



CITY OF TSHWANE METROPOLITAN MUNICIPALITY
Consolidated Annual Financial Statements
for the year ended 30 June 2016

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

General Information

Legal form of entity	Category A municipality in terms of section 1 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) read with section 155(1) of the Constitution of the Republic of South Africa, 1996
Executive Mayor (as at 30 June 2016)	Ramokgopa, Kgositso
Speaker (as at 30 June 2016)	Mosupyo-Letsholo, Morakane (Ms)
Chief Whip (as at 30 June 2016)	Mabona, Jabulane
Mayoral Committee Members (as at 30 June 2016)	Mabiletsa, Dorothy (Ms) (MMC: Finance) Mabusela, Eulanda (Ms) (MMC: Health and Social Development) Masango, Jacob (MMC: Infrastructure) Mashaba, Petunia (Ms) (MMC: Agriculture and Environmental Management) Mashego, Terence (MMC: Community Safety) Matjila, George (MMC: Roads and Transport) Mmoko, Thembi (Ms) (MMC: Corporate and Shared Services) Ngonyama, Joshua (MMC: Housing and Human Settlement) Pillay, Subesh (MMC: Economic Development and Planning) Tyobeka-Makeke, Nosipho (Ms) (MMC: Sport, Recreation, Arts and Culture)
Grading of local authority	Category A Grade 6 urban municipality (demarcation code - TSH)
Accounting Officer	Ngobeni, Jason (as at 30 June 2016) Kwele, Lindiwe (Ms) (acting) Telephone: 012 358 4901
Group Chief Financial Officer (GCFO)	Banda, Umar, CA (SA) (acting) Telephone: 012 358 8100
Registered office	Isivuno House cnr Madiba and Lilian Ngoyi Street PRETORIA 0002
Postal address	PO Box 408 PRETORIA 0002
Bankers	Standard Bank
Auditors	Auditor-General South Africa (AGSA)
Legislation governing the Municipality's operations	Local Government: Municipal Finance Management Act (Act 56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Housing Act (Act 107 of 1997) Constitution of the Republic of South Africa Property Rates Act (Act 6 of 2004) Division of Revenue Act (Act 1 of 2007)
Entities consolidated at year end	Consistent with the prior financial year the following municipal entities will be included in the Consolidated Annual Financial Statements: Housing Company Tshwane NPC (Registration nr 2001/029821/08) Sandspruit Works Association Soc Ltd (Registration nr 1999/019160/08) Tshwane Economic Development Agency Soc Ltd (TEDA) (Registration nr 2006/019396/07)
Entities dormant	Metsweding Economic Development Agency (MEDA) - Council decision of 25 August 2011 to disestablish MEDA. All operations were taken over by the Municipality on 1 July 2011. (Deregistration still in progress.)

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Index

The reports and statements set out below comprise the consolidated annual financial statements presented to the provincial legislature:

Index	Page
Certification by City Manager	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 16
Accounting Policies	17 - 47
Notes to the Consolidated Annual Financial Statements	50 - 169

The following supplementary information does not form part of the Consolidated Annual Financial Statements and is unaudited:

Appendixes:

Appendix A: Schedule of External Loans	170
Appendix B: Analysis of Property, Plant and Equipment	172
Appendix C: Budgeted Financial Performance (Revenue and Expenditure by Standard Classification)	174
Appendix D: Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote)	176
Appendix E: Budgeted Financial Performance (Revenue and Expenditure)	178
Appendix F: Budgeted Capital Expenditure by Vote, Standard Classification and Funding	180
Appendix G: Budgeted Cash Flows	182
Appendix H: Disclosure of Grants and Subsidies paid in terms of the MFMA	183

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Certification by City Manager

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

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

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

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

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

The accounting officer has reviewed the group's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, she is satisfied that the group has adequate resources or has access to such resources to continue operating for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, the financial affairs are supported by the group's internal auditors.

The consolidated annual financial statements set out on pages 4 to 169, which have been prepared on a going concern basis, were approved and signed by the accounting officer on 30 September 2016.

I am responsible for the preparation of these consolidated annual financial statements, which are set out from pages 4 to 169, in terms of section 126(1) of the Local Government: Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of councillors and payments made to councillors for loss of office, if any, as disclosed in Note 31 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Lindiwe Kwele
City Manager (acting)

Umar Banda CA(SA)
Group Chief Financial Officer (acting)

Pretoria

30 September 2016

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

	Note(s)	Group		Municipality	
		2016 R	2015 Restated* R	2016 R	2015 Restated* R
Assets					
Current assets					
Inventories	21	576,917,890	485,475,154	573,789,834	482,345,921
Current portion of long-term receivables	20	95,249,478	102,165,612	95,249,478	102,165,612
Current tax receivable	62	1,176,843	-	-	-
Operating lease asset	63	49,216	181,025	-	-
Consumer debtors	22	2,603,596,625	2,537,093,207	2,594,648,189	2,524,606,807
VAT receivable	12	4,955,043	4,068,095	-	-
Other receivables	23	1,106,236,231	1,200,509,057	1,003,586,595	1,231,056,534
Investments	19	1,090,829,976	502,959,644	1,087,430,061	493,261,328
Cash and bank	24	95,219,108	97,558,776	75,890,080	57,158,390
		5,574,230,410	4,930,010,570	5,430,594,237	4,890,594,592
Non-current assets					
Investment property	14	807,269,932	770,057,911	802,525,850	765,064,140
Property, plant and equipment	13	31,527,146,324	28,181,210,405	31,500,515,169	28,166,097,505
Leased assets	17	115,028,935	204,414,497	115,028,935	204,414,497
Intangible assets	15	392,977,201	331,575,917	392,729,520	331,176,249
Heritage assets	16	3,629,977,497	3,607,628,201	3,629,977,497	3,607,628,201
Investments	19	710,520	710,520	710,520	710,520
Long-term receivables	20	19,851,340	58,404,812	19,851,340	58,404,812
Interest rate swap asset	72	43,936,952	130,122,756	43,936,952	130,122,756
		36,536,898,701	33,284,125,019	36,505,275,783	33,263,618,680
Total assets		42,111,129,111	38,214,135,589	41,935,870,020	38,154,213,272
Liabilities					
Current liabilities					
Loans and bonds	4	622,427,283	601,699,751	622,111,885	601,384,353
Lease liabilities	5	110,418,332	85,909,835	110,418,332	85,909,835
Deferred operating lease liability	63	397,231	574,936	-	-
Payables from exchange transactions	10	7,443,748,606	5,846,617,912	7,316,614,459	5,839,547,922
VAT payable	12	486,790,594	79,627,724	486,740,150	78,914,004
Consumer deposits	9	379,915,638	355,015,828	375,949,547	351,259,691
Unspent grants and receipts	11	130,291,177	170,644,491	130,291,177	170,365,637
Taxation	62	-	1,004,776	-	-
		9,173,988,861	7,141,095,253	9,042,125,550	7,127,381,442
Non-current liabilities					
Loans and bonds	4	10,321,798,390	9,660,757,084	10,319,939,692	9,658,583,062
Lease liabilities	5	33,634,395	122,953,054	33,634,395	122,953,054
Deferred operating lease liability	63	546,154	765,930	-	-
Employee benefit obligation	44	2,235,476,868	2,136,304,867	2,235,476,868	2,136,304,867
Deferred tax	61	71,967	48,511	-	-
Provisions	6	806,551,849	655,529,112	806,541,911	655,529,112
Interest rate swap liability	72	147,119,727	85,625,408	147,119,727	85,625,408
Service concession arrangements	64	672,256,650	-	672,256,650	-
		14,217,456,000	12,661,983,966	14,214,969,243	12,658,995,503
Total liabilities		23,391,444,861	19,803,079,219	23,257,094,793	19,786,376,945
Net assets		18,719,684,250	18,411,056,370	18,678,775,227	18,367,836,327
Net assets					
Accumulated surplus	43	18,719,684,250	18,411,056,370	18,678,775,227	18,367,836,327

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

	Note(s)	Group		Municipality	
		2016 R	2015 Restated* R	2016 R	2015 Restated* R
Revenue					
Revenue from exchange transactions					
Service charges	26	14,590,104,963	13,347,680,584	14,688,149,864	13,422,295,882
Rental of facilities and equipment		135,348,680	116,170,342	131,388,317	113,623,320
Interest received - outstanding consumer debtors		406,006,426	374,611,900	361,055,496	338,768,697
Licences and permits		48,743,171	53,243,503	48,743,171	53,243,503
Other income	28	749,598,106	807,680,246	748,562,814	802,431,681
Interest received - external investments	34	57,274,371	38,167,359	55,999,525	36,874,337
Total revenue from exchange transactions		15,987,075,717	14,737,553,934	16,033,899,187	14,767,237,420
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	25	5,360,554,242	4,866,348,173	5,360,754,623	4,866,550,478
Transfer revenue					
Government grants, subsidies, awards and donations	27	5,969,315,203	5,593,458,890	5,969,036,348	5,593,458,890
Public contributions and donations		276,873,503	257,515,681	276,873,503	257,515,681
Fines, penalties and forfeits		313,548,835	177,338,263	313,548,835	177,338,263
Sponsorship revenue		394,737	131,579	-	-
Total revenue from non-exchange transactions		11,920,686,520	10,894,792,586	11,920,213,309	10,894,863,312
Total revenue		27,907,762,237	25,632,346,520	27,954,112,496	25,662,100,732
Expenditure					
Employee-related cost	29	(7,529,930,539)	(6,553,006,094)	(7,397,754,728)	(6,436,465,276)
Remuneration of councilors	31	(112,443,327)	(104,192,823)	(112,443,327)	(104,192,823)
Depreciation and amortisation	32	(1,436,695,858)	(1,382,913,719)	(1,431,340,492)	(1,377,522,839)
Impairment loss/reversal of impairments	65	(362,767)	(124,922,833)	(362,767)	(124,922,833)
Finance costs	33	(1,137,968,467)	(997,466,530)	(1,136,966,921)	(996,547,870)
Debt impairment	35	(1,278,919,913)	(850,661,938)	(1,126,463,150)	(721,971,875)
Collection costs		(268,119,592)	(274,254,321)	(267,860,384)	(274,245,100)
Repairs and maintenance		(1,432,683,732)	(1,505,239,848)	(1,428,538,692)	(1,495,233,287)
Bulk purchases	36	(8,728,503,199)	(7,827,495,892)	(8,808,848,636)	(7,926,726,987)
Transfers and subsidies	37	-	-	(347,060,760)	(211,526,531)
General expenses	38	(5,588,543,443)	(5,127,309,770)	(5,500,720,981)	(5,109,059,719)
Total expenditure		(27,514,170,837)	(24,747,463,768)	(27,558,360,838)	(24,778,415,140)
Operating surplus		393,591,400	884,882,752	395,751,658	883,685,592
Gain/(loss) on disposal of assets and liabilities		62,104,490	(169,958,450)	62,231,796	(169,913,188)
Profit/(loss) on foreign exchange transactions		(1,678,206)	(183,984)	(1,678,206)	(183,984)
Fair value adjustments		(145,366,351)	52,091,422	(145,366,351)	52,091,422
		(84,940,067)	(118,051,012)	(84,812,761)	(118,005,750)
Surplus before taxation		308,651,333	766,831,740	310,938,897	765,679,842
Taxation	62	23,456	700,384	-	-
Surplus for the year		308,627,877	766,131,356	310,938,897	765,679,842

The National Treasury classification of expenditure is disclosed in Note 70.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Group		
Opening balance as previously reported	17,805,167,851	17,805,167,851
Adjustments		
Prior year adjustments (refer to Note 43 and 47)	(160,242,837)	(160,242,837)
Balance at 01 July 2014 as restated*	17,644,925,014	17,644,925,014
Changes in net assets		
Surplus for the year	766,131,356	766,131,356
Total changes	766,131,356	766,131,356
Opening balance as previously reported	18,823,587,449	18,823,587,449
Adjustments		
Prior year adjustments (refer to Note 43 and 47)	(412,531,076)	(412,531,076)
Restated* Balance at 01 July 2015 as restated*	18,411,056,373	18,411,056,373
Changes in net assets		
Surplus for the year	308,627,877	308,627,877
Total changes	308,627,877	308,627,877
Balance at 30 June 2016	18,719,684,250	18,719,684,250
Note(s)	43	
Municipality		
Opening balance as previously reported	17,762,213,091	17,762,213,091
Adjustments		
Prior year adjustments (refer to Note 43 and 47)	(160,056,606)	(160,056,606)
Balance at 01 July 2014 as restated*	17,602,156,485	17,602,156,485
Changes in net assets		
Surplus for the year	765,679,842	765,679,842
Total changes	765,679,842	765,679,842
Opening balance as previously reported	18,780,132,799	18,780,132,799
Adjustments		
Prior year adjustments (refer to Note 43 and 47)	(412,296,469)	(412,296,469)
Restated* Balance at 01 July 2015 as restated*	18,367,836,330	18,367,836,330
Changes in net assets		
Surplus for the year	310,938,897	310,938,897
Total changes	310,938,897	310,938,897
Balance at 30 June 2016	18,678,775,227	18,678,775,227
Note(s)	43	

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Cash Flow Statement

		Group		Municipality	
		2016	2015	2016	2015
		R	Restated*	R	Restated*
Cash flows from operating activities					
Receipts					
Cash receipts from other revenue sources		2,272,335,757	1,525,495,491	2,549,889,856	1,448,979,376
Cash receipts from rate payers and service charges		18,968,392,038	17,725,574,209	19,211,688,643	17,911,009,109
Grants		5,930,802,716	5,677,719,992	5,930,802,716	5,677,719,992
Interest income		57,274,371	38,167,359	55,999,525	36,874,337
		<u>27,228,804,882</u>	<u>24,966,957,051</u>	<u>27,748,380,740</u>	<u>25,074,582,814</u>
Payments					
Cash paid to employees		(7,642,373,866)	(6,657,198,917)	(7,510,198,055)	(6,540,658,099)
Cash paid to suppliers		(14,447,440,044)	(14,189,647,467)	(14,742,700,772)	(14,205,850,827)
Finance costs (interest paid)		(1,137,968,467)	(997,466,530)	(1,136,966,921)	(996,547,870)
Transfers and grants		-	-	(347,060,760)	(211,526,531)
Taxes on surpluses		(23,456)	(700,382)	-	-
		<u>(23,227,805,833)</u>	<u>(21,845,013,296)</u>	<u>(23,736,926,508)</u>	<u>(21,954,583,327)</u>
Net cash flows from operating activities	39	<u>4,000,999,049</u>	<u>3,121,943,755</u>	<u>4,011,454,232</u>	<u>3,119,999,487</u>
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(4,998,931,961)	(4,436,996,579)	(4,982,392,526)	(4,435,287,528)
Purchase/redemption of leased assets	17	-	(266,860,619)	-	(266,860,619)
Proceeds from sale of assets (including gain/(loss))	13	315,588,558	(59,007,926)	315,588,558	(59,007,926)
Purchase of investment property and retirements	14	1,864,822	(6,338,103)	1,864,822	(6,338,103)
Purchase of other intangible assets and retirements	15	(46,325,440)	(1,418,263)	(46,265,624)	76,646,301
Proceeds from sale of other intangible assets	15	-	77,675,587	-	-
Purchase of heritage assets	16	(22,349,296)	(6,491)	(22,349,296)	(6,491)
Movement in long-term receivables		45,469,606	109,762,466	-	109,762,466
Movement in long-term investments		-	5,096,572	45,469,606	5,096,572
Net cash flows from investing activities		<u>(4,704,683,711)</u>	<u>(4,578,093,356)</u>	<u>(4,688,084,460)</u>	<u>(4,575,995,328)</u>
Cash flows from financing activities					
Proceeds from loans and bonds		1,200,000,000	1,500,000,000	1,200,000,000	1,500,000,000
Repayment of loans and bonds	4	(518,231,162)	(491,042,465)	(517,915,839)	(490,727,044)
Movement in service concession arrangements		672,256,650	-	672,256,650	-
Finance lease payments	5	(64,810,162)	199,894,504	(64,810,162)	199,894,504
Net cash flows from financing activities		<u>1,289,215,326</u>	<u>1,208,852,039</u>	<u>1,289,530,649</u>	<u>1,209,167,460</u>
Net increase/(decrease) in cash and cash equivalents		<u>585,530,664</u>	<u>(247,297,562)</u>	<u>612,900,421</u>	<u>(246,828,381)</u>
Cash and cash equivalents at the beginning of the year		600,518,420	847,815,980	550,419,718	797,248,099
Cash and cash equivalents at the end of the year	24	<u>1,186,049,084</u>	<u>600,518,418</u>	<u>1,163,320,139</u>	<u>550,419,718</u>

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. council approved policy)	Shifting of funds (i.t.o. s31 of the MFMA)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Group - 2016											
Financial performance											
Property rates	5,236,387,300	393,200	5,236,780,500	-	-	5,236,780,500	5,360,554,242	-	123,773,742	102 %	102 %
Service charges	15,913,703,485	221,985,322	16,135,688,807	(166,611)	-	16,135,522,196	14,590,104,963	-	(1,545,417,233)	90 %	92 %
Investment revenue	70,600,433	(28,598,430)	42,002,003	-	-	42,002,003	57,274,371	-	15,272,368	136 %	81 %
Transfers recognised - operational	3,670,241,004	123,900,323	3,794,141,327	-	-	3,794,141,327	3,517,105,034	-	(277,036,293)	93 %	96 %
Other own revenue	1,404,899,272	20,387,945	1,425,287,217	-	-	1,425,287,217	2,098,095,447	-	672,808,230	147 %	149 %
Total revenue (excluding capital transfers and contributions)	26,295,831,494	338,068,360	26,633,899,854	(166,611)	-	26,633,733,243	25,623,134,057	-	(1,010,599,186)	96 %	97 %
Employee costs	(7,340,991,691)	20,012,056	(7,320,979,635)	(1,000,000)	-	(7,321,979,635)	(7,529,930,539)	207,950,904	(207,950,904)	103 %	103 %
Remuneration of councillors	(116,298,270)	(617,352)	(116,915,622)	-	-	(116,915,622)	(112,443,327)	-	4,472,295	96 %	97 %
Debt impairment	(1,018,115,542)	261,332,542	(756,783,000)	100,000	-	(756,683,000)	(1,278,919,913)	522,236,913	(522,236,913)	169 %	126 %
Depreciation and asset impairment	(1,188,780,069)	99,576,100	(1,089,203,969)	-	-	(1,089,203,969)	(1,437,058,624)	347,854,656	(347,854,655)	132 %	121 %
Finance charges	(1,029,556,174)	(10,947,948)	(1,040,504,122)	432,884	-	(1,040,071,238)	(1,137,968,467)	97,897,229	(97,897,229)	109 %	111 %
Materials and bulk purchases	(9,473,234,144)	(151,220,032)	(9,624,454,176)	32,499,407	-	(9,591,954,769)	(8,955,567,497)	-	636,387,272	93 %	95 %
Transfers and grants	(259,297,800)	5,150,000	(254,147,800)	-	-	(254,147,800)	-	-	254,147,800	- %	- %
Other expenditure	(5,284,642,691)	(1,143,693,775)	(6,428,336,466)	(31,865,680)	-	(6,460,202,146)	(7,314,804,527)	854,625,838	(854,602,381)	113 %	138 %
Total expenditure	(25,710,916,381)	(920,408,409)	(26,631,324,790)	166,611	-	(26,631,158,179)	(27,766,692,894)	2,030,565,540	(1,135,534,715)	104 %	108 %
Surplus/(deficit)	584,915,113	(582,340,049)	2,575,064	-	-	2,575,064	(2,143,558,837)	-	(2,146,133,901)	(83,243)%	(83,243)%

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. council approved policy)	Shifting of funds (i.t.o. s31 of the MFMA)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Transfers recognised - capital	2,453,159,682	2,876,072	2,456,035,754	-		2,456,035,754	2,452,210,170		(3,825,584)	100 %	100 %
Surplus/(deficit) after capital transfers and contributions	3,038,074,795	(579,463,977)	2,458,610,818	-		2,458,610,818	308,651,333		(2,149,959,485)	13 %	10 %
Taxation	-	-	-	-		-	23,456		23,456	- %	- %
Surplus/(deficit) for the year	3,038,074,795	(579,463,977)	2,458,610,818	-		2,458,610,818	308,627,877		(2,149,982,941)	13 %	10 %
Capital expenditure and funds sources											
Total capital expenditure	3,856,566,482	138,626,814	3,995,193,296	-		3,995,193,296	3,968,594,186		(26,599,110)	99 %	103 %
Sources of capital funds											
Transfers recognised - capital	(2,471,566,482)	11,123,928	(2,460,442,554)	-		(2,460,442,554)	(2,460,269,724)		172,830	100 %	100 %
Public contributions and donations	(150,000,000)	-	(150,000,000)	-		(150,000,000)	(147,067,080)		2,932,920	98 %	98 %
Borrowing	(1,200,000,000)	-	(1,200,000,000)	-		(1,200,000,000)	(1,194,839,429)		5,160,571	100 %	100 %
Internally generated funds	(35,000,000)	(149,750,742)	(184,750,742)	-		(184,750,742)	(166,417,952)		18,332,790	90 %	475 %
Total sources of capital funds	(3,856,566,482)	(138,626,814)	(3,995,193,296)	-		(3,995,193,296)	(3,968,594,185)		26,599,111	99 %	103 %

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. council approved policy)	Shifting of funds (i.t.o. s31 of the MFMA)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Cash flows											
Net cash from (used) operating	3,701,015,049	(664,050,488)	3,036,964,561	-		3,036,964,561	4,000,999,049		964,034,488	132 %	108 %
Net cash from (used) investing	(3,678,805,779)	(179,399,687)	(3,858,205,466)	-		(3,858,205,466)	(4,704,683,711)		(846,478,245)	122 %	128 %
Net cash from (used) financing	639,650,402	(36,381,244)	603,269,158	-		603,269,158	1,289,215,326		685,946,168	214 %	202 %
Net increase/(decrease) in cash and cash equivalents	661,859,672	(879,831,419)	(217,971,747)	-		(217,971,747)	585,530,664		803,502,411	(269)%	88 %
Cash and cash equivalents at the beginning of the year	1,203,476,110	(625,353,622)	578,122,488	-		578,122,488	600,518,420		22,395,932	104 %	50 %
Cash and cash equivalents at year end	1,865,335,782	(1,505,185,041)	360,150,741	-		360,150,741	1,186,049,084		825,898,343	329 %	64 %

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	R	R	R	R
Group - 2015				
Financial performance				
Property rates				4,866,348,173
Service charges				13,347,680,584
Investment revenue				38,167,359
Transfers recognised - operational				3,081,484,935
Other own revenue				1,800,569,319
Total revenue (excluding capital transfers and contributions)				23,134,250,370
Employee costs	-	-	-	(6,553,006,094)
Remuneration of councillors	-	-	-	(104,192,823)
Debt impairment	89,382,072	(89,382,072)	178,764,144	(850,661,938)
Depreciation and asset impairment	330,539,950	(330,539,950)	661,079,900	(1,507,836,552)
Finance charges	-	-	-	(997,466,530)
Materials and bulk purchases	60,013,754	(60,013,754)	120,027,508	(8,096,159,997)
Other expenditure	466,528,460	(466,528,460)	933,056,920	(6,775,923,806)
Total expenditure	946,464,236	(946,464,236)	1,892,928,472	(24,885,247,740)
Surplus/(deficit)				(1,750,997,370)
Transfers recognised - capital				2,516,428,345
Contributions recognised - capital and contributed assets				-
Surplus/(deficit) after capital transfers and contributions				765,430,975
Taxation				(700,384)
Surplus/(deficit) for the year				766,131,359

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	R	R	R	R
Capital expenditure and funds sources				
Total capital expenditure				4,114,917,583
Sources of capital funds				
Transfers recognised - capital				(2,564,981,572)
Public contributions and donations				(57,530,022)
Borrowing				(1,387,942,005)
Internally generated funds				(104,463,984)
Total sources of capital funds				(4,114,917,583)
Cash flows				
Net cash from (used) operating				3,121,943,755
Net cash from (used) investing				(4,578,093,356)
Net cash from (used) financing				1,208,852,039
Net increase/(decrease) in cash and cash equivalents				(247,297,562)
Cash and cash equivalents at the beginning of the year				847,815,980
Cash and cash equivalents at year end				600,518,418

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. council approved policy)	Shifting of funds (i.t.o. s31 of the MFMA)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Municipality - 2016											
Financial performance											
Property rates	5,212,179,600	393,200	5,212,572,800	-	-	5,212,572,800	5,360,754,623	-	148,181,823	103 %	103 %
Service charges	15,638,212,250	221,985,323	15,860,197,573	(166,611)	-	15,860,030,962	14,688,149,864	-	(1,171,881,098)	93 %	94 %
Investment revenue	69,774,338	(28,598,430)	41,175,908	-	-	41,175,908	55,999,525	-	14,823,617	136 %	80 %
Transfers recognised - operational	3,419,706,000	133,458,959	3,553,164,959	-	-	3,553,164,959	3,516,826,178	-	(36,338,781)	99 %	103 %
Other own revenue	1,360,782,800	698,688,701	2,059,471,501	-	-	2,059,471,501	2,047,754,125	-	(11,717,376)	99 %	150 %
Total revenue (excluding capital transfers and contributions)	25,700,654,988	1,025,927,753	26,726,582,741	(166,611)	-	26,726,416,130	25,669,484,315	-	(1,056,931,815)	96 %	100 %
Employee costs	(7,199,721,785)	18,695,595	(7,181,026,190)	1,000,000	-	(7,180,026,190)	(7,397,754,728)	217,728,538	(217,728,538)	103 %	103 %
Remuneration of councillors	(111,749,118)	(1,000,000)	(112,749,118)	-	-	(112,749,118)	(112,443,327)	-	305,791	100 %	101 %
Debt impairment	(1,018,115,542)	261,332,542	(756,783,000)	100,000	-	(756,683,000)	(1,126,463,150)	369,780,150	(369,780,150)	149 %	111 %
Depreciation and asset impairment	(1,186,841,000)	99,576,100	(1,087,264,900)	-	-	(1,087,264,900)	(1,431,703,259)	344,438,359	(344,438,359)	132 %	121 %
Finance charges	(1,029,202,100)	(10,545,064)	(1,039,747,164)	432,884	-	(1,039,314,280)	(1,136,966,921)	97,652,641	(97,652,641)	109 %	110 %
Materials and bulk purchases	(8,962,491,730)	(150,937,628)	(9,113,429,358)	32,499,407	-	(9,080,929,951)	(9,035,912,934)	-	45,017,017	100 %	101 %
Transfers and grants	(235,090,100)	5,150,000	(229,940,100)	-	-	(229,940,100)	(347,060,760)	117,120,660	(117,120,660)	151 %	148 %
Other expenditure	(5,372,528,500)	(1,137,217,461)	(6,509,745,961)	(33,865,680)	-	(6,543,611,641)	(7,222,450,510)	678,838,869	(678,838,869)	110 %	134 %
Total expenditure	(25,115,739,875)	(914,945,916)	(26,030,685,791)	166,611	-	(26,030,519,180)	(27,810,755,589)	1,825,559,217	(1,780,236,409)	107 %	111 %
Surplus/(deficit)	584,915,113	110,981,837	695,896,950	-	-	695,896,950	(2,141,271,274)	-	(2,837,168,224)	(308)%	(366)%
Transfers recognised - capital	2,453,159,682	2,876,072	2,456,035,754	-	-	2,456,035,754	2,452,210,170	-	(3,825,584)	100 %	100 %
Surplus/(deficit) after capital transfers and contributions	3,038,074,795	113,857,909	3,151,932,704	-	-	3,151,932,704	310,938,896	-	(2,840,993,808)	10 %	10 %
Surplus/(deficit) for the year	3,038,074,795	113,857,909	3,151,932,704	-	-	3,151,932,704	310,938,896	-	(2,840,993,808)	10 %	10 %

