending by Human Settlements and Housing (Capital budget)	None	24,220,513	-
Overspending by Strategic Projects and Service Delivery Regulation Services (Capital budget)	None	1,535,723	-
Overspending by Electricity Services (Capital budget)	None	107,217	-
		654,817,224	-

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63. Unauthorised expenditure (continued)

Incidents regarding 2014/2015

	Disciplinary steps taken / criminal proceedings	
Overspending by Infrastructure services	None	- 476,310,085
Overspending by Water services	None	- 16,073,144
Overspending by Miscellaneous services	None	- 494,749,304
		<u>- 987,132,533</u>

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	None	- 324,571,205
Overspending by Property rates	None	- 6,472,972
		<u>- 673,096,965</u>

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
		<u>- 307,256,486</u>

Mangaung Metropolitan Municipality

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63. Unauthorised expenditure (continued)

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
		<u>- 67,711,892</u>

The unauthorised expenditure relates to the following:

1. Office of the City Manager:

The over expenditure on this vote relates to additional costs incurred with regard to the IPTN implementation.

2. Engineering Services

The over expenditure on this vote relates to the depreciation, amortisation and impairment of assets exceeding the budgeted amounts. Additionally, expenditure relating to the fair value adjustments on the landfill and quarries provisions was in excess of the budgeted amounts.

3. Water Services

The over expenditure on this vote is as a result of the provision for doubtful debts within this vote being in excess of the budgeted amount.

4. Waste and Fleet Management Services

The over expenditure incurred on this vote is mainly as result of additional overtime payments incurred to attend to urgent repairs to various areas in the City.

5. Miscellaneous Services

The over expenditure incurred on this vote relates to the provision for doubtful debts within this vote being in excess of the budgeted amount.

64. Fruitless and wasteful expenditure

Opening balance	28,538,903	28,324,936
Fruitless and wasteful expenditure for the current year	917,671	213,967
	<u>29,456,574</u>	<u>28,538,903</u>

During the audit process indications of possible fruitless and wasteful expenditure were identified relating to the N8 Development Node and relates to procurement contracts which management is investigating its compliance to the MFMA and SCM regulations.

Mangaung Metropolitan Municipality

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64. Fruitless and wasteful expenditure (continued)

Incidents regarding 2015/2016

	Disciplinary steps taken / criminal proceedings		
Interest paid to Eskom due to late payment	None	127,272	-
Interest paid to Razzmatazz (Pty) Ltd due to late payment	None	11,700	-
Interest paid to FDC due to late payment	None	1,732	-
Interest paid to PEC Metering due to late payment	None	618	-
Interest paid to UMFA due to late payment	None	662	-
Interest paid to Telkom SA Limited due to late payment	None	212,973	-
Interest paid to Kramer, Weihmann and Joubert due to late payment	None	3,796	-
Interest and penalties paid to SARS due to late payment and under declaration of VAT	None	117,852	-
Councillors who had their membership terminated were paid contrary to the requirements of the Remuneration of Public Office Bearers Act 20 of 1998	None	230,879	-
Interest on late payment of PAYE to SARS	None	181,908	-
Interest incurred on late payment of supplier accounts - FDC	None	7,773	-
Interest incurred on late payment of supplier accounts - Other	None	20,506	-
		917,671	-

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 Metering 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 paid to SARS due to late payment of SDL	None	-	210
Interest paid to FDC due to late payment of rentals	None	-	4,586
Interest paid to Eskom due to late payment	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 Metering 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 Dierhospitaal due to late payment	None	-	208
		-	148,343

Mangaung Metropolitan Municipality

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64. Fruitless and wasteful expenditure (continued)

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 Rossouw's 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
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	289,434,239	247,819,556
Add: Irregular Expenditure - current year	32,718,861	41,614,683
Add: Irregular Expenditure - relating to prior year	361,500	-
	322,514,600	289,434,239

Mangaung Metropolitan Municipality

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65. Irregular expenditure (continued)

Analysis of expenditure awaiting condonation per age classification

Current year	33,080,361	41,614,683
Prior years	289,434,239	247,819,556
	322,514,600	289,434,239

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Expenditure items identified where the supply chain management process was not followed	The expenditure was identified during the current financial year and still needs to be investigated	28,995,134
Councillors who had their membership terminated were paid contrary to the requirements of the Remuneration of Public Office Bearers Act 20 of 1998	The expenditure was identified during the current financial year and still needs to be investigated	230,879
Non-compliance with the Municipal Systems Act, (Act 32 of 2000) with regard to acting allowances paid	The expenditure was identified during the current financial year and still needs to be investigated	492,848
SCM documents were stolen after a break in at the records office in the previous financial year.	The expenditure was incurred in the prior year. No disciplinary steps were taken as the procurement process was followed, however following a break in at the entity's supply chain offices the documents were stolen. The expenditure has been submitted to council for consideration of being written off.	361,500
Expenditure items identified where the expenditure incurred were not in accordance with the contract between Mangaung and the service providers	The expenditure was identified during the current financial year and still needs to be investigated	3,000,000
		33,080,361

66. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	11,800,000	11,096,000
Amount paid - current year	(11,800,000)	(11,096,000)
	-	-

Contributions to organised local government consists of annual subscriptions paid to SALGA.

Audit fees

Opening balance	396,010	1,002,948
Current year regularity audit fees	22,562,976	22,653,173
Amount paid - previous years	(396,010)	(1,002,948)
Amount paid - current year	(20,666,108)	(22,257,163)
	1,896,868	396,010

During the current year an error was discovered in the disclosure of the prior year audit fees.

The comparative figure for audit fees has been adjusted as follows:

Current year fees has increased by R398,184

Amount paid - current year has increased by R2,174

Closing balance has increased by R396,010

PAYE and UIF

Opening balance	(103,427)	65
Current year subscription / fee	225,494,951	192,383,800
Interest and penalties - current year	181,908	70,748
Amount paid - current year	(208,254,372)	(192,557,975)
Amount paid / refunded - previous years	103,426	(65)
	17,422,486	(103,427)

Mangaung Metropolitan Municipality

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

Pension and Medical Aid Deductions

Opening balance	23,475	(3,335)
Current year subscription / fee	315,461,703	270,623,335
Amount paid - current year	(290,951,997)	(270,596,525)
Amount paid - previous years	(23,475)	-
	24,509,706	23,475

Councillors' arrear consumer accounts

Refer to Appendix H for details regarding the councillors' arrear consumer accounts.

Supply chain management regulations

In terms of section 45 of the Municipal Supply Chain Management Regulations any awards made to a person that is a spouse, child or parent of a person in service of the state must be disclosed.

Details of award

Isibaya Solutions (Pty) Ltd - Spouse employed by Department of Economic, Sports, Tourism and Environmental Affairs	1,321,570	-
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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 liter	Cost per Kilo liter	Total loss in Rands
2016	24,521,368	5.97	146,392,567
2015	33,281,104	5.21	173,394,552

In the prior year the cost per kilo liter was incorrectly stated at R5.04, and not R5.21.

This matter has been corrected in the current year, resulting in the following changes to the comparative figures:

Total loss increased by R5,657,788

Electricity distribution losses

	kWh - units	Rand value	Percentage
Electricity losses - 2016	225,545,764	180,249,104	13.23%
Electricity losses - 2015	219,417,828	154,232,114	12.89%

In the current year the energy losses were 13.23% (2015:12.89%). These losses are the result of theft, vandalism, faulty meters and variances in monthly consumption estimates. Management has determined that these losses are not recoverable.

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, faulting meters, etc. Non-technical losses amounted to 89 191 361 kWh units (2015: 83 205 603 kWh units) with a value of R71,278,940 (2015: R58,486,478).

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 136 354 403 kWh units (2015: 136 212 225 kWh units) with a value of R108,970,164 (2015: R95,745,636)

Grants withheld

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

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

During the year under review, the following amount was withheld by National Treasury. It is expected that this grant income will be received upon the submission of additional documentation. This amount has not yet been included as income.

Grant	
Neighbourhood Development Grant	11,000,000 -

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.

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 2016	Rands	Number of deviations
Emergency	3,101,903	18
Sole supplier	10,412,325	55
Impractical	991,270	9
Urgent	9,326,932	100
Other	3,087,887	34
	26,920,317	216

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

Mangaung Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

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70. Budget differences

Changes from the approved budget to the final budget

Statement of financial performance:

A1 - Property rates revenue were adjusted downwards due to the downwards adjustment of property values as a result of the decisions from the Valuation Appeals Board.

A2 - Service charges revenue were adjusted downwards due to the level of performance as at the time of the mid-year performance evaluation.

A3 - The adjustments to transfers recognised were made in line with the adjustments in government funding and funds rolled over from the prior year.

A4 - The adjustment was made due to the expected increase in the interest on the shareholders loan from Centlec (SOC) Ltd.

A5 - Employee costs were adjusted downwards due to the savings made on employee costs at the mid year review as a result of vacancies.

A6 - The adjustment was made due to the balance of the Centlec intercompany receivable being favourable to the entity and no interest costs expected.

A7 - Increase due to the expected increase in road maintenance to be done.

A8 - Adjustment made due to the expected decrease in free basic services based on performance as at mid year review.

A9 - The adjustment made mainly due to the expected increase in costs of refuse collection, and the IPTN expenditure expected.

Statement of financial position:

A10 - Changes to the statement of financial position budget were made due to the audited financial statements as at 30 June 2015 becoming available after the finalisation of the audit. The changes 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 changes made on the statement of financial performance and budgeted capital expenditure.

Cash flow statement:

A11 - Changes to the cash flow statement were made due to the anticipated cash position of the entity as a result of the adjustments made to the statements of financial performance and position.

Mangaung Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

70. Budget differences (continued)

Material differences between the budget and actual amounts

Statement of financial performance:

B1 - Property rates has a favourable variance due to the result of the rates appeals being corrected, and more billing than anticipated for the period than what was budgeted.

B2 - Unfavourable variance due to less water billed for the period than budgeted mainly due to water restrictions. Furthermore, consumers have been requested to cut back on electricity usage by ESKOM to limit the impact of load shedding.

B3 - Favourable variance due to interest received from the entity on the intercompany loan.

B4 - Transfers recognised for operating and capital grants had favourable and unfavourable variances respectively due to the different conditions being achieved for the conditional grants. Capital projects had slower implementation, therefore less revenue was recognised.

B5 - Other own revenue has an unfavourable due to a combination of under/over collection on various revenue items, non-cash items and GRAP issues only accounted for when finalising the financial statements.

B6 - Favourable variance due to the moratorium placed on the filling of vacancies.

B7 - Debt impairment has an unfavourable variance as the provision for doubtful debts was in excess of the anticipated provision.

B8 - Depreciation has an unfavourable variance as a result of the increased asset base.

B9 - Material and bulk purchases had an unfavourable variance due to an increase in repairs and maintenance, especially on buildings.

B10 - Transfers and Grants paid have a favourable variance mainly due to the change in the accounting treatment of grants given on the free basic services.

B11 - Other expenditure has a favourable fluctuation due to controlled spending, and underspending on contractor fees.

B12 - Public contributions have a favourable variance as a result of the completion of electricity connections.

Statement of financial position:

B13 - Variance due to the activities reported in the statement of financial performance and the resultant financial position of the entity.

Cash flow statement:

B14 - Variance due to the activities reported in 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 as revenue for budgeting purposes, and therefore included under total revenue, while they are classified as adjustments to expenditure for the purpose of the financial statements.

71. Events after the reporting date

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 will extend to include Naledi Local Municipality and Soutpan from Masilonyana Local Municipality. These changes are effective as of 3 August 2016.

On 8 July 2016 the Council resolved that 11 170 indigents be included in the indigent register. These indigents had outstanding balances amounting to R50,748,313 at the date of inclusion. Council approved the write off of these balances.

At the same meeting, Council approved the write off 4 673 accounts owed by disabled / pensioned indigents, with outstanding balances amounting to R23,714,052; and 77 housing rental accounts with outstanding balances amounting to R14,545.

72. Non-compliance with the MFMA

During the current financial year the following non-compliance matters were identified:

Mangaung Metropolitan Municipality

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Notes to the Consolidated Annual Financial Statements

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72. Non-compliance with the MFMA (continued)

Supply chain management regulations 12(1)(c), 17(1)(a) - (c)

Goods and services of a transaction value between R10,000 and R200,000 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 transactions value above R200,000 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.

MFMA section 65(2)(e)

Money owing by the entity was not paid within 30 days of receiving the relevant invoice or statement.

Municipal Systems Act, section 86H(2)(1)

A municipality may pass a by-law establishing a service utility which provides for the appointment of the Board of Directors to manage the service utility. The municipal entity did not fully comply with the provisions of the Municipal Systems Act as the term of the Board of Directors ended April 2016. Thus for the two months of May and June 2016 the municipal entity did not have a Board of Directors. However a new Board of Directors was appointed with effect from 1 July 2016.

Mangaung Metropolitan Municipality
Appendix A to the Consolidated Annual Financial Statements - Unaudited

Schedule of external loans as at 30 June 2016

Loan Number	Redeemable	Balance at 30 June 2015	Received during the period	Redeemed written off during the period	Balance at 30 June 2016
		Rand	Rand	Rand	Rand
Development Bank of South Africa @ 12.62%	103433/01	42,555,911	-	2,045,613	40,510,298
Development Bank of South Africa @ 6.75%	103433/02	138,000,746	-	3,703,782	134,296,964
Development Bank of South Africa @ 10.642%	12007885	127,000,000	173,000,000	(9,292,275)	309,292,275
Standard bank of South Africa Limited	33714314	283,235,810	-	(6,722,575)	289,958,385
		590,792,467	173,000,000	(10,265,455)	774,057,922

Mangaung Metropolitan Municipality
Appendix B to the Consolidated Annual Financial Statements - Unaudited

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

Accumulated depreciation

	Opening Balance		Additions		WIP Additions		Disposals		WIP Transferred to Additions		Transfers		Revaluations / Fair value adjustments		Closing Balance		Opening Balance		Disposals/Transfers		Fair value adjustments		Depreciation		Impairment loss		Closing Balance		Carrying value			
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand			
Land																																
Land	1,436,875,735		35,001,000	-	-	(224,467)	-	(224,467)	-	-	(7,761,790)	-	-	-	1,463,890,478	-	-	-	-	-	-	-	-	-	-	-	-	-	1,463,890,478			
	1,436,875,735		35,001,000	-	-	(224,467)	-	(224,467)	-	-	(7,761,790)	-	-	-	1,463,890,478	-	-	-	-	-	-	-	-	-	-	-	-	-	1,463,890,478			
Buildings																																
Buildings	1,284,939,466		7,434,342	-	-	(738,530)	-	(738,530)	-	-	(7,434,342)	-	-	-	1,291,635,260		244,406	-	(43,750,580)	-	-	-	-	-	-	-	(116,808,346)		1,174,826,934			
Work in Progress	18,964,558		-	-	-	-	-	-	-	(7,434,342)	-	-	-	-	61,373,977		-	-	-	-	-	-	-	-	-	-	-	-	61,373,977			
	1,303,904,026		7,434,342	-	-	(738,530)	-	(738,530)	-	(7,434,342)	-	-	-	-	1,353,009,267		244,406	-	(43,750,580)	-	-	-	-	-	-	-	(116,808,346)		1,236,200,911			
Community Assets																																
Parks	134,690,845		66,969,627	-	-	-	-	-	-	-	-	-	-	-	201,660,472		(52,597,030)	-	(24,371,017)	-	-	-	-	-	-	-	(76,968,047)		124,692,425			
Fresh produce market	55,771,013		-	-	-	-	-	-	-	-	-	-	-	-	56,771,013		(32,558,019)	-	(3,148,336)	-	-	-	-	-	-	-	(35,706,366)		20,064,658			
Swimming pools	51,958,084		14,563,882	-	-	-	-	-	-	-	-	-	-	-	66,521,866		(15,597,657)	-	(2,828,627)	-	-	-	-	-	-	-	(18,426,284)		48,095,682			
Cemeteries	51,710,642		3,015,068	-	-	(194,625)	-	-	-	-	-	-	-	-	54,631,076		(20,048,775)	86,618	(2,552,449)	-	-	-	-	-	-	-	(22,514,606)		32,016,469			
Landfill sites	153,880,201		10,224,290	-	-	-	-	-	-	-	-	-	-	-	164,104,491		(107,671,084)	-	(3,221,511)	-	-	-	-	-	-	-	(110,892,595)		53,211,895			
Quarry sites	350,859,878		27,956,268	-	-	(9,230,768)	-	-	-	-	-	-	-	-	369,585,378		(237,391,818)	-	(18,018,799)	-	-	-	-	-	-	-	(256,410,617)		114,174,761			
Sports grounds	355,563,404		773,356	-	-	-	-	-	-	-	-	-	-	-	366,336,760		(108,311,189)	-	(13,068,325)	-	-	-	-	-	-	-	(121,379,514)		234,957,246			
Sports stadiums	138,915,054		7,252,299	-	-	-	-	-	-	-	-	-	-	-	146,167,353		(58,020,160)	-	(5,810,213)	-	-	-	-	-	-	-	(61,830,373)		84,336,980			
Law enforcement cameras	56,615,875		-	-	-	-	-	-	-	-	-	-	-	-	66,615,875		(35,197,546)	-	(5,515,783)	-	-	-	-	-	-	-	(40,713,329)		15,902,546			
Zoo	47,240,586		20,596,025	-	-	-	-	-	-	-	-	-	-	-	67,836,611		(16,743,248)	-	(4,476,552)	-	-	-	-	-	-	-	(21,219,800)		46,616,811			
Zoo animals	6,457,415		673,985	-	-	(1,224,735)	-	-	-	-	-	-	-	(753,340)	5,163,326		(860)	30,359	(289,349)	-	-	-	-	-	-	-	(701)		5,152,624			
Hawker stalls	8,577,889		-	-	-	-	-	-	-	-	-	-	-	-	8,577,889		(6,330,711)	-	(378,756)	-	-	-	-	-	-	-	(6,709,467)		1,868,422			
Environmental facilities	1,928,911		-	-	-	-	-	-	-	-	-	-	-	-	1,926,911		(883,102)	-	(160,924)	-	-	-	-	-	-	-	(1,044,026)		882,885			
Law enforcement dogs	56,000		-	-	-	(15,000)	-	-	-	-	-	-	-	-	41,000		(38,380)	8,759	(4,714)	-	-	-	-	-	-	-	(34,336)		6,665			
WIP - Capitalised	-		-	-	-	-	-	-	-	-	-	-	-	-	22,647,430		-	-	-	-	-	-	-	-	-	-	-	22,647,430		-		
WIP	141,091,548		-	-	94,025,221	-	-	-	(136,817,676)	-	-	-	-	-	99,299,091		-	-	-	-	-	-	-	-	-	-	-	-	99,299,091		-	
	1,556,315,346		162,024,790	-	-	(10,665,128)	-	(10,665,128)	(113,170,248)	-	-	-	(763,340)	-	1,676,776,640		(689,389,679)	125,736	(83,845,366)	-	-	-	-	-	-	-	(772,550,049)		903,928,591		-	
Electrical Infrastructure																																
Electrical Infrastructure	3,554,375,624		272,936,073	-	-	(2,644,920)	-	-	-	-	-	-	-	(8,663,517)	3,816,003,260		(301,691,553)	1,717,339	9,263,387	(106,479,954)	(3,376,525)	-	-	-	-	(400,667,306)		3,415,435,954		-		
Work in Progress	218,097,058		-	-	-	-	-	-	(109,247,160)	-	-	-	-	-	178,149,468		-	-	-	-	-	-	-	-	-	-	-	-	178,149,468		-	
	3,772,472,682		272,936,073	-	-	(2,644,920)	-	(2,644,920)	(109,247,160)	-	-	-	-	(8,663,517)	3,994,162,728		(301,691,553)	1,717,339	9,263,387	(106,479,954)	(3,376,525)	-	-	-	-	(400,667,306)		3,593,685,422		-		

Mangaung Metropolitan Municipality
Appendix B to the Consolidated Annual
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Analysis of property, plant and equipment as at 30 June 2016