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. council approved policy)	Shifting of funds (i.t.o. s31 of the MFMA)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Capital expenditure and funds sources											
Total capital expenditure	3,856,566,482	138,626,814	3,995,193,296	-		3,995,193,296	4,011,454,233		16,260,937	100 %	104 %
Sources of capital funds											
Transfers recognised - capital	(2,471,566,482)	11,123,928	(2,460,442,554)	-		(2,460,442,554)	(2,460,269,724)		172,830	100 %	100 %
Public contributions and donations	(150,000,000)	-	(150,000,000)	-		(150,000,000)	(147,067,080)		2,932,920	98 %	98 %
Borrowing	(1,200,000,000)	-	(1,200,000,000)	-		(1,200,000,000)	(1,194,839,429)		5,160,571	100 %	100 %
Internally generated funds	(35,000,000)	(149,750,742)	(184,750,742)	-		(184,750,742)	(166,417,952)		18,332,790	90 %	475 %
Total sources of capital funds	(3,856,566,482)	(138,626,814)	(3,995,193,296)	-		(3,995,193,296)	(3,968,594,185)		26,599,111	99 %	103 %
Cash flows											
Net cash from (used) operating	3,711,359,462	(665,421,961)	3,045,937,501	-		3,045,937,501	4,011,454,232		965,516,731	132 %	108 %
Net cash from (used) investing	(3,674,874,779)	(130,878,820)	(3,805,753,599)	-		(3,805,753,599)	(4,688,084,460)		(882,330,861)	123 %	128 %
Net cash from (used) financing	639,965,787	-	639,965,787	-		639,965,787	1,289,530,649		649,564,862	201 %	201 %
Net increase/(decrease) in cash and cash equivalents	676,450,470	(796,300,781)	(119,850,311)	-		(119,850,311)	612,900,421		732,750,732	(511)%	91 %
Cash and cash equivalents at the beginning of the year	1,175,775,336	(378,527,237)	797,248,099	-		797,248,099	550,419,718		(246,828,381)	69 %	47 %
Cash and cash equivalents at year end	1,852,225,806	(1,174,828,018)	677,397,788	-		677,397,788	1,163,320,139		(485,922,351)	172 %	63 %

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	R	R	R	R
Municipality - 2015				
Financial performance				
Property rates				4,866,550,478
Service charges				13,422,295,882
Investment revenue				36,874,337
Transfers recognised - operational				3,081,484,935
Other own revenue				1,756,798,950
Total revenue (excluding capital transfers and contributions)				23,164,004,582
Employee costs	-	-	-	(6,436,465,276)
Remuneration of councillors	-	-	-	(104,192,823)
Debt impairment	(45,776,046)	(45,776,046)	-	(721,971,875)
Depreciation and asset impairment	(327,971,011)	(327,971,011)	-	(1,502,445,672)
Finance charges	(58,999,917)	(58,999,917)	-	(996,547,870)
Materials and bulk purchases	-	-	-	(8,195,391,092)
Transfers and grants	-	-	-	(211,526,531)
Other expenditure	(475,494,595)	(475,494,595)	-	(6,746,211,945)
Total expenditure	(908,241,569)	(908,241,569)		- (24,914,753,084)
Surplus/(deficit)				(1,750,748,502)
Transfers recognised - capital				2,516,428,345
Contributions recognised - capital and contributed assets				-
Surplus/(deficit) after capital transfers and contributions				765,679,843
Surplus/(deficit) for the year				765,679,843

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	R	R	R	R
Capital expenditure and funds sources				
Total capital expenditure				4,114,917,583
Sources of capital funds				
Transfers recognised - capital				(2,564,981,572)
Public contributions and donations				(57,530,022)
Borrowing				(1,387,942,005)
Internally generated funds				(104,463,984)
Total sources of capital funds				(4,114,917,583)
Cash flows				
Net cash from (used) operating				3,119,999,487
Net cash from (used) investing				(4,575,995,328)
Net cash from (used) financing				1,209,167,460
Net increase/(decrease) in cash and cash equivalents				(246,828,381)
Cash and cash equivalents at the beginning of the year				797,248,099
Cash and cash equivalents at year end				550,419,718

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Basis of preparation of annual financial statements

The consolidated annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003). The accounting framework as prescribed is determined in Directive 5 issued by the Accounting Standards Board.

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

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

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

1.1 Presentation currency

These consolidated annual financial statements are presented in South African rand, which is the functional currency of the group and amounts have been rounded to the nearest rand.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements are the consolidated annual financial statements of the group presented as those of a single entity.

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

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

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

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

The term "economic entity" is used in GRAP 6 to define, for financial reporting purposes a group of entities comprising the controlling entity and any controlled entities. Other terms sometimes used to refer to an economic entity include "administrative entity", "financial entity", "consolidated entity" and "group". For ease of reference and understanding the term "group" is used to refer to the "economic entity" and Municipality is used to refer to the "controlling entity" in these consolidated annual financial statements.

1.3 Going concern assumption

These annual financial statements have been prepared on a going concern basis, i.e. the assumption that the group will continue to operate as a going concern for at least the next 12 months. Refer to Note 67.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of these financial statements in conformity with GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the City of Tshwane's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes to the financial statements, where applicable.

Trade receivables/investments and/or loans and receivables

The group assesses its trade receivables, investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, judgements have to be made as to whether there were observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment is measured at the reporting date taking into account the different classes of debtors and the history of payment success of debtors.

Financial assets

The group follows the guidance of GRAP 104 to determine when a financial asset is impaired. This determination requires significant judgement. In making this judgement, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Allowance for slow-moving, damaged and obsolete stock

An allowance is made for stock to be written down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write-down is included in the operational surplus (general expense). Refer to Note 21.

Fair value estimation

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Impairment testing

The group reviews and tests the carrying value of assets when the situation arises that the carrying amount of the asset might not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent on cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

Provisions are raised and determined by management. An estimate is made based on the information available. Additional disclosure of these estimates of provisions is included in Note 6 - Provisions.

Useful lives of property, plant and equipment

The group's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry norms. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post-retirement benefits

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 44.

Effective interest rate

The group uses the weighted average cost of capital (WACC) to discount future cash flows.

The group has certain borrowings which are linked to the Jibar rate which fluctuated from 6,15% to 8,733% for the year under review. Refer to Note 4.

Allowance for impairment

Impairment is recognised on debtors in surplus and deficit when there is sufficient evidence to suggest that there are irrecoverable amounts. The impairment is measured at the reporting date taking into account the different classes of debtors and the history of payment success of debtors.

1.5 Biological assets (game) - disclosed under property, plant and equipment

Biological assets (game) - disclosed under property, plant and equipment are measured at their fair value less point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit.

A gain or loss arising on initial recognition of biological assets (game) is disclosed under property, plant and equipment and is included as a surplus or deficit for the period in which it arises.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.5 Biological assets (game) - disclosed under property, plant and equipment (continued)

Biological assets are derecognised when the entity disposes thereof or when it is no longer probable that future economic benefits or service potential will be generated from the biological asset. Any gain or loss that arises at the point of derecognition is recognised in surplus or deficit at the point of derecognition.

1.6 Investment property

Investment property is property held to earn rental revenue or for capital appreciation or both.

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

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

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

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

Subsequent to initial measurement, investment property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property.

Land held for a currently undetermined future use is recognised as investment property.

The gain or loss on the disposal or retirement of investment property is determined as the difference between the sales proceeds and the carrying value of the asset on the date of disposal and is recognised in the surplus or deficit for the year.

Cost model

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

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

Item	Average useful life (years)
Property - land	Indefinite
Property - buildings	25-60

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment are initially measured at cost.

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

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value from the day that the asset is ready for use. Residual value is what the asset would currently receive if in the condition it would be at the end of its useful life. The asset's residual values and useful lives are reviewed and adjusted if appropriate at each reporting date and any changes are recognised as a change in accounting estimate in surplus or deficit for the year. The actual useful lives of the assets, residual values and depreciation method are assessed annually and might vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

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

Asset category	Depreciation method	Average useful life (years)
Infrastructure: Electricity	Straight line	
• Cables		20-55
• Control centre		20-45
• Fibre-optic cables		25-50
• High-mast lighting		10-45
• General electrical equipment		30-40
• Lines: Overhead		20-50
• Lines: Underground		25-50
• Meters: Pre-paid		10-30
• Meters: Credit		20-30
• Perimeter protections		20-30
• Pole/structure		20-50
• Substations: Civil		20-50
• Substations: Equipment		20-50
• Substations: Switchgear		20-50
• Transformers		25-50

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.7 Property, plant and equipment (continued)		
Infrastructure: Water	Straight line	
• Meters		10-20
• Bulk meters		40-120
• Supply/reticulation		40-120
• Pump station: Civil		30-55
• Pump station: Electrical		15-40
• Pump station: Mechanical		15-40
• Pump station: Perimeter protection		10-30
• Pump station: Pipe works		40-120
• Pressure relief valve station: Civil		30-55
• Pressure relief valve station: Electrical		15-40
• Pressure relief valve station: Metal work		10-40
• Pressure relief valve station: Perimeter protection		10-30
• Pressure relief valve station: Pipe works		40-120
• Boreholes: Structure		30-50
• Boreholes: Civil		20-55
• Boreholes: Electrical		15-40
• Boreholes: Mechanical		15-40
• Boreholes: Perimeter protection		10-30
• Boreholes: Pipe works		40-120
• Water treatment plant: Structure		30-50
• Water treatment plant: Civil		30-55
• Water treatment plant: Electrical		15-40
• Water treatment plant: Mechanical		15-40
• Water treatment plant: Perimeter protection		10-30
• Water treatment plant: Metal work		10-40
• Water treatment plant: Pipe works		40-120
• Service reservoir: Structure		30-50
• Service reservoir: Civil		30-55
• Service reservoir: Electrical		15-40
• Service reservoir: Mechanical		15-40
• Service reservoir: Metal work		10-40
• Service reservoir: Pipe works		40-120
• Dams/weirs/fountains: Structure		30-50
• Dams/weirs/fountains: Civil		30-55
• Dams/weirs/fountains: Electrical		15-40
• Dams/weirs/fountains: Mechanical		15-40
• Dams/weirs/fountains: Perimeter protection		10-30
• Dams/weirs/fountains: Pipe works		40-120
Sewerage	Straight line	
• Bulk meter		40-120
• Outfall sewer: Civil		30-55
• Outfall sewer: Electrical		15-50
• Sewerage pump station: Structure		30-55
• Sewerage pump station: Electrical		15-50
• Sewerage pump station: Mechanical		15-40
• Sewerage pump station: Perimeter protection		10-30
• Sewerage pump station: Pipe works		40-120
• Sewerage pump station: Metal works		10-40
• Sewerage reticulation: Structure		30-55
• Sewerage reticulation: Pipe works		40-120
• Waste water treatment plant: Structure		30-55
• Waste water treatment plant: Electrical		15-50
• Waste water treatment plant: Mechanical		15-40
• Waste water treatment plant: Perimeter protection		10-30
• Waste water treatment plant: Pipe works		40-120
• Reservoir		30-50
Buildings	Straight line	
• Dwellings (hostels, housing schemes, residences, etc)		25-60
• Non-residential (agricultural, clinics, fire stations, museums, etc)		25-60
• Non-residential: Perimeter protection		10-45
• Other buildings		4-60
Landscaping	Straight line	
• Landscaping		10-15

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.7 Property, plant and equipment (continued)

Solid waste disposal	Straight line	
• Tipsite structure		25-30
Railways	Straight line	
• Sidings		25-30
Roads	Straight line	
• Bridges: Vehicle (concrete)		50-80
• Bridges: Pedestrian (concrete)		50-80
• Storm water: Culverts		25-50
• Storm water: Inlet, junction point, outlet		20-50
• Storm water: Pipes		25-50
• Roads: Kerb and channels		20-50
• Roads: Municipal roads - bitumen layer		20-45
• Roads: Municipal roads - bitumen surface		10-60
• Roads: Municipal roads - mixed surface layer		20-45
• Roads: Municipal roads - mixed surface surface		10-50
• Roads: Municipal roads - paving blocks layer		10-45
• Roads: Municipal roads - paving blocks surface		10-50
• Roads: Municipal roads - unpaved layer		10-45
• Roads: Municipal roads - unpaved surface		10-50
• Roads: Overhead traffic signs		15-20
• Roads: Street lighting		10-50
• Roads: Traffic signals		15-20
• Roads: Traffic signs		5-30
• Roads: Tunnel		50-80
Cemeteries	Straight line	
• Cemeteries		25-55
Other machinery and equipment	Straight line	
• Irrigation equipment		10-15
• Cold room		10-15
• Telecommunication equipment		3-30
Computer equipment	Straight line	
• Networks		3-20
Other	Straight line	
• Specialist vehicles		8-25
• Other vehicles		8-55
• Office equipment		5-25
• Furniture and fittings		5-30
• Watercraft		5-20
• Bins and containers		5-15
• Specialist plant and equipment		10-45
• Other plant and equipment		10-45
• Landfill sites and quarries		1-50
• Books		5-30
• Library material		5-30
Other property, plant and equipment	Community assets	
• Recreation facilities		15-20
• Playing apparatus		5-35
Livestock	Straight line	
• Livestock (dogs and horses)		8-20
Leased assets (refer to Note 17)	Straight line	
• Vehicles, equipment, etc		3-20
Land	Not depreciated	
• Land		Indefinite useful life

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

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

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

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

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

Assets which the group holds for rentals to others and subsequently routinely sells as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential over the total life of the asset in excess of the most recently assessed standard of performance of the existing asset will flow to the municipality. All other repairs and maintenance are charged to surplus or deficit for the year in which they are incurred.

Impairment of property, plant and equipment

The Municipality tests for impairment where there is an indication that an asset might be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount) it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to surplus or deficit for the year.

Incomplete construction work (assets under construction)

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

Non-current assets held for sale

Non-current assets held for sale will remain under the specific class of property, plant and equipment until disposal and will depreciate as normal, whereafter it will be retired. It is carried at cost less accumulated depreciation and any impairment losses.

1.8 Site rehabilitation and restoration cost

The group has an obligation to rehabilitate and restore items of property, plant and equipment. Such obligations are referred to as "rehabilitation provisions". The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which a group incurs either when the item is acquired or as a consequence of having used the item during a particular period.

As the related asset is measured using the cost model:-

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

1.9 Intangible assets

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

An asset is identifiable if it either:

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

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

Accounting Policies

1.9 Intangible assets (continued)

An intangible asset is recognised when:

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

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

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less accumulated amortisation and any impairment losses. Software is amortised on a straight-line basis over its anticipated useful life. Generally, costs associated with developing computer software programs are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the municipality and have a probable benefit exceeding the cost beyond one year, are recognised as an intangible asset.

Expenditure which enhances and extends the benefits of computer software programs beyond the original life of the software is capitalised. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives. Costs associated with the maintenance of existing computer software programs are expensed as incurred.

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset;
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	Useful life (years)
Computer software, other	5-40
Servitudes	Indefinite

Intangible assets are derecognised:

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

The gain or loss (difference between the net disposal proceeds and the carrying amount) arising from the derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.10 Internal reserves

Self-insurance reserve

A self-insurance reserve was established and, subject to external insurance where deemed necessary, covers claims that might occur. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.10 Internal reserves (continued)

Contributions to and from the reserve are transferred via the Statement of Changes in Net Assets to the reserve in line with the amount provided for in the operating budget.

- The total amount of insurance premiums paid to external insurers is regarded as an expense and must be shown as such in surplus or deficit for the year. These premiums do not affect the self-insurance reserve.
- Claims received from external insurers are utilised in the calculation of a profit or loss on the scrapping of damaged assets and are therefore effectively recorded in surplus or deficit for the year.
- Claims received to meet repairs of damages on assets are reflected as income in surplus or deficit for the year.

The self-insurance reserve is based on recognised insurance industry principles. To determine the level of capacity required, an agreed methodology has been adopted. The calculation of the required capacity of the self-insurance reserve is consistently applied annually based on the following methodology:

- Determination of the forecast surplus (free) capacity within the self-insurance reserve
- The following liabilities are taken into account in determining this surplus capacity:
Reported known outstanding claims and statistically forecast losses for the remainder of the underwriting period (IBNR = claims incurred but not yet reported)
- Probability and quantification of a catastrophic loss
- Comparison of the surplus (free) capacity to the declared value of the highest service delivery asset to determine the shortfall that exists based on the assumption that sufficient capacity will be built up to cover that asset through the Self-insurance reserve over an agreed period of time
- Spread the shortfall over a five-year period (in terms of the Long-term Insurance Strategy)
- Adjust for inflation with the agreed relevant indices
- Determine the annual premium contribution to reach the target capacity over a five-year period
- Apply a probability and affordability factor to the ideal premium contribution to determine the budgeted premium contribution over a five-year period

Compensation for occupational injuries and diseases (COID) reserve

The Municipality has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases (COID). In terms of this exemption the Municipality established a COID reserve to offset claims from employees. Amounts are transferred to the COID reserve from the accumulated surplus based on the statutory rate of contributions set out in the Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993) as well as additional amounts deemed necessary to ensure that the balance of the reserve is adequate to offset potential claims.

Contributions to the COID reserve are based on 1% of the annual remuneration of employees that qualify for COID benefits. All employees earning more than a predetermined amount per annum are reinsured by what is called a "COID wrap-around" policy. Claims are paid as determined by the Compensation Commissioner and are reflected in surplus or deficit for the year. Claims are settled by transferring a corresponding amount from the COID reserve to the accumulated surplus in the Statement of Changes in Net Assets.

The Compensation Commissioner required a ceded investment or guarantee. This amount is calculated annually by the Department of Labour. The Municipality opted to supply the Compensation Commissioner with a bank guarantee - refer to Note 55.

1.11 Housing development fund

Sections 15(5) and 16 of the Housing Act, 1997 (Act 107 of 1997), which came into operation on 1 April 1998, requires that the Municipality maintain a separate housing operating account. This legislated separate operating account will be known as the Housing Development Fund. The Housing Act also requires in terms of section 14(4)(d)(iii)(aa) read with, inter alia, section 16(2) that the net proceeds of any letting, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development, subject to the approval of the Provincial MEC responsible for housing. Loans from national and provincial government that were used to finance housing selling schemes were extinguished on 1 April 1998 and transferred to the Housing Development Fund. The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund must have its own separate bank account OR allocated investments and must be backed by cash.
- Any contributions to or from the fund must be shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments backing up this fund must be recorded as part of interest earned in surplus or deficit for the year and can be transferred via the Statement of Changes in Net Assets to the Housing Development Fund.
- Any cash-backed surplus or deficit on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

1.12 Heritage assets

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

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a group's operations that is shown as a single item for the purpose of disclosure in the consolidated annual financial statements.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.12 Heritage assets (continued)

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

Subsequent to initial measurement, heritage assets are carried at cost less any accumulated impairment losses.

Impairment

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

Transfers

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

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

Derecognition

The group derecognises heritage assets on disposal, or when no future economic benefits or service potential is expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

The gain or loss (the difference between the net disposal proceeds and the carrying value) arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.13 Financial instruments

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

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

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the "underlying").
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.13 Financial instruments (continued)

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

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

A financial asset is -

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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counter party has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as -

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that -

- the entity designates at fair value at initial recognition; or
- are held for trading.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.13 Financial instruments (continued)

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are -

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading.

A financial instrument is held for trading if:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

Class	Category
Non-exchange: Consumer receivables: Property rates	Financial asset measured at amortised cost
Exchange: Consumer receivables: Services	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Long-term receivables: Housing loans	Financial asset measured at amortised cost
Long-term receivables: Loans to sport clubs	Financial asset measured at amortised cost
Long-term receivables: Sale of land	Financial asset measured at amortised cost
Long-term receivables: Arrangement debtors	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Investments (short-term deposits of three months and less)	Financial asset measured at amortised cost
Investments (long-term of more than three months)	Financial asset measured at amortised cost
Interest rate swap	Financial asset measured at fair value

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

Class	Category
Exchange: Long-term loans: Term loans	Financial liability measured at amortised cost
Long-term loans: Local registered stock	Financial liability measured at amortised cost
Long-term loans: Annuity loans	Financial liability measured at amortised cost
Long-term loans: Municipal bonds	Financial liability measured at amortised cost
Trade payables: Payables from exchange transactions	Financial liability measured at amortised cost
Retention creditors	Financial liability measured at amortised cost
Deposits	Financial liability measured at amortised cost
Deferred operating lease liability	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost
Lease liabilities	Financial liability measured at amortised cost
Interest rate swap	Financial liability measured at fair value
Service concession arrangement	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.13 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

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

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value;
- Financial instruments at amortised cost;
- Financial instruments at cost (if applicable).

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

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

Fair value measurement considerations

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

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

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

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

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

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

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

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.13 Financial instruments (continued)

Gains and losses

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

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

Impairment and uncollectability of financial assets

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

Financial assets measured at amortised cost

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

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

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

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

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.13 Financial instruments (continued)

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

Financial liabilities

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

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

Presentation

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

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

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

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

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

1.14 Tax

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, and affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused Secondary Tax on Companies (STC) credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The City of Tshwane Metropolitan Municipality is exempt from tax in terms of section 10(1)cB(i)(ff) of the Income Tax Act.

Sandspruit Works Association and Housing Company Tshwane are exempt from tax in terms of section 10(1)cA(ii) of the Income Tax Act.

Tshwane Economic Development Agency (TEDA) registered for tax during the 2013/14 financial year.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.15 Leases

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

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

Finance leases - lessor

The group recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the group's net investment in the finance lease.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Finance leases - lessee

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the City of Tshwane assumes substantially all the risks and rewards of ownership are classified as finance leases. The Municipality will not incur a foreign currency lease liability other than that allowed by the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the statement of financial performance.

When assets are leased out under an operating lease, the assets are included in the Statement of Financial Position based on the nature of the asset.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability.

Operating leases are those leases which do not fall within the scope of the above definition of finance leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.16 Grants, donations and receipts

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised. Unconditional grants and receipts are recognised upon receipt.

1.17 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction. Then their costs are their fair value as at the date of acquisition.

Inventories (consumable stores, raw materials, work in progress and finished goods) are measured at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

Land held for development, including land in the course of development until legal completion of the sale of the asset, is initially recorded at cost. Where, through deferred purchase credit terms, cost differs from the nominal amount which will actually be paid in settling the deferred purchase terms liability, no adjustment is made to the cost of the land, the difference being charged as a finance cost.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to the development.

Water inventory

Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc). However, water in dams that are filled by natural resources and that has not yet been treated, that is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, is therefore not recognised in the statement of financial position. The basis of determining the cost of water purchased and not yet sold at the reporting date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Derecognition of inventory

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.18 Value-added tax

The Municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis in accordance with section 15(2) of the VAT Act (Act 89 of 1991).

The group accounts for VAT on the cash basis.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.19 Grants-in-aid (expense)

The Municipality annually awards grants to individuals and organisations based on merit. When making these transfers, the Municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

1.20 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the group; or
- (b) the number of production or similar units expected to be obtained from the asset by the group.

Criteria developed by the group to distinguish non-cash-generating assets from cash-generating assets are as follows:

The group has implemented GRAP 21 and 26 on the impairment of assets based on a position paper adopted on these standards. Based on the position paper all assets tested during the financial year under review were treated according to GRAP 21: Impairment of non-cash-generating assets. Although the Municipality holds material amounts of infrastructure assets such as water and electricity networks where a cost plus return is billed for services rendered, the majority of these assets are non-cash-generating, as the primary objective of such services is not to generate a commercial return that reflects the risk involved in holding the asset, but rather to provide a basic service in terms of the Municipality's constitutional mandate.

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also annually tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

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

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

Depreciated replacement cost approach

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

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

Redesignation

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

1.21 Retirement benefits

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

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as benefits that are not considered in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and, as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.21 Retirement benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

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

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Multi-employer plans and/or state plans and/or composite social security programmes

The entity classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the entity accounts for it in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the entity accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity accounts for the plan as if it was a defined contribution plan.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.21 Retirement benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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

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

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

Post-employment benefits: Defined benefit plans

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, and are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- The present value of the defined benefit obligation at the reporting date;
- Minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- Plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.21 Retirement benefits (continued)

- The amount determined above; and
- The present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above are recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the Consolidated Annual Financial Statements do not differ materially from the amounts that would be determined at the reporting date.

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

- Current service cost;
- Interest cost;
- The expected return on any plan assets and on any reimbursement rights;
- Actuarial gains and losses;
- Past service cost;
- The effect of any curtailments or settlements; and
- The effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefits to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

- estimated future salary increases;

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.21 Retirement benefits (continued)

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

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

Other post-retirement obligations

The Municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The Municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- The present value of the defined benefit obligation at the reporting date;
- Minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another standard requires or permits their inclusion in the cost of an asset:

- Current service cost;
- Interest cost;
- The expected return on any plan assets and on any reimbursement right recognised as an asset;
- Actuarial gains and losses, which shall all be recognised immediately;
- Past service cost, which shall all be recognised immediately; and
- The effect of any curtailments or settlements.

Pension, provident and retirement funds

The Municipality and its employees contribute to various pension, provident and retirement funds and its councillors contribute to the Pension Fund for Municipal Councillors. The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed by the relevant funds on a regular basis as per the requirements of the various funds.

Current contributions are charged against the relevant expense account of the Municipality at a percentage of the basic salary paid to employees, or allowances in the case of councillors. Pension contributions in respect of employees who were not members of a pension fund (e.g. gratuities) are recognised as an expense when incurred.

The Tshwane Pension Fund is a defined benefit plan. The cost of providing these benefits is determined on the Projected Unit Credit Method prescribed by IAS 19 and actuarial valuations are performed at each reporting date. The retirement benefit obligation presented in the statement of financial position presents the sum of the present value of the obligation less the fair value of plan assets plus/minus any balance of unrecognised actuarial gains or losses, minus any balance of unrecognised past service cost.

Multi-employer funds are treated as defined contribution funds, due to the nature of these funds and the fact that the assets are not specifically associated to meet the obligation in respect of individual employers in terms of paragraph 30 of GRAP 25.

Defined contribution plans: Sandspruit Works Association

Sandspruit Works Association has a defined contribution plan registered with Alexander Forbes Retirement Fund (Registration number 12/8/34766). Payments to defined contribution benefits plans are charged as an expense as they fall due.

Tshwane Economic Development Agency (TEDA)

TEDA has a pension fund defined contribution plan with Momentum where employees pay a fixed amount and the employer pays for the administration fees. The entity further has a group risk plan with Discovery Life where employees pay a fixed amount and the employer pays the administration fees.