Cost/Revaluation

Accumulated depreciation

	Opening Balance		Additions		WIP Additions		Disposals		WIP Transferred to		Transfers		Revaluations / Fair value adjustments		Closing Balance		Disposals/Transfers		Opening Balance		Revaluations / Fair value adjustments		Impairment loss		Closing Balance		Carrying value	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
Infrastructure																												
Roads	2,709,549,617		58,177,592		-		-		-		-		-		2,777,727,209		(963,646,494)		(963,646,494)		-		(186,365,206)		(1,160,011,700)		1,627,715,509	
Bridges	110,317,619		-		-		-		-		-		-		110,317,619		(14,052,735)		(14,052,735)		-		(2,002,676)		(16,066,411)		94,262,208	
Intersections	6,241,985		-		-		-		-		-		-		6,241,985		(4,319,200)		(4,319,200)		-		(497,661)		(4,816,861)		1,425,124	
Road furniture	8,414,581		-		-		-		-		-		-		8,414,581		(6,532,398)		(6,532,398)		-		(557,020)		(7,089,418)		1,325,163	
Sidewalks	173,172,011		-		-		-		-		-		-		206,892,291		(87,384,872)		(87,384,872)		-		(18,114,367)		(106,499,239)		101,393,052	
Rail road sidings	23,337,859		-		-		-		-		-		-		23,337,859		(11,992,532)		(11,992,532)		-		(1,991,746)		(13,384,278)		9,353,581	
Sanitation	1,510,573,473		354,353,185		-		-		-		-		-		1,874,926,658		(357,967,509)		(357,967,509)		-		(62,867,234)		(420,834,843)		1,454,091,815	
Water	1,998,307,343		169,093,827		-		(5,201,238)		-		-		-		2,162,199,932		(473,120,584)		(473,120,584)		-		(108,931,618)		(681,109,626)		1,581,090,406	
Stormwater	116,098,770		294,987		-		-		-		-		-		116,393,757		(13,961,706)		(13,961,706)		-		(4,761,987)		(18,723,693)		97,660,064	
Water meters	324,044,699		69,793,110		-		(47,009,845)		-		-		-		346,828,164		(130,140,157)		(130,140,157)		-		(14,438,204)		(117,616,866)		229,211,306	
WIP - Capitalised	903,317,812		-		1,124,371,707		-		145,244,014		-		-		1,200,163,472		-		-		-		-	-	-	-	145,244,014	
	7,883,366,969		705,432,981		1,124,371,707		(52,211,083)		(827,536,047)		-		-		8,978,667,541		(2,063,118,287)		(2,063,118,287)		27,904,179		(400,527,719)		(2,436,741,827)		6,542,926,714	
Other PPE																												
Fire arms	927,145		430,978		-		-		-		-		-		1,358,123		(271,528)		(271,528)		136,025		(111,037)		(382,666)		975,558	
Owned Fleet	167,197,339		-		-		(129,343)		-		(105,769)		-		166,962,227		(55,217,027)		(55,217,027)		(50,667)		(108,667)		(60,308,390)		106,653,837	
Tools, plant & equipment	15,313,983		7,320,759		-		(10,568)		-		105,769		-		22,729,943		(5,609,145)		(5,609,145)		1,396,162		(2,759,479)		(8,429,241)		14,300,702	
Furniture & Office equipment	42,501,444		19,593,195		-		(2,294,539)		-		-		-		59,800,100		(10,679,387)		(10,679,387)		-		(9,176,801)		(18,460,028)		41,340,074	
Leased Equipment	19,540,218		11,524,939		-		(19,540,218)		-		-		-		11,524,939		(19,540,218)		(19,540,218)		19,540,218		(573,098)		(673,098)		10,951,841	
Leased Fleet	156,439,006		20,270,935		-		(977,840)		-		-		-		177,732,101		(11,488,386)		(11,488,386)		81,349		(9,307,447)		(21,279,622)		156,452,479	
Centlec - Owned Fleet	102,188,617		5,461,190		-		(4,180,337)		-		-		-		103,469,470		(48,014,377)		(48,014,377)		3,864,462		(10,791,249)		(64,941,164)		48,528,306	
Centlec - Equipment	42,503,044		10,313,192		-		(1,702,512)		-		-		-		61,113,724		(16,358,726)		(16,358,726)		1,268,072		(7,915,835)		(23,006,489)		28,107,235	
Centlec - Leased Assets	2,064,836		969,285		-		(173,439)		-		-		-		2,860,682		(360,106)		(360,106)		172,769		(768,932)		(966,269)		1,904,413	
	550,675,632		76,884,473		-		(29,008,796)		-		-		-		597,651,309		(167,538,900)		(167,538,900)		26,408,390		(46,632,349)		(674,006)		409,214,446	
Heritage assets																												
Buildings	317,080,000		-		-		-		-		-		-		317,080,000		-		-		-		-	-	-	-	317,080,000	
Statues	4,488,687		-		-		-		-		-		-		4,488,687		-		-		-		-	-	-	-	4,488,687	
	321,568,687		-		-		-		-		-		-		321,568,687		-		-		-		-	-	-	-	321,568,687	
Intangible assets																												
Intangible assets	139,376,332		6,741,419		-		(8,170,562)		-		-		-		137,947,189		(23,538,265)		(23,538,265)		8,170,562		(13,627,750)		(28,996,453)		108,951,736	
	139,376,332		6,741,419		-		(8,170,562)		-		-		-		137,947,189		(23,538,266)		(23,538,266)		8,170,562		(13,627,760)		(28,996,453)		108,951,736	
Investment property																												
Investment property	1,636,496,363		-		-		(176,000)		-		-		(138,813,363)		1,497,607,000		-		-		-		-	-	-	-	1,497,507,000	
	1,636,496,363		-		-		(176,000)		-		-		(138,813,363)		1,497,607,000		-		-		-		-	-	-	-	1,497,507,000	

Mangaung Metropolitan Municipality
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Analysis of property, plant and equipment as at 30 June 2016

Cost/Revaluation

Accumulated depreciation

	Opening Balance		Additions		WIP Additions		Disposals		WIP Transferred to Additions		Transfers		Revaluations / Fair value adjustments		Closing Balance		Disposals/Transfers		Revaluations / Fair value adjustments		Depreciation		Impairment loss		Closing Balance		Carrying value	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
Total	1,436,875,735		35,001,000		49,843,761		(224,467)		(7,434,342)		(7,761,790)		-		1,463,890,478		-		244,406		-		-		-		1,463,890,478	
Land	1,303,904,026		7,434,342		49,843,761		(738,530)		(7,434,342)		-		-		1,363,009,257		-		125,736		-		-		-		1,236,200,911	
Buildings	1,555,315,345		152,024,790		94,025,221		(10,685,128)		(113,170,248)		-		(753,340)		1,676,776,640		-		1,717,339		(83,845,355)		-		(116,808,346)		903,926,591	
Community Assets	3,772,472,682		272,936,073		69,299,570		(2,644,920)		(109,247,160)		-		(8,663,517)		3,994,162,728		-		27,904,179		(106,479,954)		(3,376,525)		(400,567,306)		3,593,585,422	
Electrical Infrastructure	7,883,365,969		705,432,981		1,124,371,707		(52,211,083)		(682,292,033)		-		-		8,978,667,541		-		26,408,390		(400,527,719)		-		(2,436,741,827)		6,542,925,714	
Infrastructure	550,675,632		75,864,473		-		(23,008,796)		-		-		-		697,551,309		-		-		(46,532,349)		(674,005)		(188,336,864)		409,214,445	
Other PPE	321,568,687		-		-		-		-		-		-		321,568,687		-		-		-		-	-	-		321,568,687	
Heritage assets	139,378,332		6,741,419		-		(8,170,562)		-		-		(138,813,363)		137,947,189		-		8,170,562		(13,627,750)		-		(28,995,453)		108,951,736	
Intangible assets	1,636,496,363		-		-		(176,000)		-		-		-		1,497,507,000		-		-		-		-	-	-		-	
Investment property	18,600,060,771		1,255,465,078		1,337,640,259		(103,839,488)		(912,143,783)		(7,761,790)		(148,230,220)		20,021,070,829		64,570,612		9,522,536		(694,763,707)		(4,060,530)		(3,943,298,846)		14,580,263,984	

Mangaung Metropolitan Municipality
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Analysis of property, plant and equipment as at 30 June 2015
Accumulated depreciation

Cost/Revaluation

	Opening Balance		Additions		WIP Additions		Disposals		WIP Transferred to Additions		Transfers		Revaluations / Fair value adjustments		Closing Balance		Opening Balance		Disposals		Revaluations / Fair value adjustments		Depreciation		Impairment loss		Closing Balance		Carrying value		
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		
Land																															
Land	1,442,238,700	1,577,533	-	-	-	-	-	-	-	-	(9,240,000)	-	2,299,500	1,436,875,733	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,436,875,733		
	1,442,238,700	1,577,533	-	-	-	-	-	-	-	-	(9,240,000)	-	2,299,500	1,436,875,733	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,436,875,733		
Buildings																															
Buildings	1,171,008,501	99,727,801	-	-	-	-	-	-	-	-	-	-	14,203,166	1,284,939,468	(49,524,155)	-	-	-	-	-	-	-	(36,103,640)	-	-	-	(73,302,172)	1,211,637,296			
Work in Progress	93,098,218	-	25,340,922	-	-	-	-	-	-	(99,474,582)	-	-	18,964,568	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,964,568		
	1,264,106,719	99,727,801	25,340,922	-	-	-	-	-	-	(99,474,582)	-	-	14,203,166	1,303,904,026	(49,524,155)	-	-	-	-	-	-	-	(36,103,640)	-	-	-	(73,302,172)	1,230,601,864			
Community Assets																															
Parks	128,679,168	6,014,564	-	-	-	-	-	-	-	-	-	-	-	134,693,730	(39,219,486)	-	-	-	-	-	-	-	(13,379,642)	-	-	-	(62,599,128)	82,094,602			
Fresh produce market	54,402,649	1,368,364	-	-	-	-	-	-	-	-	-	-	-	56,771,013	(27,931,146)	-	-	-	-	-	-	-	(4,626,873)	-	-	-	(32,668,019)	23,212,994			
Swimming pools	49,332,792	2,625,292	-	-	-	-	-	-	-	-	-	-	-	51,958,084	(12,223,087)	-	-	-	-	-	-	-	(2,990,995)	-	-	-	(16,597,657)	36,360,427			
Cemeteries	51,710,643	-	-	-	-	-	-	-	-	-	-	-	-	51,710,643	(16,988,226)	-	-	-	-	-	-	-	(3,060,550)	-	-	-	(20,048,776)	31,661,867			
Landfill sites	176,887,656	-	-	-	-	-	-	-	-	-	-	-	(23,007,454)	163,880,202	(101,807,730)	-	-	-	-	-	-	-	(5,863,354)	-	-	-	(107,671,084)	46,209,118			
Quarry sites	319,041,815	-	-	-	-	-	-	-	-	-	-	-	31,818,063	350,859,878	(226,809,387)	-	-	-	-	-	-	-	(10,582,431)	-	-	-	(237,391,818)	113,468,060			
Sports grounds	355,163,379	400,025	-	-	-	-	-	-	-	-	-	-	-	366,563,404	(92,956,491)	-	-	-	-	-	-	-	(15,303,798)	-	-	-	(50,900)	247,252,215			
Sport stadiums	128,328,376	12,586,678	-	-	-	-	-	-	-	-	-	-	-	138,916,064	(44,836,828)	-	-	-	-	-	-	-	(11,183,332)	-	-	-	(66,020,160)	82,894,894			
Law enforcement cameras	52,566,237	4,049,638	-	-	-	-	-	-	-	-	-	-	-	56,616,876	(25,054,613)	-	-	-	-	-	-	-	(10,142,934)	-	-	-	(36,197,647)	21,418,328			
Zoo	47,240,566	-	-	-	-	-	-	-	-	-	-	-	-	47,240,566	(13,225,758)	-	-	-	-	-	-	-	(3,517,490)	-	-	-	(16,743,248)	30,497,338			
Zoo animals	5,637,629	1,226,380	-	-	-	-	-	-	-	-	-	-	453,908	6,467,418	(726)	-	-	-	-	-	-	-	(252,008)	-	-	-	(793)	6,456,625			
Hawker stalls	8,577,869	-	-	-	-	-	-	-	-	-	-	-	-	8,677,889	(5,450,832)	-	-	-	-	-	-	-	(796,291)	-	-	-	(6,330,712)	2,247,177			
Environmental facilities	1,826,911	-	-	-	-	-	-	-	-	-	-	-	-	1,926,911	(722,517)	-	-	-	-	-	-	-	(160,586)	-	-	-	(883,103)	1,043,808			
Law enforcement dogs	61,500	-	-	-	-	-	-	-	-	-	-	-	-	56,000	(34,096)	-	-	-	-	-	-	-	(8,400)	-	-	-	(38,380)	17,620			
Work in progress	71,159,478	-	97,433,348	-	-	-	-	-	-	(27,501,278)	-	-	-	141,091,548	-	-	-	-	-	-	-	-	-	-	-	-	-	-	141,091,548		
	1,448,716,706	28,270,941	97,433,348	-	-	-	-	-	-	(27,501,278)	-	-	9,264,517	1,556,318,235	(607,260,923)	-	-	-	-	-	-	-	(81,868,684)	-	-	-	(616,064)	(689,391,614)	856,926,621		
Electrical Infrastructure																															
Electrical Infrastructure	2,363,892,934	166,787,217	-	-	-	-	-	-	-	-	-	-	1,047,438,663	3,664,376,624	(637,031,745)	-	-	-	-	-	-	-	(53,439,708)	-	-	-	(301,691,663)	3,252,684,071			
Work in Progress	139,668,579	-	99,370,731	-	-	-	-	-	-	(20,962,252)	-	-	-	218,097,058	-	-	-	-	-	-	-	-	-	-	-	-	-	-	218,097,058		
	2,503,561,513	166,787,217	99,370,731	-	-	-	-	-	-	(20,962,252)	-	-	1,047,438,663	3,772,472,682	(637,031,745)	-	-	-	-	-	-	-	(63,439,708)	-	-	-	(301,691,663)	3,470,781,129			
Infrastructure																															
Roads	2,666,317,070	43,232,547	-	-	-	-	-	-	-	-	-	-	-	2,709,549,617	(766,471,035)	-	-	-	-	-	-	-	(197,121,878)	-	-	-	(53,595)	(963,646,608)	1,745,903,109		
Bridges	110,317,619	-	-	-	-	-	-	-	-	-	-	-	-	110,317,619	(12,060,152)	-	-	-	-	-	-	-	(1,992,583)	-	-	-	-	(14,062,735)	96,254,884		
Intersections	6,154,449	87,536	-	-	-	-	-	-	-	-	-	-	-	6,241,986	(2,903,418)	-	-	-	-	-	-	-	(1,415,782)	-	-	-	-	(4,319,200)	1,922,785		
Road furniture	8,414,581	-	-	-	-	-	-	-	-	-	-	-	-	8,414,581	(5,629,428)	-	-	-	-	-	-	-	(902,970)	-	-	-	-	(6,532,398)	1,882,183		
Sidewalks	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	(6,574,474)	-	-	-	-	-	-	-	(5,418,059)	-	-	-	-	(11,992,633)	11,345,326		
Sanitation	1,404,486,364	106,087,109	-	-	-	-	-	-	-	-	-	-	-	1,510,573,473	(287,875,124)	-	-	-	-	-	-	-	(68,163,908)	-	-	-	-	(367,967,608)	1,152,605,865		
Water	1,711,683,342	283,575,360	-	-	-	-	-	-	-	-	-	-	-	1,996,258,770	(364,648,071)	-	-	-	-	-	-	-	(107,201,255)	-	-	-	-	(471,933,627)	1,523,325,075		
Stormwater	76,057,949	40,030,821	-	-	-	-	-	-	-	-	-	-	-	116,088,770	(9,706,260)	-	-	-	-	-	-	-	(4,255,446)	-	-	-	-	(13,961,706)	102,127,064		
Water meters	253,677,740	70,367,159	-	-	-	-	-	-	-	-	-	-	-	324,044,899	(104,576,366)	-	-	-	-	-	-	-	(25,563,790)	-	-	-	-	(130,140,166)	193,904,743		
WIP	602,636,037	-	778,379,289	-	-	-	-	-	-	(477,697,514)	-	-	-	903,317,812	-	-	-	-	-	-	-	-	-	-	-	-	-	-	903,317,812		
	7,036,256,021	543,380,632	778,379,289	-	-	-	-	-	-	(477,697,514)	-	-	7,880,317,328	(1,631,744,112)	-	-	-	-	-	-	-	-	(428,120,760)	-	-	-	-	(2,066,472)	2,061,931,344	6,818,386,964	

Mangaung Metropolitan Municipality
Appendix B to the Consolidated Annual
Financial Statements - Unaudited

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation

Accumulated depreciation

	Opening Balance		Additions		WIP Additions		Disposals		WIP Transferred to Additions		Transfers		Revaluations / Fair value adjustments		Closing Balance		Opening Balance		Disposals		Revaluations / Fair value adjustments		Depreciation		Impairment loss		Closing Balance		Carrying value		
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		
Other PPE																															
Fire arms	790,258		136,887		-		-		-		-		-		927,146		(215,706)		-		-		(55,822)		(2,330,276)		(271,528)		655,617		
MMM - Owned Fleet	166,082,855		1,114,474		-		-		-		-		-		167,197,339		(47,717,927)		-		4,981		(5,168,824)		-		(65,217,027)		111,980,312		
MMM - Tools, plant & equipment	13,756,490		1,572,187		-		(14,694)		-		-		-		15,313,983		(3,725,195)		-		-		(1,888,931)		-		(6,609,146)		9,704,838		
MMM - Furniture & Office equipment	31,797,271		10,806,285		-		(102,111)		-		-		-		42,601,445		(5,575,105)		52,076		-		(5,156,357)		-		(10,679,387)		31,822,058		
MMM - Leased Equipment	19,540,218		-		-		-		-		-		-		19,540,218		(17,914,104)		-		-		(1,626,114)		-		(19,640,218)		-		
MMM - Leased Fleet	137,531,079		20,907,927		-		-		-		-		-		168,439,006		(2,305,682)		-		-		(8,107,142)		-		(11,488,368)		146,950,620		
Centlec - Owned Fleet	88,952,681		23,057,436		-		(9,821,500)		-		-		-		102,188,617		(45,787,085)		9,131,705		-		(10,999,089)		-		(48,014,377)		54,174,240		
Centlec - Office Equipment	32,345,164		11,455,971		-		(1,299,091)		-		-		-		42,503,044		(11,412,768)		870,273		-		(5,816,231)		-		(16,358,726)		26,144,318		
Centlec - Leased Assets	845,713		1,623,993		-		(404,870)		-		-		-		2,064,836		(560,711)		404,870		-		(204,256)		-		(350,107)		1,704,729		
	491,642,739		70,676,160		-		(11,642,266)		-		-		-		550,675,533		(135,215,284)		10,463,906		-		(39,022,776)		-		(187,538,901)		383,136,732		
Heritage assets																															
Buildings	317,080,000		-		-		-		-		-		-		317,080,000		-		-		-		-		-		-		317,080,000		
Statuses	4,488,687		-		-		-		-		-		-		4,488,687		-		-		-		-		-		-		4,488,687		
	321,568,687		-		-		-		-		-		-		321,568,687		-		-		-		-		-		-		321,568,687		
Intangible assets																															
Intangible assets	123,849,224		18,814,107		-		(2,724,000)		(652,999)		-		-		139,376,332		(15,574,362)		2,724,000		-		(10,687,903)		-		(23,638,265)		115,838,067		
	123,849,224		18,814,107		-		(2,724,000)		(562,999)		-		-		139,376,332		(15,574,362)		2,724,000		-		(10,687,903)		-		(23,638,265)		116,838,067		
Investment property																															
Investment property	1,543,033,363		-		-		-		-		(6,537,000)		-		1,536,496,363		-		-		-		-		-		-		1,536,496,363		
	1,543,033,363		-		-		-		-		(6,537,000)		-		-		-		-		-		-		-		-		-		
Total																															
Land	1,442,238,700		1,577,533		-		-		-		(9,240,000)		2,299,500		1,436,875,733		(49,524,155)		-		-		(36,103,640)		-		(73,302,172)		1,436,875,733		
Buildings	1,264,105,719		99,727,801		25,340,922		-		(99,474,682)		-		14,203,166		1,303,904,026		(607,260,923)		24,421		12,325,623		(81,868,584)		-		(889,391,614)		1,230,601,854		
Community Assets	1,448,718,706		28,270,941		97,433,348		-		(27,501,278)		-		9,264,517		1,555,318,235		(637,031,745)		-		231,636		(53,439,708)		-		(301,691,563)		865,928,621		
Electrical Infrastructure	2,503,581,513		166,787,217		99,370,731		(23,743,190)		(20,962,262)		-		1,047,438,663		3,772,472,682		(637,031,745)		13,014,419		375,765,481		(428,120,760)		-		(2,066,472)		2,061,931,344		
Infrastructure	7,036,255,021		543,360,532		778,379,289		-		(477,697,514)		-		-		7,860,317,328		(1,631,744,112)		-		-		(39,022,776)		-		(3,764,747)		5,818,355,964		
Other PPE	491,542,739		70,675,160		-		(11,842,266)		-		-		-		550,675,533		(135,215,284)		10,463,906		-		(10,999,089)		-		(48,014,377)		363,136,732		
Heritage assets	321,568,687		-		-		-		(562,999)		-		-		321,568,687		-		2,724,000		-		(10,687,903)		-		(23,638,265)		321,568,687		
Intangible assets	123,849,224		18,814,107		-		(2,724,000)		-		-		-		139,376,332		(15,574,362)		-		-		(10,687,903)		-		(23,638,265)		115,838,067		
Investment property	1,543,033,363		-		-		-		(6,537,000)		-		-		1,536,496,363		-		26,226,746		-		(649,243,471)		-		(6,349,283)		3,317,393,849		
	6,274,992,672		929,233,291		1,000,524,280		(38,976,465)		(626,198,625)		(15,777,000)		1,073,206,846		8,697,006,019		(3,076,360,681)		26,226,746		388,322,740		(649,243,471)		-		(6,349,283)		3,643,114,807		

Mangaung Metropolitan Municipality
Appendix D to the Consolidated Annual Financial Statements - Unaudited

Segmental Statement of Financial Performance for the year ended
Prior Year
30 June 2015