Medical Aid: Continued members

The Municipality provides certain post-retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.21 Retirement benefits (continued)

According to the rules of the medical aid funds associated with the Municipality, a member who joined the organisation under the current conditions of service and retires, is entitled to remain a continued member of such medical aid fund on retirement, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The cost of providing these benefits is determined on the basis of the Projected Unit Credit Method prescribed by GRAP 25. Future benefit values are projected using specific actuarial assumptions and the liability for in-service members is accrued over the expected working lifetime. No plan assets exist and any actuarial gains and losses are recognised immediately.

1.22 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are measured at the present value of the expenditures expected to be incurred to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the group settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 55.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality;
- a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
 - the amount of the obligation cannot be measured with sufficient reliability.

Levies

A levy is an outflow of resources embodying economic benefits that are imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other standards, and
- fines or other penalties that are imposed for breaches of the legislation.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.22 Provisions and contingencies (continued)

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The group recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The following provisions exist within the Municipality:

- **Clearing of alien vegetation**
In terms of the Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983) the provision for the clearing of alien vegetation was established in 2005/06 as a start to address the backlogs that exist.
- **Landfill sites**
The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. A provision was established in 2007/08. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.
- **Quarries**
In terms of section 52(2)(d) of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) the City of Tshwane is required to rehabilitate its quarries and borrow pits after these quarries and borrow pits have been closed. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.
- **Legal proceedings**
A provision was created in 2013/14 for the legal cost contingencies of certain cases. Refer to Note 6.

1.23 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.24 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Revenue is derived from a variety of sources, which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the Municipality and these benefits can be measured reliably.

An exchange transaction is one in which the group receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.24 Revenue from exchange transactions (continued)

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- (a) The amount of revenue can be measured reliably;
- (b) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- (c) The stage of completion of the transaction at the reporting date can be measured reliably;
- (d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The percentage of completion method is utilised to recognise revenue on long-term contracts. Management exercises judgement in calculating the deferred revenue reserve which is based on the anticipated cost of repairs over the life cycle of the equipment applied to the total expected revenue arising from maintenance and repair contracts.

Measurement

Revenue is measured at the fair value of the consideration received or receivable for the supply of services in the ordinary course of activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The group has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the group;
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges

Service charges relating to electricity, water and sanitation are based on consumption. Waste removal is based on the size of the bin and the number of times it is collected. Meters are read and billed on a monthly basis and revenue is recognised when invoiced. Estimates of consumption are made monthly when meter readings have not been performed. The estimates of consumption are recognised as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period. Waste removal services are billed on a monthly basis.

Services provided on a prepaid basis

Various services are provided on a prepaid basis in which case no formal billing takes place and revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

Income from agency services

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

Collection charges

Collection charges are recognised when such amounts are incurred/earned.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.24 Revenue from exchange transactions (continued) Housing rental and instalments

Income in respect of housing rental and installments are accrued monthly in advance. Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time-proportionate basis

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Interest earned on investments is recognised on a time-proportionate basis that takes into account the effective yield on the investments.

Interest earned on outstanding debtors is recognised on a time-proportionate basis.

1.25 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferrer.

Control of an asset arises when the Municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a Municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferrer if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulations, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and/or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised to the extent that the criteria, conditions or obligations have not been met.

As the group satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.25 Revenue from non-exchange transactions (continued)

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the Municipality.

When, as a result of a non-exchange transaction, the Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes (property rates for municipalities)

The Municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the Municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The group analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from services in kind, which are not recognised, the Municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The group recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

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

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

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the group, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the group and the fair value of the assets can be measured reliably.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.25 Revenue from non-exchange transactions (continued)

Services in kind

The Municipality recognises services in kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

Services in kind are not recognised but are disclosed in the notes to the financial statements.

Concessionary loans received

A concessionary loan is a loan granted to or received by a municipality on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan and the present value of the contractual cash flows of the loan, discounted using a market-related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

Grants, donations and receipts:

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised when the criteria, conditions or obligations have not been met.

1.26 Operating expenses

The definition of expenses encompasses expenses that arise from the ordinary activities of the entity.

Under the accrual basis of accounting, expenses are recognised when incurred, usually when goods are received or services are rendered. This may not be when the goods or services are actually paid for.

The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense.

1.27 Translation of foreign currencies

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Municipality (i.e. South African rand) using the rate of exchange prevailing on the date of the transaction. Trade creditors denominated in foreign currency are reported at the Statement of Financial Position date by using the exchange rate at that date. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded during the period are recognised as revenue or as expense in the period in which they arise.

Where a transaction is covered by a forward exchange contract, the rate specified in the contract is used. The Municipality will not incur a foreign currency liability other than that allowed by the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

1.28 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to Note 47.

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification are disclosed.

Where accounting errors have been identified in the current financial year, the correction is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practical and the prior year comparatives are restated accordingly.

The comparative figures (accounting policy and disclosures) may not be consistent with the current year accounting policies and disclosures due to the implementation of the new GRAP standards.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.29 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the Municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act 56 of 2003), and includes:

- overspending of the total amount appropriated in the Municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department of functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the Municipality other than in accordance with the Municipal Finance Management Act.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.30 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which is made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in surplus or deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in surplus or deficit.

1.31 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), the Public Office Bearers Act, 1993 (Act 20 of 1998) or in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as an expense in surplus or deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in surplus or deficit for the year.

1.32 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.33 Accumulated surplus

Retained earnings or accumulated surplus/(deficit) is the cumulative effect of differences between revenue and expenditure as per statement of financial performance.

1.34 Budget information

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

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

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives. The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30.

The Consolidated Annual Financial Statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts (Appropriation Statement in terms of Circular 67 of National Treasury). The statement of comparative and actual information has been included in the Consolidated Annual Financial Statements as the recommended disclosure when the Consolidated Annual Financial Statements and the budget are on the same basis of accounting as determined by the National Treasury.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.35 Related parties

The group operates in an economic sector currently dominated by entities directly or indirectly owned by the South African government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management comprises those persons responsible for planning, directing and controlling the activities of the group, including those charged with the governance of the group in accordance with legislation, in instances where they are required to perform such functions (refer to Note 30 and 31). Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the group (refer to Note 46).

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.36 Events after the reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The group will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event has occurred.

The group will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.37 Service concession arrangements: Entity as grantor

Identification

A service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- is provided by the operator which:
 - the operator constructs, develops, or acquires from a third party; or
 - is an existing asset of the operator; or
- is provided by the grantor which:
 - is an existing asset of the grantor; or
 - is an upgrade to an existing asset of the grantor.

Recognition of asset and liability

The entity recognises an asset provided by the operator and an upgrade to an existing asset of the entity, as a service concession asset if the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the entity recognises a service concession asset, and the asset is not an existing asset of the entity (grantor), the entity (grantor) also recognises a liability.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.37 Service concession arrangements: Entity as grantor (continued)

The entity does not recognise a liability when an existing asset of the entity is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

Measurement of asset and liability

The entity initially measures the service concession asset as follows:

- Where the asset is not an existing asset of the entity, the asset is measured at its fair value.
- Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on investment property, property, plant and equipment, intangible assets, or heritage assets, as appropriate.

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity.

Financial liability model

Where the entity has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition or upgrade of a service concession asset, the entity accounts for the liability as a financial liability.

The entity allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

Where the asset and service components are not separately identifiable, the service component of payments from the entity to the operator is determined using estimation techniques.

Grant of a right to the operator model

Where the entity does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the entity accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the entity and the operator.

The entity recognises revenue and reduces the liability according to the substance of the service concession arrangement.

Dividing the arrangement

If the entity pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Other liabilities, contingent liabilities and contingent assets

The entity accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on provisions, contingent liabilities and contingent assets and financial instruments.

Other revenues

The entity accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

If the entity controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the entity recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement.

The right to receive a residual interest in the service concession asset to be received at the end of the arrangement is an exchange consideration. This is because the entity will receive an asset in exchange for granting the operator access to the asset while providing a mandated function on its behalf in accordance with the substance of the arrangement.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.37 Service concession arrangements: Entity as grantor (continued)

In terms of the policy on revenue from exchange transactions, the exchange consideration is recognised and measured at fair value. The value of the receivable (the right to the residual interest in the asset), that is receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

When the entity recognises the right to receive a residual interest in the service concession asset, it also recognises its performance obligation for granting the operator access to the service concession asset in accordance with the substance of the arrangement. The value of the performance obligation is the same as the receivable interest recognised at the commencement of the service concession arrangement.

The performance obligation is reduced and revenue is recognised based on the substance of the arrangement.

Where service concession arrangements include provisions to adjust the arrangements for changes, the effect of such changes is deemed to have taken place at the inception of the service concession arrangements.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	R	R	R	R

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 105: Transfer of functions between entities under common control

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

The Municipality expects to adopt the standard for the first time in the 2016 financial statements if it is applicable at that stage. Currently no transfer of functions has been demarcated.

The effective date of the standard is for years beginning on or after 01 April 2015.

The group did not adopt the standard in the 2016 financial statements as no transfer of functions has been demarcated.

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

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

The effective date of the standard is for years beginning on or after 01 April 2015.

The group did not adopt the standard in the 2016 financial statements as no transfer of functions has been demarcated.

GRAP 107: Mergers

The objective of this standard is to establish accounting principles for the combined entity and combining entities in a merger. It requires an entity and combining entities that prepares and presents financial statements under the accrual basis of accounting to apply this standard to a transaction or event that meets the definition of a merger where no acquirer can be identified.

The effective date of the standard is for years beginning on or after 01 April 2015.

The group did not adopt the standard in the 2016 financial statements as no merger occurred in the 2015/16 financial year.

IGRAP 11: Consolidations - special purpose entities

An entity may be created to accomplish a narrow and well-defined objective (e.g. to effect a lease, research and development activities or a securitisation of financial assets). Such a special purpose entity ('SPE') may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their management over the operations of the SPE. Frequently, these provisions specify that the policy guiding the ongoing activities of the SPE cannot be modified, other than perhaps by its creator or sponsor (ie they operate on so-called "autopilot"). The sponsor (or entity on whose behalf the SPE was created) frequently transfers assets to the SPE, obtains the right to use assets held by the SPE or performs services for the SPE, while other parties ("capital providers") may provide the funding to the SPE. An entity that engages in transactions with an SPE (frequently the creator or sponsor) may in substance control the SPE. A beneficial interest in an SPE may, for example, take the form of a debt instrument, an equity instrument, a participation right, a residual interest or a lease. Some beneficial interests may simply provide the holder with a fixed or stated rate of return, while others give the holder rights or access to other future economic benefits or service potential of the SPE's activities. In most cases, the creator or sponsor (or the entity on whose behalf the SPE was created) retains a significant beneficial interest in the SPE's activities, even though it may own little or none of the SPE's net assets.

The Municipality expects to adopt the standard for the first time in the 2016 financial statements if it is applicable at that stage.

The effective date of the interpretation is for years beginning on or after 01 April 2015.

The group did not adopt the interpretation in the 2016 consolidated annual financial statements as it was not applicable in the 2015/16 financial year.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

IGRAP 12: Jointly controlled entities - non-monetary contributions by venturers

Paragraph .54 in the Standard of GRAP on Interests in Joint Ventures refers to both contributions and sales between a venturer and a joint venture as follows: 'When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction'. In addition, paragraph 31 in the Standard of GRAP on Interests in Joint Ventures says that 'a jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest'. There is no explicit guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities ("JCEs").

The effective date of the interpretation is for years beginning on or after 01 April 2015.

The group did not adopt the interpretation in the 2016 consolidated annual financial statements as it was not applicable in the 2015/16 financial year.

GRAP 6 (Revised): Consolidated and separate financial statements

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The effective date of the amendment is for years beginning on or after 01 April 2015.

The group did not adopt the amendment in the 2016 consolidated annual financial statements because it is linked to GRAP 105, 106 and 107 which were also not adopted in the 2015/16 financial year as there was no transfer of functions or merger applicable.

GRAP 7 (Revised): Investments in associates

Paragraphs .03 and .42 were amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The effective date of the amendment is for years beginning on or after 01 April 2015.

The group did not adopt the amendment in the 2016 financial statements because it is linked to GRAP 105, 106 and 107 which were also not adopted in the 2015/16 financial year as there was no transfer of functions or merger applicable.

GRAP 8 (Revised): Interest in joint ventures

Paragraph .04 was amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The effective date of the amendment is for years beginning on or after 01 April 2015.

The group did not adopt the amendment in the 2016 financial statements because it is linked to GRAP 105, 106 and 107 which was also not adopted in the 2015/16 financial year as there was no transfer of functions or merger applicable.

2.2 Standards and Interpretations early adopted

The group has chosen not to early adopt the following standards and interpretations:

2.3 Standards and interpretations issued, but not yet effective

The group has not applied the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 July 2016 or later periods:

GRAP 18: Segment reporting

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

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

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

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

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

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

The group expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The group is unable to reliably estimate the impact of the standard on the consolidated annual financial statements.

GRAP 20: Related parties

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

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

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

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

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

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

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

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

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

The standard elaborates on the definitions and identification of:

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

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

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

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

The group expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The adoption of this standard is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 32: Service concession arrangements: Grantor

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

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

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

The group expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The adoption of this standard is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 108: Statutory receivables

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

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

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

The group expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The adoption of this standard is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

IGRAP 17: Service concession arrangements where a grantor controls a significant residual interest in an asset

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

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

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

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

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

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

The group expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The adoption of this standard is not expected to impact on the results of the group, but may result in more disclosure than is currently provided in the consolidated annual financial statements.

GRAP 16 (as amended 2015): Investment property

Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in GRAP 16 and GRAP 17. In particular, the Board agreed to:

- Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
- Consider whether an indicator-based assessment of useful lives of assets could be introduced.
- Clarify the wording related to the use of external valuers.
- Introduce more specific presentation and disclosure requirements for capital work-in-progress.
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
- Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.

Various amendments were made to the Standard, affecting definitions, identification, disclosure, effective date and transitional provisions.

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

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

The impact of this standard is currently being assessed.

GRAP 17 (as amended 2015): Property, plant and equipment

Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in GRAP 16 and GRAP 17. In particular, the Board agreed to:

- Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
- Consider whether an indicator-based assessment of useful lives of assets could be introduced.
- Clarify the wording related to the use of external valuers.
- Introduce more specific presentation and disclosure requirements for capital work-in-progress.
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
- Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.

Amendments identified as part of the post-implementation review, affected the following areas:

- Indicator-based assessment of the useful lives of assets
- Use of external valuers
- Encouraged disclosures
- Capital work-in-progress
- Expenditure incurred on repairs and maintenance

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

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

The impact of this standard is currently being assessed.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 109: Accounting by principals and agents

The objective of this standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The standard does, however, provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers definitions, Identifying whether an entity is a principal or agent, accounting by a principal or agent, presentation, disclosure, transitional provisions and effective date.

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

The group expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The impact of this standard is currently being assessed.

GRAP 21 (as amended 2015): Impairment of non-cash-generating assets

The Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this exposure draft:

- Simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash-generating;
- Assessing the feasibility of one measurement approach for non-cash-generating assets and
- Assessing the feasibility of combining the two standards.

Summary of changes:

The changes to the Standard of GRAP on Impairment of Non-cash-generating Assets are outlined below:

General definitions:

The definition of cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets.

Cash-generating assets and non-cash-generating assets:

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

Identifying an asset that may be impaired:

Additional commentary has been added to clarify that physical damage triggers impairment of an asset when it results in a permanent or significant decline in the potential of an asset.

Reversing an impairment loss:

An indicator has been added that the restoration of an asset's service potential following physical damage to the asset could indicate a reversal in an impairment loss.

Additional commentary has been added to clarify that restoration of an asset's service potential as a result of physical damage is an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased.

Disclosures:

The requirement to disclose the criteria developed to distinguish non-cash-generating assets from cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

The effective date of the standard is for years beginning on or after 01 April 2017.

The group expects to adopt the standard for the first time in the 2018 consolidated annual financial statements.

The group is unable to reliably estimate the impact of the standard on the consolidated annual financial statements.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 26 (as amended 2015): Impairment of cash-generating assets

The Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this exposure draft:

- Simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash-generating;
- Assessing the feasibility of one measurement approach for non-cash-generating assets and
- Assessing the feasibility of combining the two standards.

Summary of changes:

The changes to the Standard of GRAP on Impairment of Cash-generating Assets are outlined below:

General definitions:

The definitions of cash-generating assets and cash-generating unit have been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets below.

Cash generating assets and non-cash-generating assets:

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

Disclosures:

The requirement to disclose the criteria developed to distinguish cash-generating assets from non-cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

The effective date of the standard is for years beginning on or after 01 April 2017.

The group expects to adopt the standard for the first time in the 2018 consolidated annual financial statements.

The group is unable to reliably estimate the impact of the standard on the consolidated annual financial statements.

Directive 12: The selection of an appropriate reporting framework by public entities

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP) or, for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

The purpose of this directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the standard is for years beginning on or after 01 April 2018. The group expects to adopt the standard for the first time in the 2019 consolidated annual financial statements. The group is unable to reliably estimate the impact of the standard on the consolidated annual financial statements.

DIRECTIVE 11: Changes in measurement bases following the initial adoption of standards of GRAP

The objective of this directive is to permit an entity to change its measurement bases following the initial adoption of Standards of GRAP. The change is based on the principles in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. This directive should therefore be read in conjunction with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Subsequent to the application of this directive, an entity will be allowed to change its accounting policy in future periods, subject to it meeting the requirements in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The effective date of the standard is for years beginning on or after 01 April 2016. The group expects to adopt the standard for the first time in the 2017 consolidated annual financial statements.

This directive will not be applied because the municipality applied the cost method and not the revaluation or fair value method.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
3. Housing development fund				
Unappropriated surplus	225,449,115	225,449,115	225,449,115	225,449,115
Less: Loans extinguished by the government on 1 April 1998	69,006,463	69,006,463	69,006,463	69,006,463
Housing development fund	156,442,652	156,442,652	156,442,652	156,442,652
The housing development fund is represented by the following assets and liabilities				
Housing selling scheme loans	9,915,323	9,692,028	9,915,323	9,692,028
Housing debtors	51,244,153	43,273,872	51,244,153	43,273,872
Bank and cash	95,283,176	103,476,752	95,283,176	103,476,752
Housing development fund assets	156,442,652	156,442,652	156,442,652	156,442,652
4. Loans and bonds				
Summary of long-term borrowings:				
Term loans	4,432,563,611	3,232,502,825	4,430,390,515	3,230,014,405
Local registered stock	1,000	1,000	-	-
Municipal bonds	2,176,302,934	2,177,419,005	2,176,302,934	2,177,419,005
Annuity loans	4,335,358,128	4,852,534,005	4,335,358,128	4,852,534,005
	10,944,225,673	10,262,456,835	10,942,051,577	10,259,967,415
Held at amortised cost				
Term loans				
Development Bank of South Africa (1-2100)	1,600,000,000	1,600,000,000	1,600,000,000	1,600,000,000
Unsecured 20-year bullet loan, Jibar rate +2,5 margin interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date 30 June 2034.				
Development Bank of South Africa (1-02)	78,331,528	78,331,528	78,331,528	78,331,528
Secured 20-year bullet loan, Jibar floating rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date 31 October 2019. A sinking fund investment has been made for the purpose of providing for the capital repayment at the redemption date.				
Nedbank (1-2300)	1,200,376,110	-	1,200,376,110	-
Unsecured 10 year bullet loan, fixed interest rate 11,44% repayable semi-annual, while capital will be redeemed by way of a bullet repayment on the final redemption date, 24 June 2026.				
Development Bank of South Africa (1-2)	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Unsecured 20-year bullet loan, Jibar rate + 2,5 margin interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date, 30 June 2035.				

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
4. Loans and bonds (continued)				
Development Bank of South Africa (1-400)	51,682,877	51,682,877	51,682,877	51,682,877
Secured 20-year bullet loan, fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date 30 September 2018. A sinking fund investment has been made for the purpose of providing for the capital repayment at the redemption date.				
National Housing Finance Corporation (Housing Company Tshwane)	2,173,096	2,488,420	-	-
This loan is secured, bears interest at 14% per annum and is repayable in 93 monthly installments of R53 895.66. The loan is secured by a mortgage bond over the Eloff Building.				
Municipal bonds				
Standard Bank (1-1900)	573,614,904	573,927,890	573,614,904	573,927,890
Unsecured 15-year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date 2 April 2028. A sinking fund investment has been made for the purpose of providing for the capital repayment at the date of redemption.				
Standard Bank (1-1901)	848,022,825	848,437,142	848,022,825	848,437,142
Unsecured 10-year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date 3 April 2023. A sinking fund investment has been made for the purpose of providing for the capital repayment at the redemption date.				
Standard Bank (1-1950)	754,665,205	755,053,973	754,665,205	755,053,973
Unsecured 15-year bond. Fixed interest rate repayable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date 5 June 2028. A sinking fund investment has been made for the purpose of providing for the capital repayment at the redemption date.				
Local registered stock				
TEDA municipal entity shares	1,000	1,000	-	-
Share capital in municipal entity (loan bears no interest and has no fixed terms of repayment).				
Annuity loans				
Standard Bank (1-1300)	784,656,277	834,719,010	784,656,277	834,719,010
Unsecured variable-interest 15-year loan repayable semi-annually in installments of interest and capital, with interest payable on reducing balance until capital is paid off on 29 June 2026.				

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
4. Loans and bonds (continued)				
Development Bank of South Africa (1-950)	118,009,576	123,524,219	118,009,576	123,524,219
Unsecured fixed-interest 20-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2029.				
Development Bank of South Africa (1-851)	69,478,930	79,033,212	69,478,930	79,033,212
Unsecured fixed-interest 13-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 March 2021.				
Development Bank of South Africa (1-800)	168,013,244	173,896,059	168,013,244	173,896,059
Unsecured fixed-interest 20-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2028.				
Development Bank of South Africa (1-700)	73,569,020	77,577,256	73,569,020	77,577,256
Unsecured fixed-interest 20-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2028.				
Development Bank of South Africa (1-701)	168,937,757	174,654,021	168,937,757	174,654,021
Unsecured fixed-interest 20-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2028.				
Development Bank of South Africa (1-501)	197,482,196	226,785,249	197,482,196	226,785,249
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 December 2021.				
Development Bank of South Africa (1-500)	41,632,549	48,790,472	41,632,549	48,790,472
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 December 2021.				
Development Bank of South Africa (1-200)	124,279,960	145,592,806	124,279,960	145,592,806
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 December 2020.				

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016 R	2015 Restated* R	2016 R	2015 Restated* R
4. Loans and bonds (continued)				
INCA (1-100)	93,999,872	112,500,421	93,999,872	112,500,421
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 March 2020.				
Development Bank of South Africa (1-52)	89,268,376	117,552,430	89,268,376	117,552,430
Secured fixed-interest 20-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 September 2018.				
Development Bank of South Africa (1-50)	82,005,386	109,138,016	82,005,386	109,138,016
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 December 2018.				
iVuzi Investments (1-550)	103,863,446	118,007,394	103,863,446	118,007,394
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 12 December 2021.				
iVuzi Investments (1-450)	41,258,358	47,198,007	41,258,358	47,198,007
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2021.				
iVuzi Investments (1-300)	47,702,096	55,530,809	47,702,096	55,530,809
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 December 2020.				
iVuzi Investments (1-150)	21,807,413	25,941,742	21,807,413	25,941,742
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2020.				
iVuzi Investments (1-0)	6,929,545	8,783,754	6,929,545	8,783,754
Unsecured fixed-interest 15-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2019.				
Nedbank (1-1150)	181,256,744	217,113,900	181,256,744	217,113,900
Unsecured variable-interest 10-year loan repayable in semi-annual installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2020.				

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
4. Loans and bonds (continued)				
Nedbank (1-1100)	182,163,078	218,170,246	182,163,078	218,170,246
Unsecured variable-interest 10-year loan repayable in semi-annual installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2020.				
Nedbank (1-852)	93,341,438	105,925,613	93,341,438	105,925,613
Unsecured fixed-interest 13-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 March 2021.				
ABSA Bank Ltd (1-850)	135,788,674	154,073,619	135,788,674	154,073,619
Unsecured fixed-interest 13-year loan repayable semi-annually in equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 March 2021.				
Development Bank of South Africa (1-1352)	37,928	260,076	37,928	260,076
Unsecured fixed-interest loan repayable in monthly equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 31 August 2016. Loan taken over from Nokeng Municipality on 1 July 2011.				
Development Bank of South Africa (1-1400)	-	5,090,982	-	5,090,982
Unsecured fixed-interest loan repayable in monthly equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2016. Loan taken over from Kungwini Municipality on 1 July 2011.				
iVuzi (FirstRand Bank) (1-1850)	315,789,474	368,421,053	315,789,474	368,421,053
Unsecured (Jibar) variable-interest 9-year loan repayable in semi-annual equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 30 June 2022.				
Nedbank (1-1800)	520,434,669	569,004,970	520,434,669	569,004,970
Unsecured (Jibar) variable-interest 16-year loan repayable in semi-annual equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 1 March 2023.				
iVuzi (FirstRand Bank) (1-1851)	379,310,345	413,793,103	379,310,345	413,793,103
Unsecured (Jibar) variable-interest 14-year loan repayable in semi-annual equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 1 December 2027.				