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality					
2,822,565,755	1,376,423,691	1,446,142,064	Executive & Council/Mayor and Council	2,466,516,175	1,398,323,166
17,321,238	332,958,627	(315,637,389)	Finance & Admin/Finance	24,641,175	(326,519,396)
6,616,747	79,212,883	(72,596,136)	Planning and Development/Economic Development/Plan	5,515,289	(81,671,525)
3,914	11,611,478	(11,607,564)	Health/Clinics	1,553	(8,758,580)
5,912,611	122,253,157	(116,340,546)	Comm. & Social/Libraries and archives	6,594,337	(125,970,264)
4,514,818	72,090,893	(67,576,075)	Housing	17,397,101	(91,199,457)
80,744,495	187,911,846	(107,167,351)	Public Safety/Police	52,147,762	(161,798,910)
1,884,423	23,491,526	(21,607,103)	Sport and Recreation	2,206,733	(29,238,013)
135,616	17,930,207	(17,794,591)	Environmental Protection/Pollution Control	562,016	(22,107,709)
447,531,500	305,546,124	141,985,376	Waste Water Management/Sewerage	603,512,471	159,276,582
1,102,107	697,188,491	(696,086,384)	Road Transport/Roads	1,036,755	(738,108,949)
726,713,601	733,012,210	(6,298,609)	Water/Water Distribution	724,220,325	(197,992,538)
1,384,356,364	1,755,102,034	(370,745,670)	Electricity /Electricity Distribution	1,930,631,144	(70,070,054)
21,266,247	13,338,225	7,928,022	Other/Air Transport	23,340,782	812,919
5,520,669,436	5,728,071,392	(207,401,956)		5,858,323,618	(295,022,728)
Other charges					
				6,153,346,346	

Mangaung Metropolitan Municipality
Appendix E(1) to the Consolidated Annual Financial Statements - Audited

**Actual versus Budget(Revenue and
Expenditure) for the year ended 30 June
2016**

	Act. Bal. Rand	Adjusted budget Rand	Variance Rand	Var
Revenue				
Property rates	810,476,472	745,311,119	65,165,353	8.7
Service charges	2,891,918,204	3,225,981,742	(334,063,538)	(10.4)
Rental of facilities and equipment	33,243,326	33,298,212	(54,886)	(0.2)
Interest received (trading)	175,200,456	155,006,984	20,193,472	13.0
Agency services	4,788,455	6,500,000	(1,711,545)	(26.3)
Licences and permits	656,529	1,010,132	(353,603)	(35.0)
Fines revenue	51,082,513	71,361,000	(20,278,487)	(28.4)
Other income	125,098,987	1,130,507,622	(1,005,408,635)	(88.9)
Government grants and subsidies	1,710,171,686	1,493,912,872	216,258,814	14.5
Interest received - investment	45,387,094	71,141,145	(25,754,051)	(36.2)
	<u>5,848,023,722</u>	<u>6,934,030,828</u>	<u>(1,086,007,106)</u>	<u>(15.7)</u>
Expenses				
Personnel	(1,423,526,305)	(1,442,519,212)	18,992,907	(1.3)
Remuneration of councillors	(52,421,659)	(54,215,591)	1,793,932	(3.3)
Depreciation, amortisation and asset impairment	(698,919,814)	(491,876,713)	(207,043,101)	42.1
Finance costs	(140,680,324)	(142,469,808)	1,789,484	(1.3)
Debt impairment	(394,970,010)	(242,626,112)	(152,343,898)	62.8
Repairs and maintenance - General	(491,163,818)	(436,885,408)	(54,278,410)	12.4
Bulk purchases	(1,758,933,035)	(1,728,413,548)	(30,519,487)	1.8
Contracted Services	(494,628,031)	(422,169,513)	(72,458,518)	17.2
Transfers and Subsidies	(5,196,378)	(80,042,362)	74,845,984	(93.5)
General Expenses	(474,115,484)	(896,991,245)	422,875,761	(47.1)
	<u>(5,934,554,858)</u>	<u>(5,938,209,512)</u>	<u>3,654,654</u>	<u>(0.1)</u>
Other revenue and costs				
Gain or loss on disposal of assets and liabilities	(30,021,902)	269,750	(30,291,652)	(11,229.5)
Fair value adjustments	(139,118,141)	-	(139,118,141)	-
Actuarial gains/losses	(388,000)	-	(388,000)	-
Taxation	4,287,372	-	4,287,372	-
	<u>(165,240,671)</u>	<u>269,750</u>	<u>(165,510,421)</u>	<u>(61,357.0)</u>
Net surplus/ (deficit) for the year	<u>(251,771,807)</u>	<u>996,091,066</u>	<u>(1,247,862,873)</u>	<u>(125.3)</u>

Mangaung Metropolitan Municipality

Appendix E(2) to the Consolidated Annual Financial Statements - Audited

**Budget Analysis of Capital Expenditure as at 30 June
2016**

	Additions Rand	Revised Budget Rand	Variance Rand	Variance %
City Manager	-	-	-	-
Executive Mayor	-	-	-	-
Corporate Services	31,302,159	40,798,768	9,496,609	23
Finance	6,032,984	5,604,699	(428,285)	(8)
Social Services	48,800,060	73,582,714	24,782,654	34
Planning	62,368,420	146,855,360	84,486,940	58
Human Settlement and Housing	84,420,513	60,200,000	(24,220,513)	(40)
Economic and Rural Development	10,218,157	15,389,182	5,171,025	34
Engineering Services	794,164,233	825,746,560	31,582,327	4
Water Services	247,203,898	311,033,478	63,829,580	21
Waste and Fleet Management	78,066,918	105,846,000	27,779,082	26
Miscellaneous Services	-	-	-	-
Strategic Projects and Service Delivery Regulation	21,535,723	20,000,000	(1,535,723)	(8)
Electricity Services	246,229,941	246,122,724	(107,217)	-
	1,630,343,006	1,851,179,485	220,836,479	12

Mangaung Metropolitan Municipality

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
		Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	
Equitable Share	National	248,605,000	192,695,000	149,163,000	6,189,000	186,453,750	158,498,750	135,185,500	116,514,000	Yes
Financial Management Grant	National	1,300,000	-	-	-	431,034	633,598	235,368	-	Yes
National Electrification Programme	National	10,300,000	16,300,000	3,400,000	-	-	-	-	-	Yes
Electricity Demand Side Management	National	-	-	-	-	-	-	-	-	Yes
Housing Accreditation Subsidy	Provincial	-	-	-	-	539,784	674,396	99,850	1,001,265	Yes
Urban Settlement Development Grant	National	350,000,000	210,000,000	133,847,000	-	103,411,934	171,862,295	150,455,941	287,008,542	Yes
Fuel levy	National	86,976,000	86,976,000	86,976,000	-	86,976,000	86,976,000	86,976,000	86,976,000	Yes
EPWP Grant	National	1,239,000	929,000	929,000	-	929,000	1,737,944	754,774	642,922	Yes
Sustainable Human Settlement	National	-	-	-	-	-	-	760,978	81,714	Yes
Support Grant	Provincial	-	1,500,000	500,000	-	-	-	29,246	679,579	Yes
Department SACR grant - Admin Library	National	7,870,000	7,870,000	38,036,000	-	-	7,216,703	7,227,605	7,091,415	Yes
Neighbourhood Development Grant	National	5,079,000	5,078,000	-	-	-	1,199,869	3,756,704	5,104,193	Yes
Integrated City Development Grant	National	-	9,206,000	-	-	-	266,104	6,500	6,148,711	Yes
Municipal Human Settlement	National	-	-	-	-	-	-	-	-	Yes
Capacity Grant	National	-	-	26,128,000	22,000,000	-	-	56,554,010	6,518,190	Yes
Public Transport Network Grant	National	-	-	5,292,842	-	-	-	-	-	Yes
Department Telecom and Postal Services (WIFI)	National	-	-	-	-	-	-	-	-	Yes
		711,369,000	530,554,000	444,271,842	28,189,000	356,228,053	407,321,659	420,298,476	496,022,531	

Mangaung Metropolitan Municipality
Appendix G1 to the Consolidated Annual Financial Statements - Unaudited
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2016

2016

	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against 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 - Standard											
Governance and administration	2,826,737,221	(36,781,568)	2,790,955,663	-	-	2,790,955,663	2,491,157,360		(299,798,313)	89 %	88 %
Executive and council	1,711,932	-	1,711,932	-	-	1,711,932	-		(1,711,932)	- %	- %
Budget and treasury office	2,758,087,426	(35,781,568)	2,722,305,868	-	-	2,722,305,868	2,466,516,175		(255,789,693)	91 %	89 %
Corporate services	65,937,863	-	65,937,863	-	-	65,937,863	24,641,175		(42,296,688)	37 %	37 %
Community and public safety	390,380,171	(325,626)	390,054,545	-	-	390,054,545	78,347,486		(311,707,059)	20 %	20 %
Community and social services	5,855,498	-	5,855,498	-	-	5,855,498	6,594,337		738,839	113 %	113 %
Sport and recreation	2,079,664	-	2,079,664	-	-	2,079,664	2,206,733		127,069	106 %	106 %
Public safety	73,880,862	(317,626)	73,563,236	-	-	73,563,236	52,147,762		(21,415,474)	71 %	71 %
Housing	308,541,523	-	308,541,523	-	-	308,541,523	17,397,101		(291,144,422)	6 %	6 %
Health	22,624	(8,000)	14,624	-	-	14,624	1,553		(13,071)	11 %	7 %
Economic and environmental services	9,801,402	(40,883)	9,760,519	-	-	9,760,519	7,114,060		(2,646,459)	73 %	73 %
Planning and development	7,095,753	-	7,095,753	-	-	7,095,753	5,515,269		(1,580,484)	78 %	78 %
Road transport	2,472,199	(34,043)	2,438,156	-	-	2,438,156	1,036,755		(1,401,401)	43 %	42 %
Environmental protection	233,450	(6,840)	226,610	-	-	226,610	562,016		335,406	248 %	241 %
Trading services	4,246,286,976	(523,602,393)	3,721,464,882	-	-	3,721,464,882	3,276,768,469		(444,706,093)	88 %	77 %
Electricity	2,648,733,985	(269,482,293)	2,378,651,692	-	-	2,378,651,692	1,949,025,693		(429,625,999)	82 %	74 %
Water	975,462,824	(212,509,252)	762,953,572	-	-	762,953,572	724,220,325		(38,733,247)	95 %	74 %
Waste water management	355,690,253	(38,158,606)	317,531,647	-	-	317,531,647	346,064,495		28,532,848	109 %	97 %
Waste management	265,979,913	(3,652,242)	262,327,671	-	-	262,327,671	257,447,976		(4,879,695)	98 %	97 %
Other	22,065,296	-	22,065,296	-	-	22,065,296	23,340,782		1,275,486	106 %	106 %
Other	22,065,296	-	22,065,296	-	-	22,065,296	23,340,782		1,275,486	106 %	106 %
Total Revenue - Standard	7,494,261,066	(569,960,460)	6,924,300,606	-	-	6,924,300,606	6,876,718,157		(1,067,682,438)	85 %	78 %