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
4. Loans and bonds (continued)				
Nedbank (1-1801)	294,341,777	321,455,566	294,341,777	321,455,566
Unsecured (Jibar) variable-interest 12-year loan repayable in semi-annual equal installments of interest and capital, with interest payable on reducing balance until capital is paid off on 1 March 2023.				
	10,944,225,673	10,262,456,835	10,942,051,577	10,259,967,415
Non-current liabilities				
At amortised cost	10,321,798,390	9,660,757,084	10,319,939,692	9,658,583,062
Current liabilities				
At amortised cost	622,427,283	601,699,751	622,111,885	601,384,353
	10,944,225,673	10,262,456,835	10,942,051,577	10,259,967,415
Secured and unsecured long-term liabilities				
Secured	216,866,279	250,055,255	214,693,183	247,566,835
Unsecured	10,727,359,394	10,012,401,580	10,727,358,394	10,012,400,580
	10,944,225,673	10,262,456,835	10,942,051,577	10,259,967,415
No defaults or breaches of the loans occurred in the year under review.				
5. Lease liabilities				
Minimum lease payments due				
- within one year	118,161,856	100,916,305	118,161,856	100,916,305
- in second to fifth year inclusive	36,731,325	131,839,189	36,731,325	131,839,189
	154,893,181	232,755,494	154,893,181	232,755,494
Less: future finance charges	(10,840,454)	(23,892,605)	(10,840,454)	(23,892,605)
Present value of minimum lease payments	144,052,727	208,862,889	144,052,727	208,862,889
Present value of minimum lease payments due				
- within one year	110,418,332	85,909,835	110,418,332	85,909,835
- in second to fifth year inclusive	33,634,395	122,953,054	122,953,054	122,953,054
	144,052,727	208,862,889	233,371,386	208,862,889
Non-current liabilities	33,634,395	122,953,054	33,634,395	122,953,054
Current liabilities	110,418,332	85,909,835	110,418,332	85,909,835
	144,052,727	208,862,889	144,052,727	208,862,889
Collateral held in terms of the above leases (Net book amount of leased assets)	144,052,727	208,862,889	144,052,727	208,862,889
Carrying value of leased assets	115,028,935	204,414,498	115,028,935	204,414,498

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The average lease term is three years and the average effective borrowing rate is 10,5%. Interest rates are variable at the contract date. All leases have variable repayments and include additional charges for contingent rent based on excess kilometres travelled.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R

6. Provisions

Reconciliation of provisions - Group - 2016

	Opening balance	Unwinding of interest	Utilised during the year	Reversed/ adjusted during the year	Total
Clearing of alien vegetation	44,275,935	4,812,864	(3,691,415)	7,376,261	52,773,645
Legal proceedings	33,205,267	-	-	70,224,694	103,429,961
Rehabilitation of landfill sites	544,950,671	56,018,461	-	13,280,131	614,249,263
Rehabilitation of quarries	33,097,239	3,291,258	(1,761,894)	1,462,439	36,089,042
Employee benefit cost	-	-	-	9,938	9,938
	655,529,112	64,122,583	(5,453,309)	92,353,463	806,551,849

Reconciliation of provisions - Group - 2015

	Opening balance	Unwinding of interest	Utilised during the year	Reversed/ adjusted during the year	Total
Clearing of alien vegetation	31,077,225	4,034,231	(3,691,863)	12,856,342	44,275,935
Legal proceedings	39,306,073	-	-	(6,100,806)	33,205,267
Rehabilitation of landfill sites	360,575,120	49,653,538	(4,271,526)	138,993,539	544,950,671
Rehabilitation of quarries	14,733,300	3,017,434	(1,492,875)	16,839,380	33,097,239
Employee benefit cost	2,562	-	-	(2,562)	-
	445,694,280	56,705,203	(9,456,264)	162,585,893	655,529,112

Reconciliation of provisions - Municipality - June 2016

	Opening balance	Unwinding of interest rate	Utilised during the year	Reversed/ adjusted during the year	Total
Clearing of alien vegetation	44,275,935	4,812,864	(3,691,415)	7,376,261	52,773,645
Legal proceedings	33,205,267	-	-	70,224,694	103,429,961
Rehabilitation of landfill sites	544,950,671	56,018,461	-	13,280,131	614,249,263
Rehabilitation of quarries	33,097,239	3,291,258	(1,761,894)	1,462,439	36,089,042
	655,529,112	64,122,583	(5,453,309)	92,343,525	806,541,911

Reconciliation of provisions - Municipality - 2015

	Opening balance	Unwinding of interest rate	Utilised during the year	Reversed/ adjusted during the year	Total
Clearing of alien vegetation	31,077,225	4,034,231	(3,691,863)	12,856,342	44,275,935
Legal proceedings	39,306,073	-	-	(6,100,806)	33,205,267
Rehabilitation of landfill sites	360,575,120	49,653,538	(4,271,526)	138,993,539	544,950,671
Rehabilitation of quarries	14,733,300	3,017,434	(1,492,875)	16,839,380	33,097,239
	445,691,718	56,705,203	(9,456,264)	162,588,455	655,529,112

The carrying amount of the rehabilitation provisions increases in each period to reflect the passage of time (also referred to as unwinding of interest).

Due to the nature of the legal cases, it is not foreseen that it will be finalised within the next 12 months and therefore there is no short-term portion.

Environmental rehabilitation provision - landfill sites

The group has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

6. Provisions (continued)

Clearing of alien vegetation

In terms of the Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983) the provision for the clearing of alien vegetation was established to address the backlogs that exist.

Rehabilitation of quarries

In terms of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), section 52(2)(d), the group is required to rehabilitate its quarries and borrow pits after these quarries and borrow pits have been closed. The amount of the provision is recognised at the present value of the expenditure expected to be required to settle the obligation and is carried at amortised cost.

Legal proceedings provision

A provision for legal cost with regard to certain cases was created due to the fact that it was probable (more likely than not) that a present obligation existed at the reporting date and that the municipality will be liable for the legal cost in these cases. The history and nature of these cases further indicate that the liability is more of a long-term nature.

The cases included in the provision are still pending and disclosing details will prejudice the position of the municipality in a dispute with other parties on the subject matter.

Employee benefit cost - Housing Company Tshwane

Short-term absences for which the employees are compensated for include only vacation leave for employees. Sick leave was not provided for since employees forfeit it when they leave the company.

7. Financial instruments disclosure

Categories of financial instruments

Group - 2016

Financial assets

	At fair value	At amortised cost	Total
Investments	-	1,091,540,496	1,091,540,496
Other receivables	-	933,008,143	933,008,143
Consumer receivables	-	1,465,931,718	1,465,931,718
Cash and bank	-	95,219,108	95,219,108
Long-term receivables	-	115,100,818	115,100,818
Interest rate swap asset	43,936,952	-	43,936,952
	43,936,952	3,700,800,283	3,744,737,235

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated*	R	Restated*

7. Financial instruments disclosure (continued)

Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	432,030,198	432,030,198
Trade and other payables from exchange transactions	-	5,357,355,691	5,357,355,691
Consumer deposits	-	379,915,638	379,915,638
Long-term loans (term loans, bonds, etc)	-	10,944,225,673	10,944,225,673
Interest rate swap liability	147,119,727	-	147,119,727
Service concession arrangements	-	672,256,650	672,256,650
Lease liabilities	-	144,052,727	144,052,727
	147,119,727	17,929,836,577	18,076,956,304

Group - 2015

Financial assets

	At fair value	At amortised cost	Total
Investments	-	503,670,164	503,670,164
Other receivables	-	1,076,610,064	1,076,610,064
Consumer receivables	-	1,364,197,077	1,364,197,077
Cash and bank	-	97,558,776	97,558,776
Long-term receivables	-	160,570,424	160,570,424
Interest rate swap asset	130,122,756	-	130,122,756
	130,122,756	3,202,606,505	3,332,729,261

Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	380,473,652	380,473,652
Trade payables from exchange transactions	-	4,295,345,997	4,295,345,997
Consumer deposits	-	355,015,828	355,015,828
Long-term loans (term loans, bonds, etc)	-	10,262,456,835	10,262,456,835
Interest rate swap liability	85,625,408	-	85,625,408
Lease liabilities	-	208,862,889	208,862,889
	85,625,408	15,502,155,201	15,587,780,609

Municipality - 2016

Financial assets

	At fair value	At amortised cost	Total
Investments	-	1,088,140,581	1,088,140,581
Other receivables	-	830,358,507	830,358,507
Consumer receivables	-	1,456,983,272	1,456,983,272
Cash and bank	-	75,890,080	75,890,080
Long-term receivables	-	115,100,818	115,100,818
Interest rate swap asset	43,936,952	-	43,936,952
	43,936,952	3,566,473,258	3,610,410,210

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated*	R	Restated*

7. Financial instruments disclosure (continued)

Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	432,030,198	432,030,198
Trade and other payables from exchange transactions	-	5,242,002,800	5,242,002,800
Consumer deposits	-	375,949,547	375,949,547
Long-term loans (term loans, bonds, etc)	-	10,942,051,577	10,942,051,577
Interest rate swap liability	147,119,727	-	147,119,727
Service concession arrangements	-	672,256,650	672,256,650
Lease liabilities	-	144,052,727	144,052,727
	147,119,727	17,808,343,499	17,955,463,226

Municipality - 2015

Financial assets

	At fair value	At amortised cost	Total
Investments	-	493,971,848	493,971,848
Other receivables	-	1,107,157,541	1,107,157,541
Consumer receivables	-	1,351,710,677	1,351,710,677
Cash and bank	-	57,158,390	57,158,390
Long-term receivables	-	160,570,424	160,570,424
Interest rate swap asset	130,122,756	-	130,122,756
	130,122,756	3,170,568,880	3,300,691,636

Financial liabilities

	At fair value	At amortised cost	Total
Retention creditors	-	380,473,652	380,473,652
Trade payables from exchange transactions	-	4,297,804,576	4,297,804,576
Consumer deposits	-	351,259,691	351,259,691
Long-term loans (term loans, bonds, etc)	-	10,259,967,415	10,259,967,415
Interest rate swap liability	85,625,408	-	85,625,408
Lease liabilities	-	208,862,889	208,862,889
	85,625,408	15,498,368,223	15,583,993,631

8. Financial instruments: Risks involved

Risks

In the course of the group's business operations it is exposed to interest rate, credit, liquidity and market risk. The group has developed a comprehensive risk management process to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

There was no change in the exposure to risk and how it arises since the previous financial year. There was also no change in the objectives, policies and processes for managing the risk and the methods used to measure the risk since the previous financial year.

Interest rate risk

Interest rate risk arises from the fluctuations in the economic market due to the economic climate. The group manages its interest rate risk by maintaining an appropriate mix between fixed and floating interest rate borrowings and investments, as well as by entering into interest rate swap contracts on outstanding borrowings. The group's exposure to interest rate risk and the effective interest rates on financial instruments at statement of financial position date are as follows:

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated*	R	Restated*

8. Financial instruments: Risks involved (continued)

Year ended 30 June 2016

Description			Fixed rate		Non-interest bearing		Total
	Floating rate	Amount	Weighted average effective interest rate	Weighted average period for which rate is fixed	Amount	Weighted average period until maturity	
	R	R	%	Years	R	Years	
Assets							
Investments	1,090,829,976	710,520	16.45	24.75			1,091,540,496
Long-term receivables:							
Housing loans		9,915,323	13.87	30.00			9,915,323
Sport club loans		1,088,333	11.99	10.00			1,088,333
Sale of land		68,760,912	11.09	5.00			68,760,912
Arrangement debtors		1,171,779	9.75		113,647,264		114,819,043
Trade receivables:							
Consumer		4,653,818,704	9.75	1.00	1,758,466,363		6,412,285,067
Other					1,312,435,657		1,312,435,657
Cash		95,219,108					95,219,108
Interest rate swap asset	43,936,952						43,936,952
Total financial assets	1,134,766,928	4,830,684,679			3,184,549,284		9,150,000,891
Liabilities							
Interest bearing borrowings	1,529,003,469	3,907,565,670	10.04	14.69			5,436,569,139
Interest rate swaps (notional amounts)	3,990,312,448	1,517,344,086	9.53	11.60			5,507,656,534
Lease liabilities		144,052,727					144,052,727
Trade payables:							
Creditors					5,357,355,691	0.08	5,357,355,691
Retention					432,030,198	1.00	432,030,198
Consumer deposits					379,915,638	0.08	379,915,638
Service concession arrangements					672,256,650		672,256,650
Interest rate swap liability	147,119,727						147,119,727
Total financial liabilities	5,666,435,644	5,568,962,483			6,841,558,177		18,076,956,304

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R

8. Financial instruments: Risks involved (continued)

Year ended 30 June 2015

Description	Floating rate	Amount	Fixed rate		Non-interest bearing		Total
			Weighted average effective interest rate	Weighted average period for which rate is fixed	Amount	Weighted average period until maturity	
			%	Years	R	Years	
Assets							
Investments	502,959,644	710,520	16.45	24.75			503,670,164
Long-term receivables:							
Housing loans		9,692,028	13.87	30.00			9,692,028
Loans to sport clubs		1,136,448	11.99	10.00			1,136,448
Sale of land		69,982,588	11.09	5.00			69,982,588
Arrangement debtors		66,826,850	9.00		79,708,978		146,535,828
Trade receivables:							
Consumer		3,850,710,284	9.00	1.00	1,691,960,761		5,542,671,045
Other					1,375,569,042		1,375,569,042
Cash		97,558,776					97,558,776
Interest rate swap asset	130,122,756						
Total financial assets	633,082,400	4,096,617,494			3,147,238,781		7,746,815,919
Liabilities							
Interest bearing borrowings	6,121,009,376	133,790,925	10.18	14.20			6,254,800,301
Interest rate swaps	2,490,312,448	1,517,344,086	9.31	13.50			4,007,656,534
Lease liabilities		208,862,889					208,862,889
Trade payables:							
Creditors					4,295,345,997	0.08	4,295,345,997
Retention					380,473,652	1.00	380,473,652
Consumer deposits					355,015,828	0.08	355,015,828
Interest rate swap liability	85,625,408						85,625,408
Total financial liabilities	8,696,947,232	1,859,997,900			5,030,835,477		15,587,780,609

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

8. Financial instruments: Risks involved (continued)

Interest rate swaps

The group has entered into interest rate swap contracts that entitle it to receive interest at fixed rates/floating rates on notional principal amounts and that oblige it to pay interest at variable rates/fixed rates on the same amounts. The interest rate swaps allow the group to raise long-term borrowings at fixed rates/floating rates and effectively swap them into variable rates/fixed rates in terms of the structured finance contractual requirements.

The estimated fair value gain/(loss) indicated below was determined by comparing the interest rate swap contracted values (fixed rate) with the variable rate paid.

At the reporting date the group had entered into the following interest rate swaps relating to specific statement of financial position items:

	Fair value	Estimated fair value gain/(loss)
	R	R
30 June 2016		
Non-current assets: interest rate swap asset	43,936,952	(86,185,804)
Non-current assets: interest rate swap liability	(147,119,727)	(61,494,319)
	(103,182,775)	(147,680,123)
	Fair value	Estimated fair value gain/(loss)
	R	R
30 June 2015		
Non-current assets: interest rate swap asset	130,122,756	95,711,302
Non-current assets: interest rate swap liability	(85,625,408)	(41,511,255)
	44,497,348	54,200,047

Currency risk

The group undertakes certain transactions denominated in foreign currencies (although the transactions entered into are with service providers based in South Africa), hence exposures to exchange rate fluctuations might arise. The group, however, manages this risk by entering into contracts where the risk is carried by the service provider.

Credit risk

Financial assets, which potentially subject the Municipality to the risk of non-performance by counter-parties and thereby subject the group to concentrations of credit risk, consist mainly of trade receivables. Credit risk is controlled through the application of a credit control policy and monitoring procedures. Where necessary, the group obtains appropriate deposits and guarantees from debtors to mitigate risk. The group's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions.

The group limits its treasury counter-party exposure arising from the money market by only dealing with well-established financial institutions confirmed by the rating agency appointed by the Group Chief Financial Officer. The group only deals with financial institutions with a short-term credit rating of A+ and long-term credit rating of AA- and higher at an international accredited credit-rating agency. The group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst different types of approved investments and institutions.

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the group's customer base and their dispersion across different industries and geographical areas. The group does not have any significant exposure to any individual customer or counter-party. Accordingly, the group does not consider there to be any significant concentration of credit risk that has not been adequately provided for. Trade receivables are presented net of the allowance for impairment.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

8. Financial instruments: Risks involved (continued)

Maximum exposure to credit risk: There has been no significant change during the financial year, or since the end of the financial year to the group's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

The major concentrations of credit risk that arise from the group's receivables in relation to customer classification are as follows:

	30 June 2016	30 June 2015
Consumer receivables:		
Household	46	49
Industrial/commercial	19	23
National and provincial government	13	3
Other consumer receivables	4	5
Long-term receivables	2	2
Sundry receivables	16	18
	100	100

Liquidity risk

The group manages liquidity risk through proper management of working capital, capital expenditure and actual versus forecast cash flows. Adequate reserves, liquid resources and unutilised borrowing facilities are also maintained. In terms of its borrowing requirements, the group ensures that adequate funds are available to meet its expected and unexpected financial commitments. In terms of its long-term liquidity risk, a reasonable balance is maintained between the period over which assets generate funds and the period over which the respective assets are funded. Capital expenditure, budgeted and forecast cash flow calculations are funded as follows from the capital market:

The group's risk to liquidity is a result of the funds available to cover future commitments. The group 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.

	30 June 2017	30 June 2018	30 June 2019
	R	R	R
External funding: Capital expenditure	1,000,000,000	1,000,000,000	1,000,000,000

Market risk

The group is exposed to fluctuating market prices inherent in the purchasing of electricity, water and coal used in the delivery of electricity and water services. The group manages this risk by giving any price increases through to the consumers on an annual basis. An agreement has been entered into with both Eskom and Rand Water that tariff increases occur only once a year.

Interest rate risk management: The group's interest rate profile consists of fixed and floating rate loans and bank balances that exposes the municipality to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

Financial assets/liabilities

Trade and other receivables/payables: At a fixed rate of interest -

Management manages interest rate risk by negotiating beneficial rates on floating rate loans and, where possible, using fixed-rate loans. Management also has a policy of balancing the interest on asset loans with the interest payable on liabilities.

Fair values

The group's financial instruments consist mainly of cash and cash equivalents, trade receivables, investments, trade payables, long-term debt and derivative instruments (interest rate swaps).

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

8. Financial instruments: Risks involved (continued)

No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets that are available-for-sale or held-for-trading. The following methods and assumptions are used to determine the fair value of each class of financial instrument.

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets and financial liabilities.

Trade receivables (debtors)

The carrying amount of trade receivables, net of provision for impairment (provision for bad debt), approximates fair value due to the relatively short-term maturity of these financial assets.

Investments

Investments are carried at their original cost in the statement of financial position, except for those where the interest received semi-annually is capitalised. The fair value of publicly traded instruments is based on quoted market prices for those investments.

Trade payables

The carrying amount of trade payables approximates fair value due to the relatively short-term maturity of this financial liability.

Interest-bearing borrowings

Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in surplus or deficit over the period of the borrowings on an effective interest basis. The fair value of interest bearing borrowings with variable interest rates approximates their carrying amounts.

Derivatives (interest rate swaps)

Derivative financial instruments (interest rate swaps) are initially measured at fair value on the contract date and are remeasured to fair value at subsequent reporting dates.

The fair value of financial liabilities at statement of financial position date is as follows:

Year ended	Fair value R	Carrying amount R
30 June 2016		
Liabilities		
Interest rate swaps	147,119,727	147,119,727
30 June 2015		
Liabilities		
Interest rate swaps	85,625,408	85,625,408

Maturity profile

The maturity profiles of financial assets and liabilities at statement of financial position date are as follows:

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated*	R	Restated*

8. Financial instruments: Risks involved (continued)

Year ended 30 June 2016

	1 year or less R	1 to 5 years R	Over 5 years R	Total R
Assets				
Investments	971,713,447	119,827,049		1,091,540,496
Long-term receivables:				
Housing loans	432,361	9,482,962		9,915,323
Loans to sport clubs	579,145	509,184		1,088,329
Sale of land	545,180	68,215,732		68,760,912
Arrangement debtors	93,692,788	21,126,255		114,819,043
Trade receivables:				
Consumer	3,625,911,236	2,786,373,831		6,412,285,067
Other debtors	866,282,628	446,153,029		1,312,435,657
Cash	95,219,108			95,219,108
Interest rate swap asset		43,936,952		43,936,952
Total financial assets	5,654,375,893	3,495,624,994	-	9,150,000,887
Liabilities				
Interest-bearing borrowings		1,877,164,593	3,559,404,546	5,436,569,139
Interest rate swaps			5,507,656,534	5,507,656,534
Lease liabilities	110,418,332	33,634,395		144,052,727
Trade payables:				
Creditors	5,357,355,691			5,357,355,691
Retention		432,030,198		432,030,198
Consumer deposits		379,915,638		379,915,638
Interest rate swap liability		147,119,727		147,119,727
Service concession arrangements	672,256,650			672,256,650
Total financial liabilities	6,140,030,673	2,869,864,551	9,067,061,080	18,076,956,304

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

8. Financial instruments: Risks involved (continued)

Year ended 30 June 2015

	1 Year or less R	1 to 5 years R	Over 5 years R	Total R
Assets				
Investments	391,648,851	112,021,313		503,670,164
Long-term receivables:				
Housing loans	989,582	8,702,446		9,692,028
Loans to sport clubs	579,145	557,299		1,136,444
Sale of land	594,391	69,388,197		69,982,588
Arrangement debtors	100,553,190	45,982,638		146,535,828
Trade receivables:				
Consumer	3,239,394,544	2,303,276,501		5,542,671,045
Other debtors	662,195,161	713,373,881		1,375,569,042
Cash	97,558,776			97,558,776
Interest rate swap asset		130,122,756		130,122,756
Total financial assets	4,493,513,640	3,383,425,031	-	7,876,938,671
Liabilities				
Interest-bearing borrowings		1,316,239,212	4,938,561,089	6,254,800,301
Interest rate swaps			4,007,656,534	4,007,656,534
Lease liabilities	85,909,835	122,953,054		208,862,889
Trade payables:				
Creditors	4,295,345,997			4,295,345,997
Retention		380,473,652		380,473,652
Consumer deposits		355,015,828		355,015,828
Interest rate swap liability		85,625,408		85,625,408
Total financial liabilities	4,381,255,832	2,260,307,154	8,946,217,623	15,587,780,609

Hedging

Hedging is not applicable in the environment of the group except with regard to interest rate risk.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in Notes 4, 5, and cash and cash equivalents disclosed in Note 24, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

There are no externally imposed capital requirements.

There have been no changes to what the group manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
8. Financial instruments: Risks involved (continued)				
The gearing ratio at 30 June 2016 and 2015 respectively were as follows:				
Total borrowings				
Finance lease obligation	5	144,052,727	208,862,889	144,052,727
Long-term loans	4	10,944,225,673	10,262,456,835	10,942,051,577
		11,088,278,400	10,471,319,724	11,086,104,304
Less: Cash and cash equivalents	24	1,186,049,084	600,518,420	1,163,320,141
Net debt		9,902,229,316	9,870,801,304	9,922,784,163
Total equity		18,719,684,250	18,983,830,282	18,940,189,404
Total capital		28,621,913,566	28,854,631,586	28,601,559,390
9. Consumer deposits				
Electricity and water		379,915,638	355,015,828	375,949,547
Guarantees held:				
Electricity and water consumers (who do not have deposits)		153,707,255	168,752,564	153,707,255
Township development guarantees		385,911,280	262,093,183	385,911,280
		539,618,535	430,845,747	539,618,535
10. Payables from exchange transactions				
Trade payables		3,956,730,859	2,973,986,087	3,851,893,238
Payments received in advance - various services		647,994,393	406,488,039	647,994,393
Accrued leave pay		673,649,324	462,742,762	664,471,922
Deposits received		34,547,028	24,546,104	34,019,628
Debtors with credit balances - reclassification		854,830,149	814,353,676	854,830,149
Other creditors		625,016,911	584,879,451	615,029,042
Retention creditors		432,030,198	380,473,652	432,030,198
Accrual 13th cheque		218,949,744	199,148,141	216,345,889
		7,443,748,606	5,846,617,912	7,316,614,459

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated*	R	Restated*
11. Unspent grants and receipts				
Unspent grants and receipts comprise:				
Unspent conditional grants and receipts				
DoRA: INEP (Electricity for All)	199,351	950	199,351	950
DoRA: Finance Management Grant (FMG)	93,292	921,685	93,292	921,685
SANBI/Groen Sebenza	-	7,823	-	7,823
Human Settlement Development Grant (HSDG)	68,644,888	68,393,290	68,644,888	68,393,290
DoRA: Urban Settlement Development Grant (USDG)	-	36,867,333	-	36,867,333
DoRA: PTIS	2,258,342	224,108	2,258,342	224,108
Delft grant	2,293,422	2,293,422	2,293,422	2,293,422
Neighbourhood Development Programme	-	1,526	-	1,526
Research and Technology	74,688	892,857	74,688	892,857
Arts and Culture Grant (Libraries)	3,867,830	1,185,105	3,867,830	1,185,105
Gautrans job creation	12,071,107	12,071,107	12,071,107	12,071,107
Broadband (Wi-fi)	1,086,882	-	1,086,882	-
Municipal Disaster Recovery Grant	1,447,864	13,886,268	1,447,864	13,886,268
Public Transport Network Operating grant (PTNOG)	741,147	-	741,147	-
Social Infrastructure Grant	-	5,682,211	-	5,682,211
Sandspruit Works Association: New meter project	-	278,854	-	-
LG SETA Merit Awards	-	266,921	-	266,921
DPSA Smart Connect	-	378,440	-	378,440
Sport and Recreation	-	72,617	-	72,617
Performance Management	-	268,665	-	268,665
Electricity Demand Side	7,000,000	3,000,000	7,000,000	3,000,000
Revenue Enhancement	-	1,224,800	-	1,224,800
Integrated City Development	29,477,260	6,307,025	29,477,260	6,307,025
Human Settlements Capacity Grant	1,035,104	16,419,484	1,035,104	16,419,484
	130,291,177	170,644,491	130,291,177	170,365,637

Movement during the year

Balance at the beginning of the year	170,644,491	134,936,618	170,365,637	134,657,764
Receipts during the year	5,930,802,718	5,677,719,999	5,930,802,716	5,677,719,993
Transfers between grants (returned to NT deducted from current year)	3,261,986	2,359,341	3,261,986	2,359,341
Returned to National Treasury	(3,261,986)	(2,359,341)	(3,261,986)	(2,359,341)
Repaid to Gauteng Provincial Treasury	(1,224,800)	-	(1,224,800)	-
Correction (transfer to other revenue)	(616,028)	-	(616,028)	-
Income recognition during the year	(5,969,036,348)	(5,593,458,896)	(5,969,036,348)	(5,593,458,890)
Write-back of grant debtor (Housing)	-	(48,553,230)	-	(48,553,230)
Sandspruit: usage of grant	(278,856)	-	-	-
	130,291,177	170,644,491	130,291,177	170,365,637

The figures above shows:

- The nature and extent of all government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the Municipality has directly benefited; and
- Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. Note must be taken that the unspent portion mostly relates to amounts received in advance and which relate to allocations of the following financial year.

See Note 27 for reconciliation of grants from national/provincial government. These amounts are invested in a ring-fenced investment until utilised.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
12. VAT				
VAT refundable	4,955,043	4,068,095	-	-
VAT payable	(486,790,594)	(79,627,724)	(486,740,150)	(78,914,004)
	<u>(481,835,551)</u>	<u>(75,559,629)</u>	<u>(486,740,150)</u>	<u>(78,914,004)</u>

VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the financial year.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment

Group	2016			2015		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	403,623,320	-	403,623,320	365,880,449	-	365,880,449
Buildings	956,647,377	(562,337,726)	394,309,651	939,708,982	(527,749,499)	411,959,483
Plant and machinery	672,256,650	-	672,256,650	-	-	-
Biological assets (game)	16,792,560	-	16,792,560	14,478,788	-	14,478,788
Infrastructure: capitalised	24,503,290,892	(7,007,280,524)	17,496,010,368	23,243,798,572	(6,262,750,692)	16,981,047,880
Community	3,637,301,440	(1,054,980,025)	2,582,321,415	3,416,201,415	(940,427,794)	2,475,773,621
Other: Capitalised	2,668,460,544	(1,515,412,618)	1,153,047,926	2,507,172,034	(1,297,246,545)	1,209,925,489
Infrastructure: Asset under construction	7,198,149,292	-	7,198,149,292	5,545,858,832	-	5,545,858,832
Community: Asset under construction	308,514,369	-	308,514,369	313,515,960	-	313,515,960
Other: Asset under construction	219,750,941	-	219,750,941	93,325,718	-	93,325,718
Housing	713,526,397	(103,183,413)	610,342,984	523,215,994	(90,922,357)	432,293,637
Housing: Asset under construction	472,026,848	-	472,026,848	337,150,548	-	337,150,548
Total	41,770,340,630	(10,243,194,306)	31,527,146,324	37,300,307,292	(9,119,096,887)	28,181,210,405

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Municipality	2016			2015		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	935,510,321	(558,786,338)	376,723,983	932,325,738	(524,543,655)	407,782,083
Land	403,623,320	-	403,623,320	365,880,449	-	365,880,449
Buildings: Asset under construction	672,256,650	-	672,256,650	-	-	-
Biological assets (game)	16,792,560	-	16,792,560	14,478,788	-	14,478,788
Infrastructure: Capitalised	24,490,187,118	(6,995,570,919)	17,494,616,199	23,230,696,110	(6,251,954,670)	16,978,741,440
Infrastructure: Asset under construction	7,198,149,292	-	7,198,149,292	5,545,858,832	-	5,545,858,832
Community: Capitalised	3,637,301,440	(1,054,980,025)	2,582,321,415	3,416,201,415	(940,427,794)	2,475,773,621
Community: Asset under construction	308,514,369	-	308,514,369	313,515,960	-	313,515,960
Other: Capitalised	2,643,467,150	(1,498,070,542)	1,145,396,608	2,484,787,522	(1,283,491,093)	1,201,296,429
Other: Asset under construction	219,750,941	-	219,750,941	93,325,718	-	93,325,718
Housing: Capitalised	713,526,397	(103,183,413)	610,342,984	523,215,994	(90,922,357)	432,293,637
Housing: Asset under construction	472,026,848	-	472,026,848	337,150,548	-	337,150,548
Total	41,711,106,406	(10,210,591,237)	31,500,515,169	37,257,437,074	(9,091,339,569)	28,166,097,505

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2016

	Opening balance	Additions	Retirements	Transfers: Capitalisation	Transfers: Purification	Gains/(losses) arising from changes in fair value	Depreciation	Impairment loss	Total
Land	365,880,449	8,970,200	(749,263)	-	29,521,934	-	-	-	403,623,320
Buildings	411,959,483	17,314,330	-	3,306,763	(9,291,153)	-	(28,979,772)	-	394,309,651
Buildings: Asset under construction	-	672,256,650	-	-	-	-	-	-	672,256,650
Biological assets (game)	14,478,788	-	-	-	-	2,313,772	-	-	16,792,560
Infrastructure: capitalised	16,981,047,880	399,741,779	(91,843,058)	1,001,139,671	(16,922,119)	-	(777,153,785)	-	17,496,010,368
Infrastructure: Asset under construction	5,545,858,832	2,942,011,423	(149,228,215)	(1,035,489,141)	18,212,493	-	(123,216,100)	-	7,198,149,292
Community: Capitalised	2,475,773,621	98,463,000	(3,402,690)	197,803,445	(51,286,065)	-	(135,029,896)	-	2,582,321,415
Community: Asset under construction	313,515,960	177,487,893	-	(186,728,805)	4,239,321	-	-	-	308,514,369
Other: Capitalised	1,209,925,489	134,645,369	(4,049,898)	18,463,449	13,097,663	-	(218,671,379)	(362,767)	1,153,047,926
Other: Asset under construction	93,325,718	225,505,717	-	(88,768,210)	(10,312,284)	-	-	-	219,750,941
Housing	432,293,637	-	(4,210,944)	220,755,184	(25,504,781)	-	(12,990,112)	-	610,342,984
Housing: Asset under construction	337,150,548	322,535,600	-	(191,400,000)	3,740,700	-	-	-	472,026,848
	28,181,210,405	4,998,931,961	(253,484,068)	(60,917,644)	(44,504,291)	2,313,772	(1,296,041,044)	(362,767)	31,527,146,324

Reconciliation of property, plant and equipment - Group - 2015

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

	Opening balance	Additions	Retirements	Transfers: Capitalisation	Transfers: Purification	Gains/(losses) arising from changes in fair value	Depreciation	Impairment loss	Total
Land	330,833,563	3,201,000	(7,946,557)	40,420,633	(628,190)	-	-	-	365,880,449
Buildings	632,600,704	2,683,987	-	5,244,955	(191,949,284)	-	(36,620,879)	-	411,959,483
Biological assets (game)	16,587,413	-	-	-	-	(2,108,625)	-	-	14,478,788
Infrastructure: Capitalised	14,700,667,458	336,595,730	(89,290,986)	1,457,893,451	1,406,965,711	-	(831,781,062)	(2,422)	16,981,047,880
Infrastructure: Asset under construction	5,066,034,198	3,221,626,131	-	(1,460,830,884)	(1,157,754,513)	-	-	(123,216,100)	5,545,858,832
Community: Capitalised	2,331,207,735	26,031,846	(5,190,593)	18,136,311	231,882,440	-	(126,293,316)	(802)	2,475,773,621
Community: Asset under construction	166,639,625	178,725,735	-	(17,285,093)	(14,564,307)	-	-	-	313,515,960
Other: Capitalised	1,261,900,269	236,344,253	(8,440,989)	27,737,275	(71,586,127)	-	(234,333,517)	(1,695,675)	1,209,925,489
Other: Asset under construction	406,164,450	240,235,397	-	(69,790,988)	(483,283,141)	-	-	-	93,325,718
Housing	235,252,542	-	(81,399)	85,562	208,850,254	-	(11,813,322)	-	432,293,637
Housing: Asset under construction	152,591,190	191,552,500	-	(3,252,442)	(3,740,700)	-	-	-	337,150,548
	25,300,479,147	4,436,996,579	(110,950,524)	(1,641,220)	(75,807,857)	(2,108,625)	(1,240,842,096)	(124,914,999)	28,181,210,405

Reconciliation of property, plant and equipment - Municipality - 2016

	Opening balance	Acquisitions	Retirements	Transfers: Capitalisation	Transfers: Purification	Gains/(losses) arising from changes in fair value	Depreciation	Impairment loss	Total
Land	365,880,449	8,970,200	(749,263)	-	29,521,934	-	-	-	403,623,320
Buildings	407,782,083	3,560,518	-	3,306,763	(9,291,153)	-	(28,634,228)	-	376,723,983
Buildings: Assets under construction	-	672,256,650	-	-	-	-	-	-	672,256,650
Biological assets (game)	14,478,788	-	-	-	-	2,313,772	-	-	16,792,560
Infrastructure: Capitalised	16,978,741,440	399,740,467	(91,843,058)	1,001,139,671	(16,922,119)	-	(776,240,202)	-	17,494,616,199
Infrastructure: Asset under construction	5,545,858,832	2,942,011,423	(149,228,215)	(1,035,489,141)	18,212,493	-	(123,216,100)	-	7,198,149,292
Community: Capitalised	2,475,773,621	98,463,000	(3,402,690)	197,803,445	(51,286,065)	-	(135,029,896)	-	2,582,321,415
Community: Asset under construction	313,515,960	177,487,893	-	(186,728,805)	4,239,321	-	-	-	308,514,369
Other: Capitalised	1,201,296,429	131,861,058	(3,922,592)	18,463,449	13,097,663	-	(215,036,632)	(362,767)	1,145,396,608
Other: Asset under construction	93,325,718	225,505,717	-	(88,768,210)	(10,312,284)	-	-	-	219,750,941
Housing: Capitalised	432,293,637	-	(4,210,944)	220,755,184	(25,504,781)	-	(12,990,112)	-	610,342,984
Housing: Asset under construction	337,150,548	322,535,600	-	(191,400,000)	3,740,700	-	-	-	472,026,848
	28,166,097,505	4,982,392,526	(253,356,762)	(60,917,644)	(44,504,291)	2,313,772	(1,291,147,170)	(362,767)	31,500,515,169

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2015

	Opening balance	Acquisitions	Retirements	Transfers: Capitalisation	Transfers: Purification	Gains/(losses) arising from changes in fair values	Depreciation	Impairment loss	Total
Land	330,833,563	3,201,000	(7,946,557)	40,420,633	(628,190)	-	-	-	365,880,449
Buildings	628,077,760	2,683,987	-	5,244,955	(191,949,284)	-	(36,275,335)	-	407,782,083
Biological assets	16,587,413	-	-	-	-	(2,108,625)	-	-	14,478,788
Infrastructure: Capitalised	14,697,875,054	336,183,038	(89,290,986)	1,457,893,451	1,406,965,711	-	(830,882,406)	(2,422)	16,978,741,440
Infrastructure: Asset under construction	5,066,034,198	3,221,626,131	-	(1,460,830,884)	(1,157,754,513)	-	-	(123,216,100)	5,545,858,832
Community: Capitalised	2,331,207,735	26,031,846	(5,190,593)	18,136,311	231,882,440	-	(126,293,316)	(802)	2,475,773,621
Community: Asset under construction	166,639,625	178,725,735	-	(17,285,093)	(14,564,307)	-	-	-	313,515,960
Other: Capitalised	1,250,759,118	235,047,894	(8,395,727)	27,737,275	(71,586,127)	-	(230,570,329)	(1,695,675)	1,201,296,429
Other: Asset under construction	406,164,450	240,235,397	-	(69,790,988)	(483,283,141)	-	-	-	93,325,718
Housing: Capitalised	235,252,542	-	(81,399)	85,562	208,850,254	-	(11,813,322)	-	432,293,637
Housing: Asset under construction	152,591,190	191,552,500	-	(3,252,442)	(3,740,700)	-	-	-	337,150,548
	25,282,022,648	4,435,287,528	(110,905,262)	(1,641,220)	(75,807,857)	(2,108,625)	(1,235,834,708)	(124,914,999)	28,166,097,505

Pledged as security

No property, plant and equipment are pledged as security, except for leased assets (refer to Note 5 and 17).

Other information

Depreciation on property, plant and equipment (refer to Note 32)

Property, plant and equipment	1,259,894,800	1,175,021,049	1,255,000,926	1,170,013,661
Rehabilitation assets	36,146,244	65,821,047	36,146,244	65,821,047
	1,296,041,044	1,240,842,096	1,291,147,170	1,235,834,708

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality and the relevant municipal entities.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2016	2015 Restated*	2016	2015 Restated*
R	R	R	R

13. Property, plant and equipment (continued)

Useful lives:

According to GRAP 17: Property, plant and equipment, all useful lives of property, plant and equipment must be reviewed on an annual basis.

Since reviewing the useful life of an asset on an annual basis does not require amending the previous estimate unless expectations differ from the previous estimate, the useful life of assets has only been amended in the case where expectations differed from previous estimates.

The useful lives of assets were reviewed according to the requirements of GRAP 17.

Treatment of all useful lives to be adjusted:

All remaining useful lives that were adjusted for the 2015/16 financial year are disclosed in the financial statements as a change in estimate in accordance with GRAP 3 (refer to Note 56). All changes in estimates occur prospectively and no prior year adjustments were made. All reviews of useful life adjustments occurred with effect from 1 July 2015. The following were the reasons for the review of useful life adjustments:

Water and sanitation assets:

In 2015/16 the remaining useful lives of assets were adjusted, where applicable, to align with-

- the expected useful lives (and where applicable residual values) in the adopted data;
- the assessed condition based on physical inspections (above ground assets); and
- the condition identified through an assessment (pipe replacement prioritisation) of age, condition (where applicable), performance and the respective data confidence.

All other infrastructure assets and buildings:

The following condition grading scale was used in 2015/16 to test the RUL of the assets in comparison to the condition of the asset:

- Grade 1: Very good - sound structure, well maintained, only normal maintenance required: Average 91% indicative RUL
- Grade 2: Good - serves needs but minor deterioration (<5%), minor maintenance required: Average 71% indicative RUL
- Grade 3: Fair - marginal, clearly evident deterioration (10 - 20%), significant maintenance required: Average 51% indicative RUL
- Grade 4: Poor - significant deterioration of structure and/or appearance, significant impairment of functionality (20 - 40%), significant renewal/upgrade required: Average 31% indicative RUL
- Grade 5: Very poor - unsound, failed needs reconstruction/replacement (50% needs replacement): Average 11% indicative RUL

Consideration was given to the assessment of the asset. Where the conditions of assets are indicated as either very good, good or fair, the RUL was not adjusted. Where no indication was made by custodian departments it was assumed that the assets are still in use and in a fair condition, hence the expectations do not differ from those of the prior year and therefore no adjustment was made.

In instances where the condition of an asset was indicated as very poor or scrap, the RUL of the asset was determined using the average percentage as per the grading above. However, where the average percentage was applied and the RUL amounted to less than 13 months for assets with a condition of very poor, the RUL for the 2015/16 financial year was extended to 13 months, preventing the asset to depreciate to R0 during the year. Ideally during the 2016/17 financial year these assets must be disposed of in terms the SCM Policy.

In instances where the condition of an asset was indicated as poor, the RUL of the asset was determined using the average percentage as per the grading above. However, where the average percentage was applied and the RUL amounted to less than 18 months, the RUL was adjusted to 18 months, and where the RUL when applying the average percentage amounted to less than the RUL as at 1 July 2015, the RUL was decreased to the calculated RUL, however where the average percentage was applied and the RUL resulted in a longer RUL, the RUL was left unchanged.

In instances where departments indicated the RUL in years and months, the RUL was amended based on the information provided, if realistic.

For all assets having a RUL of zero or less than 24 months, consideration was given to the change in expectation as at 1 July 2015 and a decision was taken by management to amend the RUL as follows:

- For movable assets, the RUL was adjusted to 25 months in order to allow for departments to consider the future use of the assets vs the replacement of these assets.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2016	2015 Restated*	2016	2015 Restated*
R	R	R	R

13. Property, plant and equipment (continued)

- For immovable assets, the RUL was adjusted with a further 37 months, seeing that these assets are used in the ordinary delivery of services to the community. The same as for movable assets, the responsible departments will also have to consider the future use of the assets vs the replacement/upgrading thereof.

A total of 368 008 assets were affected. The change in annual depreciation is a decrease of R55 723 629.

TEDA:

During 2015/16, TEDA reviewed the useful lives of its assets, namely IT equipment and computer software. The change in annual depreciation is a decrease of R73 917.

Impairment:

The City of Tshwane has implemented the Standards of GRAP 21 and GRAP 26 on impairment of assets based on a position paper adopted on these standards. Based on the position paper all assets tested during this financial year were treated according to GRAP 21: Impairment of non-cash-generating assets. GRAP 21.10 states that cash-generating assets are assets held with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-orientated entity where the entity intends to generate positive cash inflows from the asset (or from the cash-generating unit of which the asset is a part) and earn a return that reflects the risk involved in holding the asset.

Although the City of Tshwane holds material amounts of infrastructure assets such as water and electricity networks where a cost plus return is billed for services rendered, the majority of these assets are non-cash generating as the primary objective of such services is not to generate a commercial return that reflects the risk involved in holding the asset, but rather to provide a basic service in terms of the Municipality's constitutional mandate. According to GRAP 21.11 there is a number of circumstances in which entities may hold some assets with the primary objective of generating a commercial return. None of the assets that were impaired in the 2015/16 financial year are held for the purpose of generating a commercial return.

In 2015/16 the Asset Compliance and Control Division forwarded a questionnaire to all departments regarding the assets under their control. According to the questionnaire, departments had to indicate whether any assets under their control need to be impaired. Based on the results of these questionnaires and available information, impairment tests were performed and assets were impaired where necessary.

Impairment indicators:

- Assets were impaired according to specific indicators, including vandalism, physical damage, discontinued assets and assets that became idle.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

14. Investment property

Group	2016			2015		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property: Capitalised	993,915,920	(187,396,392)	806,519,528	959,715,766	(189,657,855)	770,057,911
Investment property: Asset under construction	750,404	-	750,404	-	-	-
Total	994,666,324	(187,396,392)	807,269,932	959,715,766	(189,657,855)	770,057,911

Municipality	2016			2015		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property: Capitalised	988,922,149	(187,146,703)	801,775,446	954,472,306	(189,408,166)	765,064,140
Investment property: Asset under construction	750,404	-	750,404	-	-	-
Total	989,672,553	(187,146,703)	802,525,850	954,472,306	(189,408,166)	765,064,140

Reconciliation of investment property - Group - 2016

	Opening balance	Additions	Retirements	Transfers: Capitalisation	Transfers: Purification	Depreciation	Total
Investment property: Capitalised	770,057,911	3,989,978	(12,823,578)	6,218,374	44,504,293	(5,427,450)	806,519,528
Investment property: Asset under construction	-	6,968,778	-	(6,218,374)	-	-	750,404
	770,057,911	10,958,756	(12,823,578)	-	44,504,293	(5,427,450)	807,269,932

Reconciliation of investment property - Group - 2015

	Opening balance	Additions	Retirements	Transfers received	Transfers: Purification	Depreciation	Total
Investment property: Capitalised	767,063,308	14,126,000	(7,787,897)	1,673,401	-	(5,016,901)	770,057,911

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

14. Investment property (continued)

Reconciliation of investment property - Municipality - 2016

	Opening balance	Additions	Retirements	Transfers received: Capitalisation	Transfers: Purification	Depreciation	Total
Investment property: Capitalised	765,064,140	3,989,978	(12,823,578)	6,218,374	44,504,293	(5,177,761)	801,775,446
Investment property: Asset under construction	-	6,968,778	-	(6,218,374)	-	-	750,404
	765,064,140	10,958,756	(12,823,578)	-	44,504,293	(5,177,761)	802,525,850

Reconciliation of investment property - Municipality - 2015

	Opening balance	Additions	Retirements	Transfers: Capitalisation	Transfers: Purification	Depreciation	Total
Investment property: Capitalised	761,819,848	14,126,000	(7,787,897)	1,673,401	-	(4,767,212)	765,064,140

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

14. Investment property (continued)

Pledged as security

No investment property is pledged as security in the case of the Municipality.

For the group, the investment property of Housing Company Tshwane (Eloff Building) serves as security over the loan granted to the municipal entity (refer to Note 4). The carrying value of this asset amounted to R4 744 083 (2015 = R4 993 771) for the year under review.

Fair value of investment properties - Municipality:

The fair value of investment properties is not disclosed. Fair value should reflect the market conditions that exist at a reporting date. The municipal valuation roll does not reflect the market conditions at the reporting date since the values are determined and remain effective for a period of four years, with the current valuation roll having been prepared in 2012/13. Due to the cost implications management also did not appoint a qualified valuer to determine the fair value of all investment properties at the reporting date taking into consideration all market conditions. Therefore, no fair value is disclosed.

Housing Company Tshwane:

Rental income from investment property: Housing Company Tshwane	3,157,126	2,895,112	-	-
Operating expenses from investment property: Housing Company Tshwane	2,723,064	3,487,901	-	-

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

15. Intangible assets

Group	2016			2015		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	358,408,881	(158,693,103)	199,715,778	251,376,405	(115,786,911)	135,589,494
Servitudes	199,165,590	(5,904,167)	193,261,423	199,165,590	(3,179,167)	195,986,423
Total	557,574,471	(164,597,270)	392,977,201	450,541,995	(118,966,078)	331,575,917

Municipality	2016			2015		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	357,967,316	(158,499,219)	199,468,097	250,784,048	(115,594,222)	135,189,826
Servitudes	199,165,590	(5,904,167)	193,261,423	199,165,590	(3,179,167)	195,986,423
Total	557,132,906	(164,403,386)	392,729,520	449,949,638	(118,773,389)	331,176,249

Reconciliation of intangible assets - Group - 2016

	Opening balance	Additions	Retirements	Transfers: Capitalisation	Transfers: Purification	Amortisation	Total
Computer software, other	135,589,494	46,325,440	-	60,917,645	-	(43,116,801)	199,715,778
Servitudes	195,986,423	-	-	-	-	(2,725,000)	193,261,423
	331,575,917	46,325,440	-	60,917,645	-	(45,841,801)	392,977,201

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

15. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2015

	Opening balance	Additions	Retirements	Transfers: Capitalisation	Transfers: Purification	Amortisation	Impairment loss	Total
Computer software, other	203,592,039	1,418,263	(77,675,587)	(32,175)	72,093,942	(63,799,154)	(7,834)	135,589,494
Servitudes	194,990,177	-	-	-	3,721,246	(2,725,000)	-	195,986,423
	398,582,216	1,418,263	(77,675,587)	(32,175)	75,815,188	(66,524,154)	(7,834)	331,575,917

Reconciliation of intangible assets - Municipality - 2016

	Opening balance	Additions	Retirements	Transfers: Capitalisation	Transfer: Purification	Amortisation	Impairment loss	Total
Computer software	135,189,826	46,265,624	-	60,917,645	-	(42,904,998)	-	199,468,097
Servitudes	195,986,423	-	-	-	-	(2,725,000)	-	193,261,423
	331,176,249	46,265,624	-	60,917,645	-	(45,629,998)	-	392,729,520

Reconciliation of intangible assets - Municipality - 2015

	Opening balance	Additions	Retirements	Transfers: Capitalisation	Transfers: Purification	Amortisation	Impairment loss	Total
Computer software	203,454,878	1,029,286	(77,675,587)	(32,175)	72,086,610	(63,665,352)	(7,834)	135,189,826
Servitudes	194,990,177	-	-	-	3,721,246	(2,725,000)	-	195,986,423
	398,445,055	1,029,286	(77,675,587)	(32,175)	75,807,856	(66,390,352)	(7,834)	331,176,249

Pledged as security

No intangible assets are pledged as security.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated*	R	Restated*

16. Heritage assets

Group	2016			2015		
	Cost /Valuation	Accumulated impairment losses	Carrying value	Cost /Valuation	Accumulated impairment losses	Carrying value
Art collections, antiquities and exhibits	448,667,918	-	448,667,918	446,037,321	-	446,037,321
Collections of rare books, manuscripts and records	826,050	-	826,050	826,050	-	826,050
Historical monuments	2,400,000	-	2,400,000	2,400,000	-	2,400,000
Historical buildings	3,157,787,330	-	3,157,787,330	3,157,787,330	-	3,157,787,330
Stamp collections, military insignia, medals, coins	577,500	-	577,500	577,500	-	577,500
Other (specify class)	19,718,699	-	19,718,699	-	-	-
Total	3,629,977,497	-	3,629,977,497	3,607,628,201	-	3,607,628,201

Municipality	2016			2015		
	Cost /Valuation	Accumulated impairment losses	Carrying value	Cost /Valuation	Accumulated impairment losses	Carrying value
Art collections, antiquities and exhibits	448,667,918	-	448,667,918	446,037,321	-	446,037,321
Collections of rare books, manuscripts and records	826,050	-	826,050	826,050	-	826,050
Historical monuments	2,400,000	-	2,400,000	2,400,000	-	2,400,000
Historical buildings	3,157,787,330	-	3,157,787,330	3,157,787,330	-	3,157,787,330
Stamp collections, military insignia, medals, coins	577,500	-	577,500	577,500	-	577,500
Other (specify class)	19,718,699	-	19,718,699	-	-	-
Total	3,629,977,497	-	3,629,977,497	3,607,628,201	-	3,607,628,201

Reconciliation of heritage assets - Group - 2016

	Opening balance	Additions	Disposals	Total
Art collections, antiquities and exhibits	446,037,321	2,630,597	-	448,667,918
Collections of rare books, manuscripts and records	826,050	-	-	826,050
Historical monuments	2,400,000	-	-	2,400,000
Historical buildings	3,157,787,330	-	-	3,157,787,330
Stamp collections, military insignia, medals, coins	577,500	-	-	577,500
Other (specify class)	-	19,718,699	-	19,718,699
	3,607,628,201	22,349,296	-	3,629,977,497

Reconciliation of heritage assets - Group - 2015

	Opening balance	Additions	Disposals	Total
Art collections, antiquities and exhibits	446,030,830	6,491	-	446,037,321
Collections of rare books, manuscripts and records	826,050	-	-	826,050
Historical monuments	2,400,000	-	-	2,400,000
Historical buildings	3,157,787,330	-	-	3,157,787,330
Stamp collections, military insignia, medals, coins	577,500	-	-	577,500
	3,607,621,710	6,491	-	3,607,628,201

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated*	R	Restated*

16. Heritage assets (continued)

Reconciliation of heritage assets - Municipality - 2016

	Opening balance	Additions	Disposals	Total
Art collections, antiquities and exhibits	446,037,321	2,630,597	-	448,667,918
Collections of rare books, manuscripts and records	826,050	-	-	826,050
Historical monuments	2,400,000	-	-	2,400,000
Historical buildings	3,157,787,330	-	-	3,157,787,330
Stamp collections, military insignia, medals, coins	577,500	-	-	577,500
Other (specify class)	-	19,718,699	-	19,718,699
	3,607,628,201	22,349,296	-	3,629,977,497

Reconciliation of heritage assets - Municipality - 2015

	Opening balance	Additions	Disposals	Total
Art collections, antiquities and exhibits	446,030,830	6,491	-	446,037,321
Collections of rare books, manuscripts and records	826,050	-	-	826,050
Historical monuments	2,400,000	-	-	2,400,000
Historical buildings	3,157,787,330	-	-	3,157,787,330
Stamp collections, military insignia, medals, coins	577,500	-	-	577,500
	3,607,621,710	6,491	-	3,607,628,201

Pledged as security

No heritage assets are pledged as security.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

17. Leased assets

Group	2016			2015		
	Cost/Valuation	Accumulated depreciation	Carrying value	Cost/Valuation	Accumulated depreciation	Carrying value
Vehicles	266,860,621	(151,831,686)	115,028,935	270,175,204	(65,760,707)	204,414,497

Municipality	2016			2015		
	Cost/Valuation	Accumulated depreciation	Carrying value	Cost/Valuation	Accumulated depreciation	Carrying value
Vehicles	266,860,621	(151,831,686)	115,028,935	270,175,204	(65,760,707)	204,414,497

Reconciliation of leased assets - Group - 2016

Vehicles	Opening balance	Retirements	Depreciation	Total
	204,414,497	-	(89,385,562)	115,028,935

Reconciliation of leased assets - Group - 2015

Vehicles	Opening balance	Retirements	Depreciation	Total
	8,084,445	266,860,619	(70,530,567)	204,414,497

Reconciliation of leased assets - Municipality 2016

Vehicles	Opening balance	Additions	Depreciation	Total
	204,414,497	-	(89,385,562)	115,028,935

Reconciliation of leased assets - Municipality - 2015

Vehicles	Opening balance	Retirements	Depreciation	Total
	8,084,445	266,860,619	(70,530,567)	204,414,497

18. Disposal of a significant asset(s)/or a group of assets and liabilities/or a component of the entity

Management has taken a decision to dispose of a significant asset/or a group of assets and liabilities/or a component of the entity.

Description of the asset(s), group of assets and liabilities or component

Mostly vehicles, bicycles and other smaller movable assets have been marked for disposal and were in the auction yard at year end.

During 2015/16 a number of properties were sold.

Carrying values

Assets in the auction yard	1,835,902	552,509	1,835,902	552,509
Sale of properties (completed)	14,693,476	107,191	14,693,476	107,191
Disposal of assets	251,410	6,148,505	251,410	6,148,505

Facts and circumstances of the disposal

The assets in the auction yard are movable assets and have been marked for disposal as they are in most cases damaged or outdated and no longer fit for use by the group.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

18. Disposal of a significant asset(s)/or a group of assets and liabilities/or a component of the entity (continued)

Further approvals required

Council approval to hold an auction is required.

The expected sale or transfer date is still to be determined.

Disposals completed during the year

During the 2015/16 financial year, 69 properties were sold at public auction with a carrying value of R13 054 773.

During the 2015/16 financial year, the transfer of 10 properties were completed for which legal sales agreements were signed, with a carrying value of R 638 703.

A number of movable assets were sold during the 2015/16 financial year with a carrying value of R251 410. The fair value of these assets were determined as R2 235 037.

Circumstances that may have resulted in a decision to dispose of an asset being reversed during the reporting period

None.