Mangaung Metropolitan Municipality
Appendix G1 to the Consolidated Annual Financial Statements - Unaudited
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2016

2016

	Original Budget		Budget Adjustments (l.i.o. of the MFMA)		Final adjustments Budget		Shifting of funds (l.i.o. of the MFMA)		Virement (l.i.o. Council approved policy)		Final Budget		Actual Outcome		Unauthorised expenditure		Variance of Actual Outcome against Budget		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
Expenditure - Standard																						
Governance and administration																						
Executive and council	1,407,998,828		(100,616,648)		1,307,382,180		6,277,403		-		1,313,659,583		1,419,363,680		-		106,693,997		108 %		101 %	
Budget and treasury office	390,291,419		9,153,338		399,444,757		(17,690,327)		-		381,754,430		396,400,686		-		14,646,256		104 %		102 %	
Corporate services	647,811,145		(89,056,179)		558,754,966		15,000,000		-		573,754,966		671,792,323		-		98,037,357		117 %		104 %	
Community and public safety	369,896,264		(20,713,807)		349,182,457		8,967,730		-		358,150,187		351,160,571		-		(5,989,616)		98 %		95 %	
Community and social services	578,698,118		24,206,612		602,904,730		(7,097,140)		-		595,807,590		496,312,710		-		(100,494,880)		83 %		86 %	
Sport and recreation	184,730,333		(10,183,929)		174,546,404		(80,000)		-		174,466,404		132,564,501		-		(41,901,903)		78 %		72 %	
Public safety	51,111,592		4,921,130		56,032,722		(6,749,110)		-		49,283,612		31,444,746		-		(17,838,866)		64 %		62 %	
Housing	244,730,327		13,976,767		258,707,094		-		-		258,707,094		213,946,672		-		(44,760,422)		83 %		87 %	
Health	84,296,236		16,818,468		101,114,704		800,000		-		101,914,704		108,596,558		-		6,681,854		107 %		129 %	
Economic and environmental services	13,829,630		(1,325,824)		12,503,806		(1,068,030)		-		11,435,776		8,760,133		-		(2,675,643)		77 %		63 %	
Planning and development	512,101,998		(6,282,779)		606,819,219		1,315,737		-		608,134,956		849,002,243		-		340,867,287		167 %		186 %	
Road transport	99,522,365		2,156,216		101,678,581		1,315,737		-		102,994,318		87,186,814		-		(15,807,504)		85 %		88 %	
Environmental protection	380,573,999		(5,123,507)		375,450,492		-		-		375,450,492		739,145,704		-		363,695,212		197 %		194 %	
Trading services	32,005,634		(2,315,488)		29,690,146		-		-		29,690,146		22,669,725		-		(7,020,421)		76 %		71 %	
Electricity	3,674,674,260		(186,113,383)		3,488,460,877		230,000		-		3,489,690,897		3,386,644,499		-		(104,146,398)		97 %		92 %	
Water	2,320,960,098		(188,781,131)		2,132,178,967		-		-		2,132,178,967		2,019,095,746		-		(113,083,221)		95 %		87 %	
Waste water management	856,704,211		2,374,841		861,079,052		-		-		861,079,052		922,212,863		-		61,133,811		107 %		107 %	
Waste management	266,875,183		(3,166,923)		263,708,260		-		-		263,708,260		274,893,524		-		11,185,264		104 %		103 %	
Other	228,034,788		4,459,830		232,494,618		230,000		-		232,724,618		169,342,366		-		(63,382,252)		73 %		74 %	
	33,652,617		(1,910,000)		31,642,617		(726,000)		-		30,916,617		22,627,863		-		(8,388,654)		73 %		67 %	
	33,552,517		(1,910,000)		31,642,517		(726,000)		-		30,916,517		22,527,863		-		(8,388,654)		73 %		67 %	
Total Expenditure - Standard	6,206,925,741		(268,716,198)		5,938,209,543		-		-		5,938,209,543		6,171,740,896		-		233,631,352		104 %		99 %	
Surplus/(Deficit) for the year	1,287,325,324		(291,234,262)		996,091,062		-		-		996,091,062		(296,022,728)				(1,291,113,790)		(30)%		(23)%	

Mangaung Metropolitan Municipality
Appendix G2 to the Consolidated Annual Financial Statements - Unaudited
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2016

2016

	Original Budget		Budget Adjustments (i.e. s28 and s31 of the MFMA)		Final adjustments budget		Virement (i.e. Council approved policy)		Final Budget		Actual Outcome		Variance of Actual Outcome against Adjustments Budget		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
Revenue by Vote																		
Vote 1 - City Manager	-		-		-		-		-		-		-		-		DIV/0 %	DIV/0 %
Vote 2 - Executive Mayor	13,304,124		-		13,304,124		-		13,304,124		6,661,143		(6,642,981)		50 %		50 %	
Vote 3 - Corporate Services	1,289,360,839		(167,761,698)		1,101,599,141		-		1,101,599,141		1,209,802,401		108,203,260		110 %		95 %	
Vote 4 - Finance	81,178,831		(386,149)		81,178,831		-		81,178,831		82,064,891		(19,113,940)		76 %		76 %	
Vote 5 - Social Services	28,189,621		-		28,189,621		-		28,189,621		27,959,415		(230,206)		99 %		99 %	
Vote 6 - Planning	364,266,750		-		364,266,750		-		364,266,750		36,753,881		(327,512,869)		10 %		10 %	
Vote 7 - Human Settlement and Housing	556,899		-		556,899		-		556,899		3,672		(553,227)		1 %		1 %	
Vote 8 - Economic and Rural Development	357,012,611		(36,158,606)		318,854,005		-		318,854,005		387,476,711		48,622,706		115 %		103 %	
Vote 9 - Engineering Services	975,462,824		(212,509,252)		762,953,572		-		762,953,572		724,220,325		(38,733,247)		95 %		74 %	
Vote 10 - Water Services	265,979,913		(3,652,242)		262,327,671		-		262,327,671		236,036,260		(26,291,411)		90 %		89 %	
Vote 11 - Waste and Fleet Management	1,490,438,519		131,980,140		1,622,418,659		-		1,622,418,659		1,256,713,774		(365,704,885)		77 %		84 %	
Vote 12 - Miscellaneous Services	-		-		-		-		-		-		-		DIV/0 %		DIV/0 %	
Vote 13 - Regional Operations	-		-		-		-		-		-		-		DIV/0 %		DIV/0 %	
Vote 14 - Strategic Projects and Service Delivery Regulation	2,648,133,985		(269,482,293)		2,378,651,692		-		2,378,651,692		1,949,025,693		(429,625,999)		82 %		74 %	
Vote 15 - Electricity - Centlec (SOC) Ltd	-		-		-		-		-		-		-		DIV/0 %		DIV/0 %	
Fresh Produce Market (2015)	-		-		-		-		-		-		-		DIV/0 %		DIV/0 %	
Total Revenue by Vote	7,494,261,065		(559,950,100)		6,934,300,965				6,934,300,965		5,876,718,166		(1,057,582,799)		85 %		76 %	
Expenditure by Vote to be appropriated																		
Vote 1 - City Manager	56,089,417		14,074,000		70,163,417		-		70,163,417		126,515,235		56,351,818		183 %		229 %	
Vote 2 - Executive Mayor	203,541,677		550,149		204,091,826		-		204,091,826		180,091,465		(24,000,371)		88 %		88 %	
Vote 3 - Corporate Services	298,844,096		870,000		299,714,096		-		299,714,096		240,185,215		(59,528,881)		80 %		80 %	
Vote 4 - Finance	286,391,375		(4,813,529)		281,775,846		-		281,775,846		237,204,546		(44,571,300)		84 %		83 %	
Vote 5 - Social Services	474,628,406		1,900,003		476,528,409		-		476,528,409		380,083,790		(96,444,619)		80 %		80 %	
Vote 6 - Planning	135,323,531		555,252		135,878,783		-		135,878,783		122,977,777		(12,901,006)		91 %		91 %	
Vote 7 - Human Settlement and Housing	119,186,262		13,298,468		132,484,730		-		132,484,730		135,466,064		2,981,334		102 %		114 %	
Vote 8 - Economic and Rural Development	47,671,885		-		47,671,885		-		47,671,885		30,809,318		(16,862,567)		65 %		65 %	
Vote 9 - Engineering Services	651,923,130		(9,620,514)		642,302,616		-		642,302,616		990,988,203		348,685,587		154 %		152 %	
Vote 10 - Water Services	858,704,211		2,374,841		861,079,052		-		861,079,052		922,212,863		61,133,811		107 %		107 %	
Vote 11 - Waste and Fleet Management	299,023,695		(15,881,087)		283,142,608		-		283,142,608		291,861,479		8,718,871		103 %		98 %	
Vote 12 - Miscellaneous services	396,497,763		(83,240,550)		313,257,113		-		313,257,113		449,592,353		136,335,240		144 %		113 %	
Vote 13 - Regional Operations	-		-		-		-		-		-		-		DIV/0 %		DIV/0 %	
Vote 14 - Strategic Projects and Service Delivery Regulation	57,940,195		-		57,940,195		-		57,940,195		42,654,851		(15,285,344)		74 %		74 %	
Vote 15 - Electricity - Centlec (SOC) Ltd	2,320,960,098		(188,781,131)		2,132,178,967		-		2,132,178,967		2,019,095,746		(113,083,221)		95 %		87 %	
Fresh Produce Market (2015)	-		-		-		-		-		-		-		DIV/0 %		DIV/0 %	
Total Expenditure by Vote	6,206,926,741		(268,716,198)		5,938,209,543				5,938,209,543		6,171,740,896		233,531,352		104 %		99 %	
Surplus/(Deficit) for the year	1,287,335,324		(291,233,902)		996,091,422				996,091,422		(295,022,729)		(1,291,114,161)		(30)%		(23)%	

Mangaung Metropolitan Municipality
Appendix G3 to the Consolidated Annual Financial Statements - Unaudited
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2016