19. Investments

Available-for-sale investments

Short-term investments	1,090,829,976	502,959,644	1,087,430,061	493,261,328
Held-to-maturity investments				
Municipal stock	710,520	710,520	710,520	710,520
Total investments	1,091,540,496	503,670,164	1,088,140,581	493,971,848

Non-current assets

Long-term investments (at amortised cost)	710,520	710,520	710,520	710,520
---	---------	---------	---------	---------

Current assets

Short-term investments (at amortised cost - refer note 24)	1,090,829,976	502,959,644	1,087,430,061	493,261,328
--	---------------	-------------	---------------	-------------

There were no gains or losses realised on the disposal of held-to-maturity financial assets in 2016 and 2015, as all the financial assets were disposed of at their redemption date. No default or breach of requirements occurred during the year under review.

The market value (indicated below) was obtained from balance certificates from the various financial institutions.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
19. Investments (continued)				
Market value of listed investments and management's valuation of unlisted investments:				
Knysna Municipality - local registered stock (interest payable semi-annually)	710,520	710,520	710,520	710,520
Sanlam no 26 policy (unceded)	-	14,620	-	14,620
Sanlam no 27 policy (ceded to Compensation Commissioner)	-	5,653,644	-	5,653,644
Capital Alliance no 28 (unceded)	665,869	639,642	665,869	639,642
Capital Alliance no 29 (unceded)	2,094,822	2,005,016	2,094,822	2,005,016
ABSA Money Market investment no 32 (interest capitalised monthly) (ceded to DBSA sinking fund loan, repayable at 30 April 2018)	29,375,840	27,454,598	29,375,840	27,454,598
ABSA Money Market investment no 33 (interest capitalised monthly) (unceded)	10,294,351	9,621,079	10,294,351	9,621,079
ABSA Money Market investment no 34 (interest capitalised monthly) (ceded to DBSA sinking fund loan, repayable at 30 September 2019)	7,710,278	7,206,009	7,710,278	7,206,009
ABSA Money Market investment no 35 (interest capitalised monthly)(ceded to DBSA sinking fund loan, repayable at 30 September 2019)	169,750	158,648	169,750	158,648
Investec Money Market investment no 37 (interest capitalised monthly) (ceded to DBSA sinking fund loan, payable at 30 April 2018)	25,783,185	24,110,490	25,783,185	24,110,490
Investec Money market investment no 38 (interest capitalised monthly) (unceded)	8,240,809	7,706,183	8,240,809	7,706,183
Investec Money Market investment no 39 (interest capitalised monthly) (unceded)	1,103,972	1,032,352	1,103,972	1,032,352
Standard Bank Money Market investment no 40 (interest capitalised monthly) (ceded to DBSA sinking fund, loan payable at 30 April 2018)	93,333,343	87,200,303	93,333,343	87,200,303
Standard Bank Money Market investment no 41 (interest capitalised monthly) (ceded to DBSA sinking fund loan, payable at 30 September 2019)	2,896,949	2,706,587	2,896,949	2,706,587
Investec Money Market investment no 108 (interest capitalised monthly) (ceded to DBSA sinking fund loan, payable at 30 April 2018)	29,779,404	27,969,540	29,779,404	27,969,540
Standard Bank Money Market investment no 41 (interest capitalised monthly) (ceded to DBSA sinking fund loan, payable at 30 April 2018)	68,220,819	64,124,703	68,220,819	64,124,703
Standard Bank call investment - short-term investment	25,318,422	-	25,318,422	-
Nedbank call investment - short term investment	25,443,939	-	25,443,939	-
ABSA call investment - short term investment	51,358,980	200,030,958	51,358,980	200,030,958
Stanlib contingency fund investment - short term investment	28,196,761	25,626,955	28,196,761	25,626,956
Sinking fund investment - short-term	677,442,568	-	677,442,568	-
TEDA: Investec Bank investment	3,399,915	9,698,317	-	-
	1,091,540,496	503,670,164	1,088,140,581	493,971,848

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
19. Investments (continued)				
Average rate of return				
On long-term investments	16.45 %	16.45 %	16.45 %	16.45 %
On short-term investments	6.28 %	5.67 %	6.28 %	5.67 %
No investments were past due. No impairment occurred during the financial year under review.				
Financial assets pledged as collateral				
Secured and unsecured investments				
Secured investments against long-term liabilities (refer to Note 4)	119,116,528	111,310,793	119,116,528	111,310,793
Unsecured investments	968,313,533	392,359,371	968,313,533	382,661,055
	1,087,430,061	503,670,164	1,087,430,061	493,971,848
20. Long-term receivables				
Consumer: Arrangement debtors (refer to Note 22)	114,819,043	146,535,828	114,819,043	146,535,828
Housing loans	9,915,323	9,692,028	9,915,323	9,692,028
Loans to sport clubs	1,088,333	1,136,448	1,088,333	1,136,448
Sale of land	68,760,912	69,982,588	68,760,912	69,982,588
	194,583,611	227,346,892	194,583,611	227,346,892
Current portion of long-term receivables	(95,249,478)	(102,165,612)	(95,249,478)	(102,165,612)
	99,334,133	125,181,280	99,334,133	125,181,280
Impairment allowance	(79,482,793)	(66,776,468)	(79,482,793)	(66,776,468)
	19,851,340	58,404,812	19,851,340	58,404,812
Reconciliation of impairment allowance				
Balance at the beginning of the year	(66,776,468)	(89,609,011)	(66,776,468)	(89,609,011)
Contribution to provision during the year	(12,706,325)	-	(12,706,325)	-
Write-off against the provision	-	1,158,733	-	1,158,733
Write-back of impairment (over provision)	-	21,673,810	-	21,673,810
	(79,482,793)	(66,776,468)	(79,482,793)	(66,776,468)

Consumer: Arrangement debtors

A policy exists which grants consumer debtors an opportunity to make arrangements to pay off their arrear debt over a period of 12, 24 or 36 months with a deposit payable.

Housing loans

Housing loans were granted to qualifying individuals in terms of the Provincial Administration's Housing Programme. These loans attracted interest of 13,5% per annum and are repayable over periods of 20 and 30 years. These loans have various terms applicable. No new loans were issued in the current financial year.

Loans to sport clubs

Sport clubs that qualified signed a 99-year leasehold agreement with the Municipality at a nominal amount and were provided with financial assistance from the Municipality to build or improve a facility for which the funds are repayable over a period and the club has no claim to the improvements after the expiration of the leasehold agreement.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
Sale of land debtors				
Vacant properties are sold through a process administered by Property Legal Services. Contracts are signed and advices for the opening of individual accounts, which indicate the amount of the deposit (10%) and VAT (14%), is issued. The contract stipulates as from when interest is payable (immediately after signing the contract or after 12 months). The interest rate used is the Municipality's mortgage bond rate which currently is 9%. Interest is calculated monthly on the outstanding balance of the property.				
As from 1 March 2014 all land sales are conducted on payment of the full amount to the Municipality by the purchaser. No terms for extended payment are offered and full payment is required on registration.				
AGEING				
Consumer: Arrangement debtors				
121 - 365 days	93,692,788	100,553,190	93,692,788	100,553,190
> 365 days	21,126,255	45,982,638	21,126,255	45,982,638
	114,819,043	146,535,828	114,819,043	146,535,828
Housing loans				
121 - 365 days	432,361	989,582	432,361	989,582
> 365 days	9,482,962	8,702,446	9,482,962	8,702,446
	9,915,323	9,692,028	9,915,323	9,692,028
Loans to sport clubs				
121 - 365 days	579,149	579,149	579,149	579,149
> 365 days	509,184	557,299	509,184	557,299
	1,088,333	1,136,448	1,088,333	1,136,448
Sale of land				
121 - 365 days	545,180	594,391	545,180	594,391
> 365 days	68,215,732	69,388,197	68,215,732	69,388,197
	68,760,912	69,982,588	68,760,912	69,982,588
21. Inventories				
Raw materials, components	419,749,682	356,741,513	417,220,103	354,416,611
Water	6,630,260	9,184,994	6,031,783	8,380,663
Food and beverage	2,496	22,274	2,496	22,274
Fuel (diesel, petrol)	8,125,517	2,280,311	8,125,517	2,280,311
Bus tickets	2,248,822	2,649,086	2,248,822	2,649,086
Plants (nursery)	68,596	109,882	68,596	109,882
Quarries	1,357,513	414,242	1,357,513	414,242
Coal (power stations)	138,735,004	114,072,852	138,735,004	114,072,852
	576,917,890	485,475,154	573,789,834	482,345,921
Inventory pledged as security				
No inventory is pledged as security.				

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated*	R	Restated*
		R		R
21. Inventories (continued)				
Write-down of inventory (included in general expenditure)				
Surplus inventory	834,696	1,708,010	834,696	1,708,010
Shortages	(1,513,791)	(2,623,564)	(1,513,791)	(2,623,564)
Theft	(2,482,491)	(4,329,571)	(2,482,491)	(4,329,571)
Revaluation of inventory	(75,068)	(74,787)	(75,068)	(74,787)
Damaged inventory	(1,111,675)	(313,498)	(1,111,675)	(313,498)
Obsolete inventory	(1,058,378)	(384,273)	(1,058,378)	(384,273)
Rounding differences	118	(15)	118	(15)
	(5,406,589)	(6,017,698)	(5,406,589)	(6,017,698)
22. Consumer receivables				
The City of Tshwane has a consolidated account billing system. The split of debtors per service category is done on a pro rata basis based on the levies.				
The interest and other fees and levies indicated below cannot be split between exchange and non-exchange transactions. They are included in the total age analysis.				
Service debtors				
Rates	2,262,571,162	2,173,698,542	2,262,571,162	2,173,698,542
Electricity	1,423,117,010	1,703,619,783	1,423,117,010	1,703,619,783
Water	2,916,526,843	2,197,729,167	2,183,822,581	1,610,076,228
Other fees and levies	540,270,324	484,773,014	540,270,324	484,773,014
Sewerage	377,880,280	333,330,749	377,880,280	333,330,749
Refuse	554,743,942	452,847,827	554,743,942	452,847,827
Interest	1,254,836,035	1,001,679,347	1,254,836,035	1,001,679,347
	9,329,945,596	8,347,678,429	8,597,241,334	7,760,025,490
Less: Arrangement debtors (refer to Note 20)	(114,819,043)	(146,535,828)	(114,819,043)	(146,535,828)
	9,215,126,553	8,201,142,601	8,482,422,291	7,613,489,662
Less: Allowance for impairment				
Rates	(1,665,176,579)	(1,485,575,426)	(1,665,176,579)	(1,485,575,426)
Electricity	(856,163,551)	(727,048,828)	(856,163,551)	(727,048,828)
Water	(1,001,920,503)	(876,679,768)	(1,001,920,503)	(876,679,768)
Sewerage	(174,719,036)	(163,830,045)	(174,719,036)	(163,830,045)
Refuse	(310,700,701)	(269,056,630)	(310,700,701)	(269,056,630)
General: Other	(2,602,849,558)	(2,141,858,697)	(1,879,093,732)	(1,566,692,158)
	(6,611,529,928)	(5,664,049,394)	(5,887,774,102)	(5,088,882,855)
Net balance				
Rates	597,394,583	688,123,116	597,394,583	688,123,116
Electricity	566,953,459	976,570,955	566,953,459	976,570,955
Water	1,914,606,340	1,321,049,399	1,181,902,078	733,396,460
Other fees and levies	540,270,324	484,773,014	540,270,324	484,773,014
Sewerage	203,161,244	169,500,704	203,161,244	169,500,704
Refuse	244,043,241	183,791,197	244,043,241	183,791,197
Interest	1,254,836,035	1,001,679,347	1,254,836,035	1,001,679,347
Arrangement debtors	(114,819,043)	(146,535,828)	(114,819,043)	(146,535,828)
Less: Allowance for impairment	(2,602,849,558)	(2,141,858,697)	(1,879,093,732)	(1,566,692,158)
	2,603,596,625	2,537,093,207	2,594,648,189	2,524,606,807

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
22. Consumer receivables (continued)				
Receivables from exchange transactions are included above				
Electricity	1,423,117,010	1,703,619,783	1,423,117,010	1,703,619,783
Water	2,916,526,843	2,197,729,167	2,183,822,581	1,610,076,228
Other fees and levies	540,270,324	484,773,014	540,270,324	484,773,014
Sewerage	377,880,280	333,330,749	377,880,280	333,330,749
Refuse	554,743,942	452,847,827	554,743,942	452,847,827
Interest	1,254,836,035	1,001,679,347	1,254,836,035	1,001,679,347
	7,067,374,434	6,173,979,887	6,334,670,172	5,586,326,948
Receivables from non-exchange transactions (taxes and transfers) are included above				
Rates	2,262,571,162	2,173,698,542	2,262,571,162	2,173,698,542
Gross balance	9,329,945,596	8,347,678,429	8,597,241,334	7,760,025,490
2015/16				
An amount of R383 849 303 excluding VAT, was written off up to June 2016 (R437 588 206, including VAT) in terms of Council Resolutions dated 29 August 2002 and 25 March 2010, the Group Chief Financial Officer have delegated powers to write off amounts lower than R3 000 and inactive accounts. A Council resolution dated 31 March 2005 gives approval whereby the debt of indigent households is written off.				
2014/15:				
An amount of R474 939 843 excluding VAT was written off up to June 2015 (R541 431 421, including VAT) in respect of Region 5 and 7 as well as indigent and inactive accounts. A Council resolution dated 31 July 2014 approved the write-off of arrear debt with regard to Region 5 and 7. Further, in terms of Council resolutions dated 29 August 2002 and 25 March 2010, the Group Chief Financial Officer have delegated powers to write off amounts lower than R3 000 and inactive accounts. A Council resolution dated 31 March 2005 gives approval whereby the debt of indigent households is written off.				
Ageing (of gross debtors):				
Rates				
Current (0 - 30 days)	556,114,408	508,381,268	556,114,408	508,381,268
31 - 60 days	62,549,425	73,649,177	62,549,425	73,649,177
61 - 90 days	44,453,107	63,293,909	44,453,107	63,293,909
91 - 120 days	60,041,148	51,410,364	60,041,148	51,410,364
121 - 150 days	39,518,803	46,016,025	39,518,803	46,016,025
151 - 180 days	47,343,343	60,535,619	47,343,343	60,535,619
181 - 365 days	240,620,357	246,871,821	240,620,357	246,871,821
365+ days	1,211,930,571	1,123,540,359	1,211,930,571	1,123,540,359
	2,262,571,162	2,173,698,542	2,262,571,162	2,173,698,542
Electricity				
Current (0 - 30 days)	538,362,090	731,299,263	538,362,090	731,299,263
31 - 60 days	20,483,610	28,275,747	20,483,610	28,275,747
61 - 90 days	19,309,587	27,685,776	19,309,587	27,685,776
91 - 120 days	25,212,358	28,891,023	25,212,358	28,891,023
121 - 150 days	13,015,366	9,322,508	13,015,366	9,322,508
151 - 180 days	21,241,073	28,888,864	21,241,073	28,888,864
181 - 365 days	99,802,092	118,280,126	99,802,092	118,280,126
365+ days	685,690,834	730,976,476	685,690,834	730,976,476
	1,423,117,010	1,703,619,783	1,423,117,010	1,703,619,783

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
22. Consumer receivables (continued)				
Water				
Current (0 - 30 days)	717,051,518	485,428,744	700,192,903	472,360,913
31 - 60 days	82,312,222	85,206,508	68,687,504	70,546,333
61 - 90 days	67,822,639	71,831,940	48,054,150	59,490,898
91 - 120 days	82,835,762	71,654,057	67,072,751	56,756,773
121 - 150 days	37,311,214	33,271,104	21,513,794	20,653,435
151 - 180 days	87,854,121	71,968,795	72,687,789	55,804,597
181 - 365 days	922,030,011	684,309,934	286,304,334	180,530,805
365+ days	919,309,356	694,058,085	919,309,356	693,932,474
	2,916,526,843	2,197,729,167	2,183,822,581	1,610,076,228
Other fees and levies				
Current (0 - 30 days)	51,913,353	16,860,268	51,913,353	16,860,268
31 - 60 days	4,391,382	2,217,824	4,391,382	2,217,824
61 - 90 days	(2,071,560)	4,079,134	(2,071,560)	4,079,134
91 - 120 days	2,371,488	(503,995)	2,371,488	(503,995)
121 - 150 days	(2,619,410)	(2,070,647)	(2,619,410)	(2,070,647)
151 - 180 days	6,626,161	7,125,826	6,626,161	7,125,826
181 - 365 days	50,897,223	(3,304,871)	50,897,223	(3,304,871)
365+ days	428,761,687	460,369,475	428,761,687	460,369,475
	540,270,324	484,773,014	540,270,324	484,773,014
Sanitation				
Current (0 - 30 days)	135,195,851	117,007,704	135,195,851	117,007,704
31 - 60 days	6,639,234	7,327,713	6,639,234	7,327,713
61 - 90 days	6,606,615	7,896,823	6,606,615	7,896,823
91 - 120 days	9,958,967	8,729,834	9,958,967	8,729,834
121 - 150 days	3,933,281	3,981,413	3,933,281	3,981,413
151 - 180 days	7,539,805	10,006,392	7,539,805	10,006,392
181 - 365 days	37,912,560	33,277,087	37,912,560	33,277,087
365+ days	170,093,967	145,103,783	170,093,967	145,103,783
	377,880,280	333,330,749	377,880,280	333,330,749
Solid waste				
Current (0 - 30 days)	118,379,435	101,158,988	118,379,435	101,158,988
31 - 60 days	13,814,558	12,948,277	13,814,558	12,948,277
61 - 90 days	13,495,850	13,123,930	13,495,850	13,123,930
91 - 120 days	17,005,288	12,028,953	17,005,288	12,028,953
121 - 150 days	9,264,499	8,949,061	9,264,499	8,949,061
151 - 180 days	14,985,747	13,956,217	14,985,747	13,956,217
181 - 365 days	72,258,931	52,804,862	72,258,931	52,804,862
365 + days	295,539,634	237,877,539	295,539,634	237,877,539
	554,743,942	452,847,827	554,743,942	452,847,827
Interest				
Current (0 - 30 days)	97,695,033	85,565,527	97,695,033	85,565,527
31 - 60 days	28,532,815	25,756,129	28,532,815	25,756,129
61 - 90 days	30,414,699	27,373,312	30,414,699	27,373,312
91 - 120 days	37,508,438	32,356,300	37,508,438	32,356,300
121 - 150 days	26,144,207	19,305,601	26,144,207	19,305,601
151 - 180 days	32,032,335	31,629,710	32,032,335	31,629,710
181 - 365 days	171,949,429	137,770,711	171,949,429	137,770,711
365+ days	830,559,079	641,922,057	830,559,079	641,922,057
	1,254,836,035	1,001,679,347	1,254,836,035	1,001,679,347

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
22. Consumer receivables (continued)				
Ageing: Total gross debtors				
Current (0 - 30 days)	2,214,711,687	2,058,691,560	2,197,853,072	2,045,498,117
31 - 60 days	218,723,244	234,377,738	205,098,526	219,717,563
61 - 90 days	180,030,937	214,656,293	160,262,448	202,315,251
91 - 120 days	234,933,449	204,186,051	219,170,438	189,288,768
121 - 150 days	126,567,961	118,465,400	110,770,541	105,847,731
151 - 180 days	217,622,584	223,237,148	202,456,252	207,072,950
181 - 365 days	1,595,470,602	1,267,738,299	959,744,925	763,959,170
365+ days	4,541,885,132	4,026,325,940	4,541,885,132	4,026,325,940
	9,329,945,596	8,347,678,429	8,597,241,334	7,760,025,490
Consumer debtors - past due and impaired				
60 days and beyond	6,611,529,928	5,664,049,394	5,887,774,101	5,088,882,854
Consumer debtors - past due and not impaired				
31 - 60 days	503,703,981	624,937,475	511,614,161	625,644,519
Note must be taken that the amounts indicated as past due and impaired and past due and not impaired will not balance back to the total age analysis as the Municipality only impairs from 60 days onward. However, due to the new methodology adopted for the impairment of consumer debtors, impairment may happen earlier than 60 days.				
Summary of debtors by customer classification				
Consumers				
Household	5,469,048,444	5,322,199,555	4,774,682,216	4,763,158,645
Industrial/commercial	2,014,980,692	2,267,659,290	1,996,908,084	2,256,161,614
National and provincial government	1,450,330,483	298,501,991	1,430,065,057	281,387,638
Other	395,585,977	459,317,593	395,585,977	459,317,593
	9,329,945,596	8,347,678,429	8,597,241,334	7,760,025,490
Households				
Current (0 - 30 days)	1,228,300,963	1,607,730,215	1,213,014,271	1,596,680,868
31 - 60 days	108,262,031	111,683,583	95,929,039	98,546,549
61 - 90 days	104,717,112	123,902,922	90,163,211	113,108,740
91 - 120 days	133,518,562	120,668,704	119,529,510	108,082,528
121 - 150 days	82,856,599	74,802,576	68,214,016	64,227,148
151 - 180 days	116,761,472	145,573,016	102,632,617	129,909,987
181 - 365 days	1,159,723,868	963,732,163	550,291,715	478,496,449
365 + days	2,534,907,838	2,174,106,376	2,534,907,838	2,174,106,376
	5,469,048,445	5,322,199,555	4,774,682,217	4,763,158,645
Industrial/ commercial				
Current (0 - 30 days)	598,264,571	857,709,320	597,491,581	855,863,190
31 - 60 days	46,716,521	90,724,231	45,950,437	89,502,293
61 - 90 days	32,705,982	65,299,807	29,638,290	64,528,554
91 - 120 days	55,982,850	54,337,988	55,038,450	52,759,376
121 - 150 days	34,589,592	30,656,880	33,865,270	28,955,194
151 - 180 days	36,428,744	44,538,004	35,933,652	44,349,562
181 - 365 days	203,142,677	202,632,029	191,840,649	198,442,414
365 + days	1,007,149,755	921,761,031	1,007,149,755	921,761,031
	2,014,980,692	2,267,659,290	1,996,908,084	2,256,161,614

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
22. Consumer receivables (continued)				
National and provincial government				
Current (0 - 30 days)	1,066,300,491	170,890,988	1,065,501,558	170,718,634
31 - 60 days	48,040,008	14,115,925	47,514,366	13,814,722
61 - 90 days	25,169,011	10,278,045	23,022,115	9,502,438
91 - 120 days	28,495,164	12,287,078	27,665,605	11,554,582
121 - 150 days	5,535,701	8,422,439	5,105,186	8,081,884
151 - 180 days	45,010,165	8,808,164	44,467,780	8,495,437
181 - 365 days	135,567,273	42,618,938	120,575,777	28,139,527
365 + days	96,212,670	31,080,414	96,212,670	31,080,414
	1,450,330,483	298,501,991	1,430,065,057	281,387,638
Other				
Current (0 - 30 days)	6,522,337	65,252,733	6,522,337	65,252,733
31 - 60 days	(5,902,997)	(6,869,726)	(5,902,997)	(6,869,726)
61 - 90 days	178,126	(7,590,012)	178,126	(7,590,012)
91 - 120 days	(6,395,223)	(4,407,443)	(6,395,223)	(4,407,443)
121 - 150 days	(8,353,334)	(7,327,015)	(8,353,334)	(7,327,015)
151 - 180 days	(2,350,187)	1,017,073	(2,350,187)	1,017,073
181 - 365 days	(5,818,225)	(27,083,752)	(5,818,225)	(27,083,752)
365 + days	417,705,481	446,325,735	417,705,481	446,325,735
	395,585,978	459,317,593	395,585,978	459,317,593
Reconciliation of allowance for impairment				
Balance at beginning of the year	(5,664,049,394)	(5,034,345,185)	(5,088,882,855)	(4,573,249,942)
Contributions to allowance	(1,000,174,652)	(842,780,281)	(831,153,824)	(699,944,327)
Contribution to allowance: corrections	34,259,748	-	34,259,748	-
VAT on additional contribution to allowance	(395,255,123)	-	(395,255,123)	-
Debt impairment written off against allowance	402,780,843	496,204,502	383,849,303	474,939,843
Reversal of allowance	10,908,650	(290,628,429)	9,408,649	(290,628,429)
	-	7,499,999	-	-
	(6,611,529,928)	(5,664,049,394)	(5,887,774,102)	(5,088,882,855)
23. Other receivables				
AARTO fine debtor (in terms of IGRAP1)	502,421,916	254,659,350	502,421,916	254,659,350
Creditors reclassification	5,515,892	14,598,214	5,515,892	14,598,214
Housing debtors	51,244,153	43,273,872	51,244,153	43,273,872
Prepaid expenses	151,323	1,589,575	-	-
Pre-payment Sanral	174,449,852	470,659,738	174,449,852	470,659,738
Miscellaneous	418,559,546	228,820,938	281,194,395	225,947,459
Lease revenue	50,585,951	47,500,681	50,585,951	47,500,681
Waste management	2,269,814	1,220,661	2,269,814	1,220,661
Sundry rentals	97,305,634	82,926,752	97,305,634	82,926,752
Sundry persons	224,175,049	237,677,859	224,175,049	237,677,859
Public contributions	368,981,675	315,448,745	368,981,675	315,448,745
Sandspruit	-	-	34,298,530	34,298,530
RTMC: AARTO debtor	1,256,293	1,256,293	1,256,293	1,256,293
	1,896,917,098	1,699,632,678	1,793,699,154	1,729,468,154
Less: Allowance for impairment	(790,680,867)	(499,123,621)	(790,112,559)	(498,411,620)
	1,106,236,231	1,200,509,057	1,003,586,595	1,231,056,534

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
23. Other receivables (continued)				
AGEING				
Pre-payment Sanral				
> 365 days	<u>174,449,852</u>	<u>470,659,738</u>	<u>174,449,852</u>	<u>470,659,738</u>
Housing debtors				
121 - 365 days	<u>51,244,153</u>	<u>43,273,872</u>	<u>51,244,153</u>	<u>43,273,872</u>
Pre-paid expenses				
61 - 90 days	<u>151,323</u>	<u>1,589,575</u>	<u>-</u>	<u>-</u>
Miscellaneous				
121 - 365 days	<u>418,559,546</u>	<u>228,820,938</u>	<u>281,194,395</u>	<u>225,947,459</u>
Lease revenue				
31 - 60 days	<u>50,585,951</u>	<u>47,500,681</u>	<u>50,585,951</u>	<u>47,500,681</u>
AARTO fine debtor (ito IGRAP 1)				
121 - 365 days	247,762,566	-	247,762,566	-
> 365 days	<u>254,659,350</u>	<u>254,659,350</u>	<u>254,659,350</u>	<u>254,659,350</u>
	<u>502,421,916</u>	<u>254,659,350</u>	<u>502,421,916</u>	<u>254,659,350</u>
Waste management				
61 - 90 days	<u>2,269,814</u>	<u>1,220,661</u>	<u>2,269,814</u>	<u>1,220,661</u>
Sundry rentals				
61 - 90 days	<u>97,305,634</u>	<u>82,926,752</u>	<u>97,305,634</u>	<u>82,926,752</u>
Sundry persons				
91 - 120 days	<u>224,175,049</u>	<u>237,677,859</u>	<u>224,175,049</u>	<u>237,677,859</u>
Public contributions				
121 - 365 days	97,278,498	72,734,602	97,278,498	72,734,602
> 365 days	<u>271,703,177</u>	<u>242,714,143</u>	<u>271,703,177</u>	<u>242,714,143</u>
	<u>368,981,675</u>	<u>315,448,745</u>	<u>368,981,675</u>	<u>315,448,745</u>
Sandspruit Works Association				
> 365 days	<u>-</u>	<u>-</u>	<u>34,298,530</u>	<u>34,298,530</u>
RTMC: AARTO debtor				
> 365 days	<u>1,256,293</u>	<u>1,256,293</u>	<u>1,256,293</u>	<u>1,256,293</u>
Creditors reclassification				
31 - 60 days	<u>5,515,892</u>	<u>14,598,214</u>	<u>5,515,892</u>	<u>14,598,214</u>

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
23. Other receivables (continued)				
Reconciliation of allowance for impairment				
Opening balance	(499,123,621)	(478,417,617)	(498,411,620)	(478,101,696)
Contributions to provision	(317,431,057)	(44,406,395)	(316,862,749)	(43,905,567)
Write-off against the provision	24,613,584	9,310,323	23,936,177	9,222,845
Amounts recovered	34,594	17,270	-	-
Corrections of write-offs against allowance	1,225,633	14,372,798	1,225,633	14,372,798
	(790,680,867)	(499,123,621)	(790,112,559)	(498,411,620)

Other receivables from exchange and non-exchange transactions past due but not impaired

Trade and other receivables which are less than two months past due are not considered to be impaired. At 30 June 2016, R1,003,586,595 (2015: R1,231,056,534) was past due but not impaired with regard to the municipality.

Trade and other receivables which are less than two months past due are not considered to be impaired. At 30 June 2016, R 1,106,236,231 (2015: R 1,200,509,057) was past due but not impaired with regard to the group.

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

Two months past due	1,106,236,231	1,200,509,057	1,003,586,595	1,231,056,534
---------------------	---------------	---------------	---------------	---------------

Other receivables from exchange and non-exchange transactions past due and impaired

As of 30 June 2016, trade and other receivables of R1 793 699 154 (2015: R1 729 468 154) were impaired and provided for with regard to the Municipality.

As of 30 June 2016, trade and other receivables of R 1,896,917,098 (2015: R 1,699,632,678) were impaired and provided for with regard to the Group.

The amount of the impairment was R790 112 559 as of 30 June 2016 (2015: R498,411,620) for the Municipality.

The amount of the impairment was R790,680,867 as of 30 June 2016 (2015: R499,123,621) for the Group.

The ageing of these receivables is as follows:

Over two months	790,680,867	499,123,621	790,112,559	498,411,620
-----------------	-------------	-------------	-------------	-------------

Up to June 2015 an amount of R9 222 845 was written off with regard to sundry/other debtors of the Municipality against the allowance. For the Group an amount of R9 310 323 was written off against the allowance.

Up to June 2016 an amount of R23 936 177 (exclusive of VAT) (R27 135 690 inclusive of VAT) was written off with regard to sundry/other debtors of the Municipality against the allowance. For the Group an amount of R24 613 584 (exclusive of VAT) was written off against the allowance.

24. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	401,289	373,598	383,687	358,055
Cash book (bank account) balances	94,817,819	97,185,178	75,506,393	56,800,335
Short-term investments (refer to Note 19)	1,090,829,976	502,959,644	1,087,430,061	493,261,328
	1,186,049,084	600,518,420	1,163,320,141	550,419,718
Cash and bank	95,219,108	97,558,776	75,890,080	57,158,390
Short-term investments (refer to Note 19)	1,090,829,976	502,959,644	1,087,430,061	493,261,328
	1,186,049,084	600,518,420	1,163,320,141	550,419,718

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

24. Cash and cash equivalents (continued)

The Municipality and Municipal Entities have 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 - 4060738263	40,441,784	24,355,342	24,526,283	(31,309,836)	(25,654,420)	22,580,444
FNB - 51420107207	29,858,205	17,291,903	19,227,713	(213,512)	(6,402,849)	17,745,899
Standard - 410801453	131,981,676	163,315,841	93,282,021	74,198,061	51,147,872	101,398,473
Insurance Contingency - Absa - 4062593950	2,784	232,135	108,155	2,784	232,135	108,155
Tshwane Market - Absa - 4068829119	41,169,203	36,158,223	27,973,747	37,383,039	32,814,759	29,228,692
Nedbank - 1454121963	5,543,238	9,455,310	5,961,424	(4,554,143)	4,662,838	2,908,676
Municipality	248,996,890	250,808,754	171,079,343	75,506,393	56,800,335	173,970,339
Housing Company Tshwane: Absa - 4065722829	12,700,366	11,730,624	8,720,956	12,700,366	11,730,624	8,720,956
Housing Company Tshwane: Absa - 4057481879	773,361	5,586,660	22,245,505	773,361	5,586,660	22,245,505
Housing Company Tshwane: Absa - 911408066	690,500	598,581	557,445	690,500	598,581	557,445
Sandspruit: Standard - 32250738	1,973,429	382,346	5,801,687	1,938,218	376,111	5,686,626
Sandspruit: ODI Standard - 31906842	294,635	1,196,499	187,996	258,788	1,164,140	187,996
Sandspruit: ODI Standard - 738717959	34,261	17,806,359	4,524,666	34,261	17,806,359	4,524,667
Sandspruit: Absa - 4051139634	-	2,769,397	3,318,984	-	2,750,620	3,318,984
Sandspruit: Absa Money Market - 9074185817	-	174,297	163,959	-	169,990	163,959
TEDA: Standard - 410791830	2,909,873	195,808	3,426,693	2,909,873	195,808	3,426,693
TEDA: Standard - 011057491	6,059	5,950	1,725,660	6,059	5,950	1,725,660
Entities	19,382,484	40,446,521	50,673,551	19,311,426	40,384,843	50,558,491
Group total	268,379,374	291,255,275	221,752,894	94,817,819	97,185,178	224,528,830

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
25. Property rates				
Rates received				
Property rates	5,425,040,693	4,925,333,122	5,425,241,074	4,925,535,427
Less: Interdepartmental charges - assessment rates	(41,221,936)	(33,384,862)	(41,221,936)	(33,384,862)
Less: Grants-in-aid: Assessment rates	(23,264,515)	(25,600,087)	(23,264,515)	(25,600,087)
	<u>5,360,554,242</u>	<u>4,866,348,173</u>	<u>5,360,754,623</u>	<u>4,866,550,478</u>
Valuations				
Residential	282,994,595,304	276,245,582,455	282,994,595,304	276,245,582,455
Other	125,578,903,411	123,145,145,117	125,578,903,411	123,145,145,117
	<u>408,573,498,715</u>	<u>399,390,727,572</u>	<u>408,573,498,715</u>	<u>399,390,727,572</u>

The land value was changed to market value according to the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA) that came into effect on 1 July 2008. The increase in valuation is due to the fact that the full market value of a property is now the basis of levying rates and not the land value.

No difference is made between land value and the value of improvements and only the market value appears on the valuation roll. With the implementation of the MPRA, different categories of properties are levied at different tariffs with different rebates applicable.

Property owners who are 60 years and older and/or physically or mentally disabled, who can substantiate receipt of a social pension, and owners certified by the Medical Officer of Health as physically or mentally disabled, can qualify for a rebate, subject to certain conditions.

26. Service charges

Sale of electricity	9,696,177,564	8,980,907,849	9,699,511,315	8,982,611,447
Sale of water	3,224,237,070	2,833,924,763	3,318,948,220	2,947,600,732
Solid waste	1,153,332,147	991,166,534	1,153,332,147	991,166,534
Sewerage and sanitation charges	770,444,414	768,239,905	770,444,414	727,475,636
Other service charges	232,687,274	178,480,401	232,687,274	178,480,401
	15,076,878,469	13,752,719,452	15,174,923,370	12,736,646,894
Less: Interdepartmental - Electricity	(359,301,915)	(243,995,707)	(359,301,915)	(243,995,707)
Less: Interdepartmental - Water	(92,434,279)	(125,572,085)	(92,434,279)	(125,572,085)
Less: Interdepartmental - Solid Waste	(25,286,367)	(21,523,120)	(25,286,367)	(21,523,120)
Less: Interdepartmental - Sanitation	(9,750,945)	(13,947,956)	(9,750,945)	(13,947,956)
Net service charges per statement of financial performance	<u>14,590,104,963</u>	<u>13,347,680,584</u>	<u>14,688,149,864</u>	<u>13,422,295,882</u>

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated*	R	Restated*
		R		R
27. Government grants, subsidies, awards and donations				
Operating grants				
Equitable share	1,654,389,319	1,375,518,341	1,654,389,319	1,375,518,341
Emergency Management Services subsidy	59,687,000	56,683,000	59,687,000	56,683,000
Fuel levy	1,395,849,000	1,352,410,000	1,395,849,000	1,352,410,000
Finance Management Grant (FMG)	3,925,000	4,539,576	3,925,000	4,539,576
PTIS	160,258,853	138,000,000	160,258,853	138,000,000
Research and Technology grant	1,711,026	-	1,711,026	-
Broadband (Wi-fi)	7,763,443	-	7,763,443	-
Municipal Human Settlement Capacity Grant	28,215,380	31,086,516	28,215,380	31,086,516
Health subsidy	42,085,000	39,967,000	42,085,000	39,967,000
HIV/AIDS subsidy	11,948,000	10,923,000	11,948,000	10,923,000
Community libraries	4,476,874	1,836,707	4,476,874	1,836,707
Expanded Public Works Programme (EPWP)	31,143,000	30,760,000	31,143,000	30,760,000
Gautrans	-	222,417	-	222,417
USDG operational	-	194,671	-	194,671
Municipal Disaster Recovery Grant	12,438,403	991,732	12,438,403	991,732
Integrated City Development	16,531,764	38,351,975	16,531,764	38,351,975
Human Settlement Development: Topstructures	86,404,116	-	86,404,116	-
	<u>3,516,826,178</u>	<u>3,081,484,935</u>	<u>3,516,826,178</u>	<u>3,081,484,935</u>
Capital grants				
INEP	36,801,599	31,999,050	36,801,599	31,999,050
Gauteng Housing	-	(48,553,230)	-	(48,553,230)
PTIS roads and storm water	768,350,658	136,000,000	768,350,658	136,000,000
PTIS transport	-	731,346,892	-	731,346,892
Neighbourhood Development (NDPG)	62,619,000	174,998,474	62,619,000	174,998,474
Libraries	6,276,401	3,203,336	6,276,401	3,203,336
Finance Management Grant (FMG)	156,708	243,891	156,708	243,891
USDG capital	1,537,550,333	1,477,217,753	1,537,550,333	1,477,217,753
Social Infrastructure Grant	38,682,211	5,517,789	38,682,211	5,517,789
DPSA: Smart connect	1,773,260	-	1,773,260	-
Sandspruit: New meter project	278,855	-	-	-
	<u>2,452,489,025</u>	<u>2,511,973,955</u>	<u>2,452,210,170</u>	<u>2,511,973,955</u>
	<u>5,969,315,203</u>	<u>5,593,458,890</u>	<u>5,969,036,348</u>	<u>5,593,458,890</u>

Conditional and unconditional

Included above are the following categories of grants and subsidies recognised as revenue:

Conditional grants received	2,919,076,884	2,865,530,549	2,918,798,029	2,865,530,549
Unconditional grants received	3,050,238,319	2,727,928,341	3,050,238,319	2,727,928,341
	<u>5,969,315,203</u>	<u>5,593,458,890</u>	<u>5,969,036,348</u>	<u>5,593,458,890</u>

Equitable Share (DoRA)

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

All registered indigents receive a monthly subsidy of R511.90 (2015 = R465.38 and 2014 = R384), which is funded from the grant.

Current year receipts	1,654,389,319	1,375,518,341	1,654,389,319	1,375,518,341
Conditions met - transferred to revenue	<u>(1,654,389,319)</u>	<u>(1,375,518,341)</u>	<u>(1,654,389,319)</u>	<u>(1,375,518,341)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

27. Government grants, subsidies, awards and donations (continued)

Fuel levy (DoRA)

Current year receipts	1,395,849,000	1,352,410,000	1,395,849,000	1,352,410,000
Conditions met - transferred to revenue	(1,395,849,000)	(1,352,410,000)	(1,395,849,000)	(1,352,410,000)
	-	-	-	-

The purpose of the fuel levy grant is to provide for basic services and infrastructure development in under-served communities, specifically to transport infrastructure, given the link between fuel sales and road usage.

Primary Healthcare Subsidy (Provincial)

Current-year receipts	42,085,000	39,967,000	42,085,000	39,967,000
Conditions met - transferred to revenue	(42,085,000)	(39,967,000)	(42,085,000)	(39,967,000)
	-	-	-	-

The Municipality renders health services on behalf of the provincial government. The purpose of this subsidy is to render comprehensive primary health services according to service level agreements. This subsidy has been used exclusively to fund clinic services. The conditions of the subsidy have been met.

Emergency Management Services Subsidy (Provincial)

Current-year receipts	59,687,000	56,683,000	59,687,000	56,683,000
Conditions met - transferred to revenue	(59,687,000)	(56,683,000)	(59,687,000)	(56,683,000)
	-	-	-	-

The Municipality renders ambulance services on behalf of the provincial government and is reimbursed. The purpose of this subsidy is to ensure rapid and effective emergency care. This grant has been used exclusively to fund the rendering of ambulance services (included in the Emergency Medical Services vote in Appendix D). The conditions of the subsidy have been met.

Electricity for All (INEP) (DoRA)

Balance unspent at beginning of year	950	-	950	-
Current-year receipts	37,000,000	32,000,000	37,000,000	32,000,000
Conditions met - transferred to revenue	(36,801,599)	(31,999,050)	(36,801,599)	(31,999,050)
	199,351	950	199,351	950

Conditions still to be met - remain liabilities (see Note 11)

A request to roll over the balance of R199 351 will be submitted to the National Treasury.

The purpose of the grant is to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, the installation of bulk infrastructure, and rehabilitation and refurbishment of electricity infrastructure in order to improve the quality of supply.

Finance Management Grant (FMG) (DoRA)

Balance unspent at beginning of year	921,685	705,152	921,685	705,152
Current-year receipts	4,175,000	5,000,000	4,175,000	5,000,000
Conditions met - transferred to revenue	(4,081,708)	(4,783,467)	(4,081,708)	(4,783,467)
Returned to the National Treasury	(921,685)	-	(921,685)	-
	93,292	921,685	93,292	921,685

Conditions still to be met - remain liabilities (see Note 11)

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

27. Government grants, subsidies, awards and donations (continued)

A request will be submitted to the National Treasury for approval to roll forward the balance of R93 292. The balance of the 2014/15 financial year was not returned to the National Treasury as the roll forward was not approved.

The purpose of this grant is to promote support reforms in financial management by building capacity in municipalities to implement the Local Government: Municipal Finance Management Act (MFMA).

SANBI/Groen Sebenza (DoRA)

Balance unspent at beginning of year	7,823	7,823	7,823	7,823
Conditions met - transferred to revenue	(7,823)	-	(7,823)	-
	<u>-</u>	<u>7,823</u>	<u>-</u>	<u>7,823</u>

The City of Tshwane acts as a host organisation for the Groen Sebenza Internship Programme. The City will receive a grant for the duration of the internship programme.

The balance of 2014/15, which resulted due to VAT calculations was transferred to revenue during 2015/16 as all the conditions have been met.

Human Settlement Development Grant (HSDG)(Provincial)

Balance unspent at beginning of year	68,393,290	68,393,290	68,393,290	68,393,290
Current-year receipts	86,655,714	-	86,655,714	-
Conditions met - transferred to revenue	(86,404,116)	-	(86,404,116)	-
Reversal of expenditure (incorrect in prior year)	-	48,553,230	-	48,553,230
Write-back of debtor - grant will not be received	-	(48,553,230)	-	(48,553,230)
	<u>68,644,888</u>	<u>68,393,290</u>	<u>68,644,888</u>	<u>68,393,290</u>

Conditions still to be met - remain liabilities (see Note 11)

A request will be submitted to the National Treasury to roll forward the balance of 2015/16.

The debtor of R48 553 229 was created during 2012/13 for amounts already expensed by the Municipality, but it was indicated that the claims will no longer be accepted and the grant will not be paid over.

The government approved a comprehensive housing strategy to speed up housing delivery and develop sustainable human settlements. The Gauteng Department of Housing approves housing subsidies and projects and provides support to municipalities for housing development. Municipalities are responsible for the provision and ongoing operation of associated bulk and distribution infrastructure and services, such as water, sanitation, roads, and in many cases, electricity.

Urban Settlement Development Grant (USDG) (DoRA)

Balance unspent at beginning of year	36,867,333	44,829,756	36,867,333	44,829,756
Current-year receipts	1,500,683,000	1,469,450,000	1,500,683,000	1,469,450,000
Conditions met - transferred to revenue	(1,537,550,333)	(1,477,412,423)	(1,537,550,333)	(1,477,412,423)
	<u>-</u>	<u>36,867,333</u>	<u>-</u>	<u>36,867,333</u>

The grant is intended to supplement the capital revenue of metropolitan municipalities in order to support the National Human Settlements Development programme, focusing on poor households.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
27. Government grants, subsidies, awards and donations (continued)				
Public Transport Grant (PTIS) (DoRA)				
Balance unspent at beginning of year	224,108	-	224,108	-
Current-year receipts	770,609,000	1,005,571,000	770,609,000	1,005,571,000
Conditions met - transferred to revenue	(768,350,658)	(1,005,346,892)	(768,350,658)	(1,005,346,892)
Returned to the National Treasury	(224,108)	-	(224,108)	-
	<u>2,258,342</u>	<u>224,108</u>	<u>2,258,342</u>	<u>224,108</u>

Conditions still to be met - remain liabilities (see Note 11)

A request to roll over the 2015/16 balance will be submitted to the National Treasury.

The purpose of this grant is to provide for accelerated planning, construction and improvement of public and non-motorised transport networks.

HIV and AIDS (Provincial Health Department)

Current-year receipts	11,948,000	10,923,000	11,948,000	10,923,000
Conditions met - transferred to revenue	(11,948,000)	(10,923,000)	(11,948,000)	(10,923,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The purpose of this grant is to sustain and extend coverage of the ward based door-to-door education programme with referrals to local services, to build communities and support and utilise local services appropriately, and to support wards structures to address AIDS in the local community.

Gautrans (operational and capital)

Balance unspent at beginning of year	12,071,107	12,293,525	12,071,107	12,293,525
Conditions met - transferred to revenue	-	(222,418)	-	(222,418)
	<u>12,071,107</u>	<u>12,071,107</u>	<u>12,071,107</u>	<u>12,071,107</u>

Conditions still to be met - remain liabilities (see Note 11)

The purpose of this grant is to reconstruct and update the Garstfontein Road (K50) to a dual carriageway between Loristo and Anton van Wouw Street.

Neighbourhood Development Programme (DoRA)

Balance unspent at beginning of year	1,526	2,359,341	1,526	2,359,341
Current-year receipts	62,619,000	175,000,000	62,619,000	175,000,000
Conditions met - transferred to revenue	(62,619,000)	(174,998,474)	(62,619,000)	(174,998,474)
Returned to the National Treasury	(1,526)	(2,359,341)	(1,526)	(2,359,341)
	<u>-</u>	<u>1,526</u>	<u>-</u>	<u>1,526</u>

The purpose of this grant is to support neighbourhood development projects that provide community infrastructure and create a platform for other public and private sector developments to improve the quality of life of residents in targeted underserved neighbourhoods (townships generally).

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

27. Government grants, subsidies, awards and donations (continued)

Research and Technology Grant

Balance unspent at beginning of year	892,857	-	892,857	-
Current-year receipts	892,857	892,857	892,857	892,857
Conditions met - transferred to revenue	(1,711,026)	-	(1,711,026)	-
	74,688	892,857	74,688	892,857

Conditions still to be met - remain liabilities (see Note 11).

A request to roll over the balance of 2015/16 will be submitted to the National Treasury.

The purpose of this grant is to transfer funds to the Municipality for the purposes of maintenance and operationalising mechanisation assets, namely tractors and implements (including trailers). The project life is 12 months.

Community library services (Provincial Department of Sport, Arts, Culture and Recreation)

Balance unspent at beginning of year	1,185,105	1,942,452	1,185,105	1,942,452
Current-year receipts	13,436,000	4,282,695	13,436,000	4,282,695
Conditions met - transferred to revenue	(10,753,275)	(5,040,042)	(10,753,275)	(5,040,042)
	3,867,830	1,185,105	3,867,830	1,185,105

Conditions still to be met - remain liabilities (see Note 11).

A request to roll over the balance of 2015/16 will be submitted to the National Treasury.

The purpose of this grant is to have transformed urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial and local government level, and to provide the best possible sport and recreation facilities and services to all people in Tshwane to enhance their quality of life.

Municipal Human Settlement Capacity Grant

Balance unspent at beginning of year	16,419,484	-	16,419,484	-
Current-year receipts	12,831,000	47,506,000	12,831,000	47,506,000
Conditions met - transferred to revenue	(28,215,380)	(31,086,516)	(28,215,380)	(31,086,516)
	1,035,104	16,419,484	1,035,104	16,419,484

Conditions still to be met - remain liabilities (see Note 11).

A request to roll over the balance of 2015/16 will be submitted to the National Treasury.

The purpose of this grant is to build capacity in municipalities to deliver and subsidise the operational costs of administering human settlements programmes, and to ensure effective management of human settlements programmes at the local government level, in line with the accreditation framework.

Expanded Public Works Programme (EPWP) (DoRA)

Current-year receipts	31,143,000	30,760,000	31,143,000	30,760,000
Conditions met - transferred to revenue	(31,143,000)	(30,760,000)	(31,143,000)	(30,760,000)
	-	-	-	-

The purpose of this grant is to encourage local authorities and provincial departments to increase job-creation efforts in infrastructure, environment and culture programmes through the use of labour-intensive methods, and the expansion of job creation in line with the Expanded Public Works Programme guidelines.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

27. Government grants, subsidies, awards and donations (continued)

Broadband (Wi-fi)

Current-year receipts	8,850,325	-	8,850,325	-
Conditions met - transferred to revenue	(7,763,443)	-	(7,763,443)	-
	<u>1,086,882</u>	<u>-</u>	<u>1,086,882</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 11).

A request to roll over the 2015/16 balance will be submitted to the National Treasury.

Funding was received from the Department of Telecommunication and Postal Services for the implementation of free wi-fi in Tshwane.

Delft housing grant

Balance unspent at beginning of year	<u>2,293,422</u>	<u>2,293,422</u>	<u>2,293,422</u>	<u>2,293,422</u>
--------------------------------------	------------------	------------------	------------------	------------------

Conditions still to be met - remain liabilities (see Note 11).

On 5 November 2005 the mayors of the sister cities of Tshwane and Delft (Netherlands) agreed that the City of Delft will give financial support for the building of the multi-purpose community centre as part of the integrated community-building project in Mamelodi Extension 5.

The City of Delft decided to co-fund a multi purpose community centre because of its importance for the neighbouring communities.

Municipal disaster recovery grant

Balance unspent at beginning of year	13,886,268	-	13,886,268	-
Current-year receipts	-	14,878,000	-	14,878,000
Conditions met - transferred to revenue	(12,438,404)	(991,732)	(12,438,404)	(991,732)
	<u>1,447,864</u>	<u>13,886,268</u>	<u>1,447,864</u>	<u>13,886,268</u>

Conditions still to be met - remain liabilities (see note 11).

A request to roll over the 2015/16 balance will be submitted to the National Treasury.

During November 2013, severe damage to infrastructure was caused by hail in Gauteng. Because of this a state of disaster was declared in Tshwane in December 2013. The infrastructure and services damage reports and preliminary costing of damages were submitted by the Department of Human Settlements and the City of Tshwane Metropolitan Municipality through the Gauteng Provincial Disaster Management Centre in May 2014.

Public Transport Network grant (PTNOG) (DoRA)

Current-year receipts	161,000,000	-	161,000,000	-
Conditions met - transferred to revenue	(160,258,853)	-	(160,258,853)	-
	<u>741,147</u>	<u>-</u>	<u>741,147</u>	<u>-</u>

Conditions still to be met - remain liabilities (see Note 11).

A request to roll over the balance will be submitted to the National Treasury

The purpose of this grant is to provide for accelerated planning, construction and improvement of public and non-motorised transport networks.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R

27. Government grants, subsidies, awards and donations (continued)

Social Infrastructure Grant

Balance unspent at beginning of year	5,682,211	-	5,682,211	-
Current-year receipts	33,000,000	11,200,000	33,000,000	11,200,000
Conditions met - transferred to revenue	(38,682,211)	(5,517,789)	(38,682,211)	(5,517,789)
	<u>-</u>	<u>5,682,211</u>	<u>-</u>	<u>5,682,211</u>

20 Priority Township project Hammanskraal - the purpose of this grant is to plan and design the Hammanskraal Early Childhood Development Centre and to plan and design the Hammanskraal Aged Care Centre.

Sandspruit Works Association

Balance unspent at beginning of year	278,854	278,854	-	-
Conditions met - transferred to revenue	(278,854)	-	-	-
	<u>-</u>	<u>278,854</u>	<u>-</u>	<u>-</u>

This amount was received in advance and was ring-fenced until the project was finalised.

The above amounts consist of the New Meter and Repeat Offenders Project and the Housing project of the Sandspruit Works Association. The balance was utilised in the 2015/16 financial year.

LG SETA Merit Awards

Balance unspent at beginning of year	266,921	266,921	266,921	266,921
Conditions met - transferred to revenue	(266,921)	-	(266,921)	-
	<u>-</u>	<u>266,921</u>	<u>-</u>	<u>266,921</u>

Conditions still to be met - remain liabilities (see Note 11).

This money is an award for skills development. The purpose is to strengthen the municipality's capacity in relation to skills development for the purpose of training the Skills Development Facilitator or employees within the Human Resources/Skills Development Department, or to enhance the capacity of the Training Committee.

DPSA Smart Connect Grant

Balance unspent at beginning of year	378,440	-	378,440	-
Current-year receipts	1,394,820	378,440	1,394,820	378,440
Conditions met - transferred to revenue	(1,773,260)	-	(1,773,260)	-
	<u>-</u>	<u>378,440</u>	<u>-</u>	<u>378,440</u>

The grant was received for the Smart Connect project. This project envisages a system where citizens and local government communicate effectively to maximise service delivery. It aims to increase the efficiency of service delivery by facilitating improved communication between stakeholders, such as the public and the service departments. By providing an integrated communication framework between departments, service requests that involve more than one department can be coordinated efficiently.

Sport and Recreation

Balance unspent at beginning of year	72,617	72,617	72,617	72,617
Transferred to other revenue	(72,617)	-	(72,617)	-
	<u>-</u>	<u>72,617</u>	<u>-</u>	<u>72,617</u>

This amount was received during the 2010/11 financial year for the HM Pitje Stadium.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

27. Government grants, subsidies, awards and donations (continued)

Performance management (COGTA) (DoRA)

Balance unspent at beginning of year	268,665	268,665	268,665	268,665
Transferred to other revenue	(268,665)	-	(268,665)	-
	<u>-</u>	<u>268,665</u>	<u>-</u>	<u>268,665</u>

These funds were received for the upgrading of the Municipality's performance management system, the quality performance result system and the enterprise project management system to include the newly merged municipalities.