2016

	Original Budget		Budget Adjustments (i.e. s28 and s31 of the MFMA)		Final adjustments budget		Shifting of funds (i.e. s31 of the MFMA)		Virement (i.e. 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	913,073,000	(167,761,698)			745,311,302		-		-		745,311,302		810,476,472				65,165,170		109 %		89 %	
Service charges - electricity revenue	2,411,023,000	(135,304,000)			2,275,719,000		-		-		2,275,719,000		1,964,403,914				(311,315,086)		86 %		81 %	
Service charges - water revenue	876,185,000	(212,509,252)			663,675,748		-		-		663,675,748		622,627,224				(41,048,524)		94 %		71 %	
Service charges - sanitation revenue	235,259,000	(38,158,606)			197,100,394		-		-		197,100,394		220,157,852				23,057,458		112 %		94 %	
Service charges - refuse revenue	93,136,000	(3,652,242)			89,485,758		-		-		89,485,758		84,729,214				(4,756,544)		95 %		91 %	
Rental of facilities and equipment	33,298,000	-			33,298,000		-		-		33,298,000		33,243,326				(54,674)		100 %		100 %	
Interest earned - external investments	154,382,000	(63,241,000)			71,141,000		-		-		71,141,000		46,828,510				(24,312,490)		65 %		30 %	
Interest earned - outstanding debtors	161,227,000	(6,220,000)			155,007,000		-		-		155,007,000		173,759,040				18,752,040		112 %		108 %	
Fines	772,361,000	(1,000,000)			771,361,000		-		-		771,361,000		51,082,513				(20,278,487)		72 %		71 %	
Licences and permits	1,010,132	-			1,010,132		-		-		1,010,132		656,529				(353,603)		65 %		65 %	
Agency services	7,105,000	(604,000)			6,501,000		-		-		6,501,000		4,788,455				(1,712,545)		74 %		67 %	
Transfers recognised - operational	615,255,000	17,792,291			633,047,291		-		-		633,047,291		659,234,124				26,186,833		104 %		107 %	
Other revenue	1,145,439,000	(35,884,000)			1,109,555,000		-		-		1,109,555,000		202,598,054				(906,956,946)		18 %		18 %	
Gains on disposal of PPE	540,000	(270,000)			270,000		-		-		270,000		-				(270,000)		- %		- %	
Total Revenue (excluding capital transfers and contributions)	6,719,295,132	(666,812,607)			6,052,482,525		-		-		6,052,482,525		4,874,686,227				1,177,897,398		81 %		73 %	

Mangaung Metropolitan Municipality
Appendix G3 to the Consolidated Annual Financial Statements - Unaudited
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2016

2016

	Original Budget		Budget Adjustments (i.e. s28 and s31 of the MFMA)		Final adjustments budget		Shifting of funds (i.e. s31 of the MFMA)		Virement (i.e. 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	
Expenditure By Type																						
Employee related costs	1,711,051,000		(268,532,000)		1,442,519,000		-		-		1,442,519,000		1,423,528,305		-		(18,992,695)		99 %		83 %	
Remuneration of councillors	54,216,000		-		54,216,000		-		-		54,216,000		52,421,659		-		(1,794,341)		97 %		97 %	
Debt impairment	242,626,000		-		242,626,000				-		242,626,000		394,970,009		-		152,344,009		163 %		163 %	
Depreciation & asset impairment	527,384,000		(35,508,000)		491,876,000				-		491,876,000		698,919,814		-		207,043,814		142 %		133 %	
Finance charges	224,941,000		(83,240,650)		141,700,350		(1,000,000)		-		140,700,350		140,680,324		-		(20,026)		100 %		63 %	
Bulk purchases	1,728,414,000		-		1,728,414,000		(4,000,000)		-		1,724,414,000		1,758,933,035		-		34,519,035		102 %		102 %	
Other materials	423,657,000		13,228,000		436,885,000		7,577,654		-		444,462,654		533,378,466		-		88,915,812		120 %		126 %	
Contracted services	401,957,000		20,212,000		422,169,000		21,059,279		-		443,228,279		494,628,031		-		51,399,752		112 %		123 %	
Transfers and grants	117,571,000		(37,528,000)		80,043,000		-		-		80,043,000		5,196,378		-		(74,846,822)		5 %		4 %	
Other expenditure	775,109,000		121,862,000		896,971,000		(23,646,933)		-		873,324,067		472,870,390		-		(400,473,577)		54 %		61 %	
Total Expenditure	5,206,926,000		(269,486,660)		5,937,439,360		-		-		5,937,439,360		5,975,524,411		-		38,085,061		101 %		96 %	
Surplus/(Deficit)	612,369,132		(397,326,867)		115,043,276		-		-		115,043,276		(1,100,939,184)		-		(1,215,982,469)		(957)%		(215)%	
Transfers recognised - capital	754,004,000		106,861,581		860,865,581		-		-		860,865,581		790,009,562		-		(70,856,019)		92 %		105 %	
Contributions recognised - capital	20,953,000		-		20,953,000		-		-		20,953,000		43,922,792		-		22,969,792		210 %		210 %	
Surplus/(Deficit) after capital transfers & contributions	1,287,326,132		(290,464,276)		996,861,866		-		-		996,861,866		(267,006,830)		-		(1,263,868,686)		(27)%		(21)%	
Taxation	-		-		-		-		-		-		(19,992,592)		-		(19,992,592)		DIV/0 %		DIV/0 %	
Surplus/(Deficit) after taxation	1,287,326,132		(290,464,276)		996,861,866		-		-		996,861,866		(286,999,422)		-		(1,283,861,278)		(29)%		(22)%	

Mangaung Metropolitan Municipality
Appendix G4 to the Consolidated Annual Financial Statements - Unaudited
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2016

2016

	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	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										
Vote 1 - City Manager	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Vote 2 - Executive Mayor	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Vote 3 - Corporate Services	29 540 000	11 258 455	40 798 455	-	-	40 798 455	31 302 159	(9 496 296)	77 %	106 %
Vote 4 - Finance	5 605 000	-	5 605 000	-	-	5 605 000	6 032 984	427 984	108 %	108 %
Vote 5 - Social Services	67 601 000	5 981 808	73 582 808	-	-	73 582 808	48 800 060	(24 782 748)	66 %	72 %
Vote 6 - Planning	166 639 000	(19 783 428)	146 855 572	-	-	146 855 572	82 368 420	(64 487 152)	42 %	37 %
Vote 7 - Human Settlement & Housing	60 200 000	-	60 200 000	-	-	60 200 000	84 420 513	24 220 513	140 %	140 %
Vote 8 - Economic & Rural Development	18 863 000	(3 464 250)	15 398 750	-	-	15 388 750	10 218 157	(5 170 593)	66 %	54 %
Vote 9 - Engineering Services	737 187 000	88 559 877	825 746 877	-	-	825 746 877	794 164 233	(31 582 644)	96 %	108 %
Vote 10 - Water services	255 063 000	55 970 608	311 033 608	-	-	311 033 608	228 121 840	(82 911 768)	73 %	69 %
Vote 11 - Waste and Fleet Management	107 846 000	(2 000 000)	105 846 000	-	-	105 846 000	78 066 918	(27 779 082)	74 %	72 %
Vote 12 - Miscellaneous Services	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Vote 13 - Regional Operations	20 000 000	-	20 000 000	-	-	20 000 000	21 535 723	1 535 723	108 %	108 %
Vote 14 - Strategic Projects & Service Delivery Regulation	325 357 000	(79 234 000)	246 123 000	-	-	246 123 000	246 229 941	106 941	100 %	76 %
Vote 15 - Electricity - Conllec (SOC) Ltd	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %
Capital multi-year expenditure sub-total	1,793,891,000	67,289,070	1,861,180,070	-	-	1,861,180,070	1,811,260,948	(239,919,122)	87 %	90 %

Mangaung Metropolitan Municipality
Appendix G4 to the Consolidated Annual Financial Statements - Unaudited
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2016

2016

	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved policy)	Final Budget		Actual Outcome		Variance of Actual Outcome against Budget		Actual Outcome as % of Original Budget	
						Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard													
Governance and administration	145,150,699	1,032,579	146,183,278	(600,000)	-	145,683,278	153,009,386	7,326,108	106 %	106 %	106 %	106 %	106 %
Executive and council	20,000,000	-	20,000,000	-	-	20,000,000	21,535,723	1,535,723	108 %	108 %	108 %	108 %	108 %
Budget and treasury office	5,604,699	-	5,604,699	-	-	5,604,699	6,032,984	428,285	108 %	108 %	108 %	108 %	108 %
Corporate services	119,546,000	1,032,579	120,578,579	(500,000)	-	120,078,579	125,440,679	5,362,100	104 %	104 %	104 %	104 %	104 %
Community and public safety	120,841,219	12,271,206	143,112,425	(200,000)	-	142,912,425	104,725,390	(38,187,035)	73 %	73 %	80 %	80 %	80 %
Community and social services	55,616,706	5,090,120	60,706,826	(1,650,000)	-	59,056,826	38,458,871	(20,399,955)	65 %	65 %	69 %	69 %	69 %
Sport and recreation	13,040,313	225,876	13,266,189	500,000	-	13,766,189	9,319,820	(4,446,369)	68 %	68 %	71 %	71 %	71 %
Public safety	11,984,200	(3,044,790)	8,939,410	1,150,000	-	10,089,410	7,528,186	(2,561,224)	75 %	75 %	83 %	83 %	83 %
Housing	50,200,000	10,000,000	60,200,000	-	-	60,200,000	49,420,513	(10,779,487)	82 %	82 %	98 %	98 %	98 %
Health	-	-	-	-	-	-	-	-	DIVID %	DIVID %	DIVID %	DIVID %	DIVID %
Economic and environmental services	465,792,327	24,022,193	489,814,520	1,359,040	-	491,173,560	383,476,280	(107,696,280)	78 %	78 %	82 %	82 %	82 %
Planning and development	184,742,220	(25,247,578)	159,494,642	-	-	159,494,642	72,460,883	(87,033,759)	45 %	45 %	39 %	39 %	39 %
Road transport	281,050,107	45,333,871	326,383,978	659,040	-	327,043,018	308,199,393	(18,843,625)	94 %	94 %	110 %	110 %	110 %
Environmental protection	-	3,936,000	3,936,000	700,000	-	4,636,000	2,815,004	(1,820,996)	61 %	61 %	DIVID %	DIVID %	DIVID %
Trading services	1,051,366,446	17,962,614	1,069,319,060	(659,040)	-	1,068,660,020	969,926,199	(98,734,821)	91 %	91 %	92 %	92 %	92 %
Electricity	325,357,000	(79,234,000)	246,123,000	-	-	246,123,000	246,229,941	106,941	100 %	100 %	76 %	76 %	76 %
Water	255,062,870	55,970,608	311,033,478	(659,040)	-	311,033,478	228,121,842	(82,911,636)	73 %	73 %	89 %	89 %	89 %
Waste water management	445,136,576	43,226,006	489,362,582	-	-	489,362,582	485,964,839	(12,738,703)	97 %	97 %	107 %	107 %	107 %
Waste management	14,800,000	(2,000,000)	12,800,000	-	-	12,800,000	9,608,577	(3,191,423)	75 %	75 %	65 %	65 %	65 %
Other	750,000	2,000,000	2,750,000	-	-	2,750,000	125,693	(2,624,307)	5 %	5 %	17 %	17 %	17 %
	750,000	2,000,000	2,750,000	-	-	2,750,000	125,693	(2,624,307)	5 %	5 %	17 %	17 %	17 %
Total Capital Expenditure - Standard	1,793,890,691	57,288,592	1,851,179,283	-	-	1,851,179,283	1,611,260,948	(239,918,335)	87 %	87 %	90 %	90 %	90 %
Funded by:													
National / Provincial Government	754,004,000	106,861,581	860,865,581	-	-	860,865,581	790,009,562	(70,856,019)	92 %	92 %	105 %	105 %	105 %
Provincial Government	-	-	-	-	-	-	-	-	DIVID %	DIVID %	DIVID %	DIVID %	DIVID %
District Municipality	-	-	-	-	-	-	-	-	DIVID %	DIVID %	DIVID %	DIVID %	DIVID %
Other transfers and grants	-	-	-	-	-	-	-	-	DIVID %	DIVID %	DIVID %	DIVID %	DIVID %
Transfers recognised - capital	754,004,000	106,861,581	860,865,581	-	-	860,865,581	790,009,562	(70,856,019)	92 %	92 %	105 %	105 %	105 %
Public contributions & donations	20,952,879	-	20,952,879	-	-	20,952,879	36,603,064	15,650,185	175 %	175 %	175 %	175 %	175 %
Borrowing	514,256,000	14,673,228	528,929,228	-	-	528,929,228	390,239,730	(138,689,498)	74 %	74 %	76 %	76 %	76 %
Internally generated funds	504,677,653	(64,245,866)	440,431,797	-	-	440,431,797	394,408,592	(46,023,205)	90 %	90 %	78 %	78 %	78 %
	504,677,653	(64,245,866)	440,431,797	-	-	440,431,797	394,408,592	(46,023,205)	90 %	90 %	78 %	78 %	78 %
Total Capital Funding	1,793,890,542	57,288,943	1,851,179,485	-	-	1,851,179,485	1,611,260,948	(239,918,537)	87 %	87 %	90 %	90 %	90 %

Mangaung Metropolitan Municipality
Appendix G5 to the Consolidated Annual Financial Statements - Unaudited
Budgeted Cash Flows
for the year ended 30 June 2016

2016

	Original Budget		Budget Adjustments (i.e. s28 and s31 of the MFMA)		Final adjustments budget		Shifting of funds (i.e. s31 of the MFMA)		Final Budget		Actual Outcome		Variance of Actual Outcome against Budget		Actual Outcome as % of Final Budget		Actual Outcome as % of Original Budget	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
Cash flow from operating activities																		
Receipts																		
Ratepayers and other	5,166,172,418		(444,897,021)		4,721,275,397		-		4,721,275,397		3,329,081,138		(1,392,194,259)		71 %		64 %	
Government - operating	615,255,000		(2,029,000)		613,226,000		-		613,226,000		913,740,809		300,514,809		149 %		149 %	
Government - capital	754,004,000		(7,660,000)		746,344,000		-		746,344,000		795,030,367		48,686,367		107 %		105 %	
Interest	325,460,493		(153,278,747)		172,181,746		-		172,181,746		188,164,645		15,982,899		109 %		58 %	
Dividends	-		-		-		-		-		-		-		DIV/0 %		DIV/0 %	
Payments																		
Suppliers and employees	(4,841,807,910)		77,121,430		(4,764,686,480)		-		(4,764,686,480)		(4,132,907,799)		631,778,681		87 %		85 %	
Finance charges	(205,371,115)		92,372,565		(112,998,550)		-		(112,998,550)		(7,774)		112,990,776		- %		- %	
Transfers and Grants	(43,015,663)		38,696,018		(4,319,645)		-		(4,319,645)		(5,196,378)		(876,733)		120 %		12 %	
Net cash flow from/used operating activities	1,770,697,223		(399,674,766)		1,371,022,468		-		1,371,022,468		1,087,906,008		(283,117,460)		79 %		61 %	
Cash flow from investing activities																		
Receipts																		
Proceeds on disposal of PPE	539,500		(539,500)		-		-		-		-		-		DIV/0 %		DIV/0 %	
Decrease (increase) in non-current debtors	-		-		-		-		-		-		-		DIV/0 %		DIV/0 %	
Decrease (increase) other non-current receivables	-		-		-		-		-		289,099,946		289,099,946		DIV/0 %		DIV/0 %	
Decrease (increase) in non-current investments	-		-		-		-		-		-		-		DIV/0 %		DIV/0 %	
Payments																		
Capital assets	(1,588,280,322)		(9,834,513)		(1,598,114,835)		-		(1,598,114,835)		(1,459,124,459)		138,990,376		91 %		92 %	
Net cash flow from/used Investing activities	(1,687,740,822)		(10,374,013)		(1,698,114,835)		-		(1,698,114,835)		(1,170,024,513)		428,090,322		73 %		74 %	
Cash flow from financing activities																		
Receipts																		
Short term loans	-		-		-		-		-		-		-		DIV/0 %		DIV/0 %	
Borrowing long term/refinancing	173,000,000		-		173,000,000		-		173,000,000		152,497,668		(20,502,332)		88 %		88 %	
Increase (decrease) in consumer deposits	6,000,000		(4,001,070)		1,998,930		-		1,998,930		59,802,841		57,803,911		2,992 %		997 %	
Payments																		
Repayment of borrowing	(131,135,568)		19,670,335		(111,465,233)		-		(111,465,233)		(87,412,760)		24,052,473		78 %		67 %	
Net cash flow from/used financing activities	47,864,432		15,669,265		63,533,697		-		63,533,697		124,887,749		61,354,052		197 %		261 %	
Net Increase/(decrease) in cash held	230,820,833		(394,379,503)		(163,558,670)		-		(163,558,670)		42,766,244		206,326,914		(26)%		19 %	

Mangaung Metropolitan Municipality
Appendix H to the Consolidated Annual Financial Statements - Audited
Councillors' Arrear Consumer Accounts (over 90 days)
for the year ended 30 June 2016

Water and Other Services

Surname and Initials	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016
Botes F R	-	-	-	-	1	-	-	-	-	-	-	-
Lala T S	-	-	-	-	-	118	105	174	346	457	750	146
Lekgela L E	529	-	-	-	-	-	-	-	-	-	-	-
Mashoane E D	25,885	23,619	21,352	19,086	16,822	16,945	14,681	10,019	10,112	5,589	3,203	817
Masoetsa L A	-	-	-	899	-	-	-	-	-	-	-	-
Matsemelela M V	80	-	-	-	-	-	-	-	-	-	-	-
Matsoeitane M J	629	-	-	-	-	-	-	-	7	350	574	810
Mbangane M B	11,789	12,471	13,133	13,883	14,919	16,504	15,100	14,294	14,177	14,177	14,792	12,109
Minnie H	477	426	602	918	1,172	1,429	1,444	441	444	447	450	453
Mononyane M B	36,195	32,706	29,339	27,651	24,136	24,935	15,880	12,274	12,987	6,893	2,550	-
Mpakathe T S	-	-	-	-	1	-	-	618	-	2,092	2,307	2,863
Mpheqeka M S	29,257	26,132	22,997	20,153	20,804	17,663	15,245	12,052	12,052	7,652	3,943	233
Mtshwane K J	-	-	-	-	-	2	-	-	306	-	278	-
Naiile T J	486	489	492	496	499	502	506	509	513	516	520	523
Ndamande SS	712	-	-	-	-	-	-	-	-	-	-	-
Nkoe M J	70,269	62,396	62,883	62,446	63,317	72,137	72,687	73,023	74,498	75,145	76,649	78,277
Petersen J E	23,096	24,525	23,853	23,217	22,695	22,131	21,624	21,229	20,583	18,536	15,997	15,477
Phajane M A	6,704	7,823	9,076	10,348	10,787	11,009	9,006	10,275	11,512	12,802	14,913	16,244
Siyonzana M A	328	656	-	-	-	-	-	-	-	-	-	-
Thipenyane G	-	-	-	-	-	-	-	536	-	-	-	-
Titi L M	-	-	-	-	-	-	-	1,164	1,717	1,173	1,187	1,297
Ward V W	101,570	93,499	3,263	-	-	-	7,820	11,692	12,690	16,245	17,924	19,779
Grand Total	308,006	285,454	186,990	183,518	180,579	189,927	174,098	168,300	173,144	162,074	156,037	149,028

Electricity Services

Surname and Initials	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016
Petersen J E	14,618	13,732	12,846	12,846	12,846	12,846	11,960	11,960	11,960	11,960	11,960	11,960
Masoetsa L A	8,496	10,397	8,507	8,448	11,771	15,162	15,243	15,363	15,483	15,605	15,728	15,850
Siyonzana M A	33,496	37,648	40,908	42,388	44,593	45,436	46,129	47,501	49,041	50,492	52,264	54,909
Viviers B J	2,600	1,696	1,526	886	669	399	729	2,417	1,946	2,803	1,614	1,783
Mashoane E D	84,022	84,532	85,041	85,041	85,041	85,041	85,041	85,041	85,041	85,041	85,041	85,041
Zophe N M	869	869	869	869	869	869	869	869	869	869	869	869
Pretorius J C	4,604	6,558	8,930	1,254	1,370	2,713	1,127	-	-	-	-	-
Phajane M A	3,475	3,501	3,526	3,526	3,526	3,526	3,526	3,526	3,526	3,526	3,526	3,526
Nothnagel J	20,675	20,675	20,675	20,675	20,675	20,675	20,675	20,675	20,675	20,675	20,675	20,675
Grand Total	172,855	179,608	182,828	175,933	181,360	186,667	185,299	187,352	188,541	190,971	191,677	194,613

Mangaung Metropolitan Municipality
Appendix H to the Consolidated Annual Financial Statements - Audited
Councillors' Arrear Consumer Accounts (over 90 days)
for the year ended 30 June 2015

Water and Other Services

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
Maisemelela 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
Mshwane K J	-	-	-	-	-	-	-	91	191	-	-	-
Nalle 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
Sechaoro C S K	1,304	2,179	2,554	2,998	2,403	3,180	4,131	4,189	4,843	-	-	-
Thipenyane G	-	-	-	-	-	503	1,006	513	1,025	-	-	-
Tsonela 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	326,597	329,792	318,363	302,388

Electricity Services

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 M B	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 L A	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 M A	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 E D	78,054	78,551	79,048	79,456	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 C S K	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 J E	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	211,732	215,753	225,145	223,834	229,216	232,932	234,752	236,012	236,510	238,355	240,076	240,699