Electricity demand side

Balance unspent at beginning of year	3,000,000	-	3,000,000	-
Current-year receipts	7,000,000	3,000,000	7,000,000	3,000,000
Returned to the National Treasury	(3,000,000)	-	(3,000,000)	-
	<u>7,000,000</u>	<u>3,000,000</u>	<u>7,000,000</u>	<u>3,000,000</u>

Conditions still to be met - remain liabilities (see Note 11).

A request to roll over the balance of 2015/16 will be submitted to the National Treasury.

The department requested a rollover of the unspent portion from the Department of Mineral and Energy and the National Treasury during 2014/15, as the service level agreement with the CSIR was finalised late.

The purpose of this grant is to provide subsidies to municipalities to implement electricity demand side management (EDSM) in the municipal infrastructure in order to reduce electricity consumption and improve energy efficiency.

Revenue enhancement

Balance unspent at beginning of year	1,224,800	1,224,800	1,224,800	1,224,800
Returned to the Gauteng Provincial Treasury	(1,224,800)	-	(1,224,800)	-
	<u>-</u>	<u>1,224,800</u>	<u>-</u>	<u>1,224,800</u>

Conditions still to be met - remain liabilities (see Note 11).

This once-off allocation was received from the Department of Local Government to assist with revenue enhancement programmes. Rollover of the balance as at 30 June 2014 was requested from the National Treasury.

Integrated City Development (DoRA)

Balance unspent at beginning of year	6,307,025	-	6,307,025	-
Current year receipts	39,702,000	44,659,000	39,702,000	44,659,000
Conditions met - transferred to revenue	(16,531,765)	(38,351,975)	(16,531,765)	(38,351,975)
	<u>29,477,260</u>	<u>6,307,025</u>	<u>29,477,260</u>	<u>6,307,025</u>

Conditions still to be met - remain liabilities (see Note 11).

A request to roll over the 2015/16 balance will be submitted to the National Treasury.

The purpose of this grant from the National Treasury is to provide a financial incentive for metropolitan municipalities to integrate and focus their use of all available infrastructure investment and regulatory instruments to achieve a more compact urban spatial form and the development of more inclusive, livable, productive and sustainable urban built environments in metropolitan municipalities.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated*	R	Restated*
27. Government grants, subsidies, awards and donations (continued)				
Changes in the level of government grants				
Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming three financial years.				
28. Other income				
Market fees	169,869,175	145,634,053	169,869,175	145,634,053
Land sales	58,348	306,842	58,348	306,842
VAT audit refund	3,822,943	108,667,815	3,822,943	108,667,815
Fire services	5,059,487	4,745,826	5,059,487	4,745,826
Sale of unusable stock	6,714,902	467,017	6,714,902	467,017
Drain cleaning fees	1,085,164	814,890	1,085,164	814,890
Admission fees	19,232,101	15,630,409	19,232,101	15,630,409
Interest on property sales	663,624	316,815	663,624	316,815
Donated: Assets	117,404	3,627,726	117,404	3,627,726
Serving of summons	14,884,562	17,999,459	14,884,562	17,999,459
Building fees	52,211,130	49,641,147	52,211,130	49,641,147
Income from grave services	6,288,945	6,657,875	6,288,945	6,657,875
Motor vehicle licences (refund - province)	81,194,060	73,165,158	81,194,060	73,165,158
Training fees recovered	11,149,960	10,648,550	11,149,960	10,648,550
Newly identified assets	95,507,653	33,730,923	95,507,653	33,730,923
Insurance claims	39,027,587	54,338,205	39,027,587	54,338,205
A Re Yeng revenue	8,133,352	3,859,886	8,133,352	3,859,886
Sundry fees	7,421,300	8,464,922	4,942,667	1,683,301
Airside income	5,019,604	4,538,714	5,019,604	4,538,714
Ambulance fees	3,268,976	4,376,591	3,268,976	4,376,591
Reminder fees	61,775,473	75,020,843	61,775,473	75,020,843
Discount on prompt payments	1,326,700	822,543	1,326,700	822,543
Approval fees: advertisements	43,611,007	55,672,323	43,611,007	55,672,323
LG Seta discretionary allocation	16,758,775	4,454,390	16,758,775	4,454,390
Cemetery fees	5,708,306	5,821,612	5,708,306	5,821,612
Application fees	4,787,110	5,153,837	4,787,110	5,153,837
Income from bulk containers	1,502,119	2,587,628	1,502,119	2,587,628
Sales: Aeroplane fuel	7,263,147	11,098,807	7,263,147	11,098,807
Transport fees	22,225,219	31,624,779	22,225,219	31,624,779
Miscellaneous	53,909,973	67,790,661	55,353,314	69,323,717
	749,598,106	807,680,246	748,562,814	802,431,681
29. Employee-related costs				
Salaries and wages	4,978,988,163	4,178,513,903	4,875,736,960	4,086,498,773
Bonus	752,824	437,927	-	-
Medical aid contributions	490,403,150	443,401,472	472,800,414	427,101,989
UIF	34,957,994	30,803,324	34,957,994	30,803,324
Leave pay provision charge	3,447,060	1,469,462	-	-
Pension fund contributions	883,051,841	801,472,162	878,944,208	797,774,122
Post employee benefits	99,172,001	180,404,220	99,172,001	180,404,220
Travel, motor car, subsistence and other allowances	303,285,817	298,710,633	303,285,817	298,710,633
Overtime payments	371,579,720	305,323,007	371,579,720	305,323,007
Long-service awards	5,515,715	6,195,010	5,515,715	6,195,010
Incentive bonuses	312,725	356,188	312,725	356,188
Other allowances	278,819,907	242,223,608	276,623,069	240,433,675
Housing benefits and allowances	35,996,310	25,863,510	35,178,793	25,032,667
Compensation commissioner (COID)	43,647,312	37,831,668	43,647,312	37,831,668
	7,529,930,539	6,553,006,094	7,397,754,728	6,436,465,276

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
29. Employee-related costs (continued)				
Remuneration of City Manager (Jason Ngobeni)				
Annual remuneration	3,217,814	3,052,954	3,217,814	3,052,954
Cell phone allowance	24,000	24,000	24,000	24,000
Other	18,248	15,701	18,248	15,701
	3,260,062	3,092,655	3,260,062	3,092,655
The remuneration of staff is within the upper limits of the SALGA Bargaining Council determinations.				
Remuneration of Chief Financial Officer - municipal entities				
Annual remuneration	2,614,956	2,118,474	-	-
Bonus and performance related payments	102,101	43,476	-	-
Vehicle allowance	321,400	327,486	-	-
Medical and retirement contributions	268,134	130,554	-	-
Expense allowance	154,530	216,084	-	-
	3,461,121	2,836,074	-	-
Remuneration of Chief Executive Officer - municipal entities				
Annual remuneration	3,378,303	2,476,809	-	-
Vehicle allowance	56,307	306,731	-	-
Performance bonuses	42,308	-	-	-
Other allowances	541,739	106,809	-	-
Pension and medical aid contributions	74,790	23,572	-	-
	4,093,447	2,913,921	-	-
Remuneration of other managers - municipal entities				
Annual remuneration	12,001,499	8,912,127	-	-
Vehicle allowance	2,049,260	1,812,189	-	-
Performance bonuses	321,785	250,432	-	-
Other allowances	773,922	1,086,253	-	-
Pension and medical aid contributions	1,627,944	1,154,288	-	-
Leave provision	44,545	-	-	-
	16,818,955	13,215,289	-	-
Directors - municipal entities				
Non-executive directors: board fees	4,406,574	3,628,159	-	-
Remuneration: Executive Mayor (Kgosientso D Ramokgopa)				
Annual remuneration	931,807	883,229	931,807	883,229
Travel allowance	310,602	294,410	310,607	294,410
Cell phone allowance	41,820	27,880	41,820	27,880
Other	12,012	11,555	12,012	11,555
	1,296,241	1,217,074	1,296,246	1,217,074

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R

29. Employee-related costs (continued)

Remuneration: Speaker (Audrey W M K Mosupyoe-Letsholo)

Annual remuneration	689,785	670,328	689,785	670,328
Travel allowance	250,848	237,771	250,848	237,771
Cell phone allowance	41,820	27,880	41,820	27,880
Other	75,022	52,360	75,022	52,360
	1,057,475	988,339	1,057,475	988,339

Remuneration: Members of the Mayoral Committee

Annual remuneration	6,595,684	6,235,472	6,595,684	6,235,472
Travel allowance	2,116,530	2,006,190	2,116,530	2,006,190
Cell phone allowance	208,680	139,120	208,680	139,120
Other	783,248	752,141	783,248	752,141
	9,704,142	9,132,923	9,704,142	9,132,923

Refer to General information for the list of the individual members of the mayoral committee.

Members of the Mayoral Committee

Subesh Pillay	969,143	912,987	969,143	912,987
Thembekile Elizabeth Mmoko	969,137	912,967	969,137	912,967
Petunia Faith Mashaba	970,589	914,164	970,589	914,164
Rasello Terence Mashego	969,548	913,173	969,548	913,173
Maidi Dorothy Mabiletsa	970,589	914,213	970,589	914,213
Theresa-Eulanda Mabusela	969,180	913,006	969,180	913,006
Nozipho Paulina Tyobeka-Makeke	977,889	912,978	977,889	912,978
Joshua John Ngonyama	969,905	913,593	969,905	913,593
Jacob Mlandu Masango	969,081	912,921	969,081	912,921
Maupe George Matjila	969,081	912,921	969,081	912,921
	9,704,142	9,132,923	9,704,142	9,132,923

30. Remuneration of top management

Reporting directly to the City Manager

June 2016

Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Other allowances	Total
Dyakala, Andile P	Group Chief Financial Officer	2,123,757	60,000	21,600	-	2,205,357
Kwele, Lindiwe	Deputy City Manager	2,583,664	300,000	21,600	112,959	3,018,223
Mangu, Lisa N	Deputy City Manager	2,188,114	60,000	21,600	-	2,269,714
Boshielo, Mokholela, K F	Deputy City Manager	2,188,114	180,000	21,600	18,248	2,407,962
Lukhwareni, Ndvihoniswani	Deputy City Manager	2,188,110	108,000	21,600	-	2,317,710
De Beer, Joan K	Chief of Emergency Services	1,846,819	72,000	21,600	-	1,940,419
Ngobeni, Khazamula S	Chief of Police	1,812,853	-	21,600	15,436	1,849,889
Thenga, Obed	Chief Audit Executive	1,673,252	60,000	21,600	-	1,754,852
		16,604,683	840,000	172,800	146,643	17,764,126

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality		Total	
	2016	2015	2016	2015		
	R	Restated* R	R	Restated* R		
30. Remuneration of top management (continued)						
June 2015						
Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Other allowances	Total
Dyakala, Andile P	Group Chief Financial Officer	1,969,040	45,909	16,527	-	2,031,476
Kwele, Lindiwe	Deputy City Manager	2,151,294	300,000	21,600	43,684	2,516,578
Mangcu, Lisa N	Deputy City Manager	2,016,009	60,000	21,600	-	2,097,609
Boshielo, Mokholela, K F	Deputy City Manager	1,896,009	180,000	21,600	-	2,097,609
Lukhwareni, Ndvihoniswani	Service Delivery Coordinator and Transformation Manager	1,968,005	108,000	21,600	-	2,097,605
Seabela, Bruno S	SED: Group Legal Services	1,744,575	180,000	21,600	572	1,946,747
Aborn, Peter K	Director: Contract Management	1,696,640	12,000	21,600	-	1,730,240
Shozi, Ernest W	Chief of Staff	1,540,896	236,412	21,600	23,664	1,822,572
Otumile, Dudlana J	Group Chief Information Officer	1,597,308	180,000	21,600	-	1,798,908
De Beer, Joan K	Chief of Emergency Services	1,680,200	72,000	21,600	-	1,773,800
Ntsikeni, Zukiswa (resign April)	SED: Corporate and Shared Services	1,513,600	86,400	21,600	-	1,621,600
Nemahagala, Tshilidzi D	SED: City Manager Support	1,658,171	81,818	14,727	-	1,754,716
Ngobeni, Khazamula S	Chief of Police	1,719,974	-	21,600	17,552	1,759,126
Matsena, Mapiti David	SEH: Secretariat of Council	1,352,993	234,546	21,600	-	1,609,139
Mkhwebani, Kgaugelo W	SEH: Office of the Chief Whip	1,497,536	90,000	21,600	-	1,609,136
Manganye, Mahlomola D	Safer City Coordinator	1,551,536	36,000	21,600	2,288	1,611,424
Thenga, Obed	Chief Audit Executive	1,527,525	60,000	21,600	21,615	1,630,740
		29,081,311	1,963,085	355,254	109,375	31,509,025

* Other allowances comprise S and T allowances.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality				
	2016	2015	2016	2015			
	R	Restated* R	R	Restated* R			
30. Remuneration of top management (continued)							
Reporting to the Deputy City Managers							
June 2016							
	Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Other allowances	Total
	Seabela, Bruno S	SED: Group Legal Services	2,028,503	180,000	21,600	-	2,230,103
	Mhlekwana, Thembeke	SED: Economic Development	1,833,949	-	21,600	26,311	1,881,860
	Makgata, Makgorometje A	SED: City Planning	1,833,949	108,000	21,600	34,332	1,997,881
	Ncunyana, Zukiswa	SED: Strategy, Research and Innovation	1,833,949	72,000	21,600	18,390	1,945,939
	Ndlovu, Nomasonto Cynthia	SED: Communication, Marketing and Events	1,833,949	120,000	21,600	77,524	2,053,073
	Kekana, Seoketsa E	SED: Health and Social Development	1,737,621	48,000	21,600	-	1,807,221
	Shozi, Ernst W (resigned January 2016)	SEH: Office of the Executive Mayor	1,092,748	137,907	12,600	59,569	1,302,824
	Maganlal, Mayur	SED: City Strategies and Performance Management	1,722,017	102,000	21,600	-	1,845,617
	Nteo, Lemao D	Chief Sustainability Specialist	1,603,753	84,000	21,600	105,728	1,815,081
	Kolisa, Mthobeli S	SED: Environmental Management	1,603,753	180,000	21,600	2,002	1,807,355
	Letlonkane, Pheko I	SED: Transport Development	1,924,503	120,000	21,600	-	2,066,103
	Mothoagae, Amolemo G	SED: Housing and Human Settlement	1,738,896	240,000	21,600	-	2,000,496
	Tshwale, Ngako D	SED: Sport and Recreational Services	1,463,237	-	21,600	1,430	1,486,267
	Mkhwebane, Kgaugelo W	SEH: Office of the Chief Whip	1,673,263	90,000	21,600	-	1,784,863
	Manganye, Mahlomola D	SED: Community and Business Safety	1,673,263	180,000	21,600	-	1,874,863
	Otumile, Dudlana J	SED: Group Information Officer	1,873,283	180,000	21,600	18,248	2,093,131
	Ramulifho, Khathutshelo C	SED: Corporate and Shared Services	1,686,400	86,400	21,600	-	1,794,400
	Matsena, Mapiti D	SEH: Office of the Speaker	1,673,267	234,546	21,600	-	1,929,413
			30,830,303	2,162,853	379,800	343,534	33,716,490

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R

30. Remuneration of top management (continued)

June 2015

Name	Designation	Remuneration	Travel allowance	Cell phone allowance	Other allowances	Total
Madlala, Lungile N	Executive Project Manager: IRPNT	1,775,141	43,200	10,800	-	1,829,141
Mhleka, Thembeke S	SED: Economic Development	1,731,989	8,000	21,600	20,976	1,782,565
Makgata, Makgorometje A	SED: City Planning	1,631,989	108,000	21,600	47,074	1,808,663
Ncunyana, Zukiswa	SED: Strategy, Research and Innovation	1,667,989	72,000	21,600	16,625	1,778,214
Ndlovu, Nomasonto Cynthia	SED: Communication, Marketing and Events	1,619,989	120,000	21,600	65,576	1,827,165
	SED: Health and Social Development	1,600,596	48,000	21,600	19,585	1,689,781
Maganlal, Mayur	SED: City Strategies and Performance Management	1,531,792	102,000	21,600	-	1,655,392
Nteo, Lemao D	SED: Green Desk	1,437,587	84,000	21,600	31,922	1,575,109
Kolisa, Mthobeli S	SED: Environmental Management	1,341,587	180,000	21,600	16,430	1,559,617
Letlonkane, Pheko I	SED: Transport Development	1,705,904	120,000	21,600	-	1,847,504
Mothoagae, Amolemo G	SED: Housing and Human Settlement	1,409,806	240,000	21,600	-	1,671,406
Tshwale, Ngako D	SED: Sport and Recreation	1,388,270	-	21,600	-	1,409,870
Mutshidza, Ndwamato T	SED: Electricity	1,601,850	-	21,600	-	1,623,450
		20,444,489	1,125,200	270,000	218,188	22,057,877

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
31. Remuneration of councillors				
Councillors' allowance	109,968,280	101,735,728	109,968,280	101,735,728
Travelling allowance	-	8,487	-	8,487
Other (Caucus management)	2,475,047	2,448,608	2,475,047	2,448,608
	112,443,327	104,192,823	112,443,327	104,192,823
In-kind benefits				
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee members are full-time employees. Each is provided with an office and secretarial support at the cost of the Municipality.				
According to the organisational structure of the Municipality, the sub section, Executive Mayor Protection, has seven staff members, of which five are VIP protection officers.				
The Executive Mayor is entitled to stay at the mayoral residence owned by the Municipality at no cost. The Executive Mayor has use of a municipal vehicle for official duties.				
The allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed above are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.				
Remuneration of the Executive Mayor, Speaker and Members of the Mayoral Committee:				
For the disclosure of the remuneration of the Executive Mayor, Speaker and Members of the Mayoral Committee, refer to Note 29.				
32. Depreciation and amortisation				
Depreciation: Investment property (Note 14)	5,427,450	5,016,901	5,177,761	4,767,212
Amortisation: Intangible assets (Note 15)	45,841,801	66,524,154	45,629,998	66,390,352
Depreciation: Property, plant and equipment (Note 13)	1,259,894,800	1,175,021,050	1,255,000,926	1,170,013,661
Depreciation: Leased assets (Note 17)	89,385,563	70,530,567	89,385,563	70,530,567
Depreciation: Rehabilitation assets (Note 13)	36,146,244	65,821,047	36,146,244	65,821,047
	1,436,695,858	1,382,913,719	1,431,340,492	1,377,522,839
33. Finance costs (interest paid)				
Long-term liabilities (external loans)	990,250,051	875,390,680	989,920,103	875,016,160
Interest rate swaps	59,740,597	38,959,100	59,740,597	38,959,100
Finance leases	11,739,371	13,708,000	11,739,371	13,708,000
Bank overdraft	858,049	558,712	186,451	14,572
Other finance costs (bank charges, transit banking, etc)	11,257,816	12,144,836	11,257,816	12,144,836
Amortisation: provisions	64,122,583	56,705,202	64,122,583	56,705,202
	1,137,968,467	997,466,530	1,136,966,921	996,547,870
34. Investment revenue				
Interest revenue (interest received)				
Bank	19,028,645	6,146,925	18,510,640	5,742,166
Investments	17,470,307	15,039,543	16,713,466	14,151,280
Long-term investments	18,147,894	15,351,018	18,147,894	15,351,018
Contingency insurance	2,627,525	1,629,873	2,627,525	1,629,873
	57,274,371	38,167,359	55,999,525	36,874,337

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
38. General expenses (refer to the statement of financial performance)				
National Health Insurance	25,079,812	10,188,845	25,079,812	10,188,845
Lost books	11,891,594	11,434,499	11,891,594	11,434,499
Auditors' remuneration	25,308,823	22,057,672	23,957,496	20,784,528
Consumables	11,444,357	9,956,914	11,444,357	9,956,914
Disaster recovery grant	12,438,403	991,732	12,438,403	991,732
Commission paid	40,310,424	27,436,582	40,310,424	27,436,582
Wi-Fi	106,363,642	179,999,729	106,363,642	179,999,729
Compensation commissioner	23,549,119	8,199,229	23,549,119	8,199,229
Cleaning services	21,722,275	17,480,745	20,399,496	16,350,628
Integrated City Development grant	16,531,764	38,351,975	16,531,764	38,351,975
Protective clothing	41,228,764	42,215,843	40,663,302	41,871,858
Chemicals	33,003,351	37,047,061	33,003,351	37,047,061
Municipal Human Settlement Capacity grant	28,215,380	31,086,516	28,215,380	31,086,516
Gratuities	16,235,010	19,567,470	16,235,010	19,567,470
Ward committee: Administration	10,070,553	11,073,657	10,070,553	11,073,657
Greendesk	26,637,723	27,189,762	26,637,723	27,189,762
Rental of plant and equipment	413,377,001	201,325,215	413,377,001	201,325,215
HIV and AIDS grant	17,855,780	11,556,367	17,855,780	11,556,367
Refreshments for meetings	14,955,298	11,104,444	14,955,298	11,104,444
Insurance	140,008,174	116,321,197	139,836,587	115,560,667
LED initiatives	25,424,983	60,133,030	25,424,983	60,133,030
Imbizo	50,480,656	24,144,817	50,480,656	24,144,817
End-user support	19,163,998	17,082,231	19,163,998	17,082,231
Implementation: OITPS	87,731,990	77,826,361	87,731,990	77,826,361
Postage	26,494,981	32,069,117	26,494,981	32,069,117
Drug and substance abuse	41,221,959	4,191,590	41,221,959	4,191,590
Membership fees	18,546,503	17,574,910	18,546,503	17,574,910
EPWP expenditure	31,143,000	30,760,000	31,143,000	30,760,000
Communications	36,235,788	47,442,492	36,235,788	47,442,492
Leasing of property	212,486,342	220,733,771	215,881,438	224,783,771
Advertising and marketing	11,376,760	12,200,231	11,263,398	12,097,513
Consultant fees	140,390,035	200,169,861	131,110,902	194,151,783
Private sector labour	72,249,368	63,677,518	72,249,368	63,677,518
Telecommunication	76,831,606	122,836,528	75,353,686	121,411,556
Inventory write-down	5,411,589	6,017,699	5,411,589	6,017,699
Service providers	42,294,302	2,592,932	11,882,837	13,369,702
Project-linked housing: top structures	90,770,308	-	90,770,308	-
Internal Audit services	173,384,063	113,810,348	173,384,063	113,810,348
Tshwane Open (golf day)	40,000,000	40,000,000	40,000,000	40,000,000
Dinokeng	-	10,868,574	-	10,868,574
Lease expenses	115,649,240	72,357,751	107,832,675	62,503,204
Executive Mayor: donations	28,219,243	13,306,067	28,219,243	13,306,067
EPWP: Job creation	133,441,280	139,292,437	133,441,280	139,292,437
Management information system	49,430,012	43,521,370	49,430,012	43,521,370
Subsistence and travelling	18,652,330	19,904,596	18,333,315	19,705,453
Formalisation: Informal sector	129,445,380	98,942,188	129,445,380	98,942,188
Tshepo 10 000 Council	10,382,191	17,371,851	10,382,191	17,371,851
Locomotion allowance	25,857,199	24,049,393	25,857,199	24,049,393
Prevention of illegal land invasion	29,505,090	33,675,827	29,505,090	33,675,827
Household refuse removal	427,695,516	344,272,546	427,695,516	344,272,546
Rental vehicles - vatable	108,523,026	117,549,287	108,523,026	117,549,287
Tanker water services	17,102,909	19,682,340	17,102,909	19,682,340
CCTV	37,550,200	48,958,690	37,550,200	48,958,690
Petrol and diesel fuel	116,640,557	145,171,695	116,640,557	145,171,695
Re aga Tshwane	93,142,368	101,399,735	93,142,368	101,399,735
Legal costs	123,171,231	26,040,113	122,610,100	26,029,705
Licences	76,219,055	53,345,180	76,219,055	53,345,180
Stationery	36,601,742	30,541,450	35,744,241	29,841,167
A Re Yeng operations	121,069,999	35,644,296	121,069,999	35,644,296
PTIS grant expenditure	160,258,853	137,986,401	160,258,853	137,986,401
Tshwane House	2,296,099	-	2,296,099	-
Tshwane Inner City	3,905,627	6,196,450	3,905,627	6,196,450
Internet fees	33,075,854	25,187,623	33,075,854	25,187,623

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
38. General expenses (refer to the statement of financial performance) (continued)				
Training board fees	60,670,079	54,765,494	60,670,079	54,765,494
Stipend learners	31,029,353	79,754,837	31,029,353	79,754,837
Events management	16,156,776	18,981,841	16,156,776	18,981,841
Watchmen services	377,057,193	299,749,326	367,828,639	291,886,736
Other expenses	328,552,274	372,609,990	300,810,517	369,213,684
Service fee	639,377,289	808,333,532	639,377,289	808,333,532
	5,588,543,443	5,127,309,770	5,500,720,981	5,109,059,719
39. Cash generated from operations				
Surplus	308,627,877	766,131,356	310,938,897	765,679,842
Adjustments for:				
Depreciation and amortisation	1,436,695,858	1,382,913,719	1,431,340,492	1,377,522,839
(Loss)/gain on sale of assets and liabilities	(62,104,490)	169,958,450	(62,231,796)	169,913,188
Fair value adjustments	145,366,351	(52,091,422)	145,366,351	(52,091,422)
Impairment deficit	362,767	124,922,833	362,767	124,922,833
Debt impairment	1,278,919,913	850,661,938	1,126,463,150	721,971,875
Movements in operating lease assets and accruals	(265,672)	(1,872,193)	-	(2,308,997)
Movements in retirement benefit assets and liabilities	99,172,001	180,404,220	99,172,001	180,404,220
Movements in provisions	151,022,737	209,834,832	151,012,799	209,837,394
Movement in tax receivable and payable	(1,176,843)	-	-	-
Annual charge for deferred tax	23,456	(283,566)	-	-
Changes in working capital:				
Inventories	(91,442,736)	(93,559,209)	(91,443,913)	(93,812,886)
Other receivables	94,272,826	(62,280,454)	227,469,939	(113,848,591)
Consumer receivables	(1,345,423,331)	(837,664,627)	(1,196,504,532)	(712,428,563)
Payables from exchange transactions	1,597,130,693	308,181,972	1,477,066,535	361,242,487
VAT	406,275,922	198,847,746	407,826,146	203,051,363
Unspent grants and receipts	(40,353,314)	35,707,873	(40,074,460)	35,707,873
Consumer deposits	24,899,810	(55,733,493)	24,689,856	(55,763,968)
Taxation	(1,004,776)	(2,136,220)	-	-
	4,000,999,049	3,121,943,755	4,011,454,232	3,119,999,487
40. Additional disclosure in terms of the Local Government: Municipal Finance Management Act				
Contributions to organised local government				
Current year subscription/fee	3,607,863	3,326,196	3,607,863	3,326,196
Amount paid - current year	(3,607,863)	(3,326,196)	(3,607,863)	(3,326,196)
	-	-	-	-
Audit fees				
Opening balance	282,557	1,310,946	-	1,310,946
Current year audit fee	25,175,301	20,290,792	22,592,444	17,830,402
Amount paid - current year	(25,175,301)	(20,008,235)	(22,592,444)	(17,830,402)
Amount paid - previous years	(282,557)	(1,310,946)	-	(1,310,946)
	-	282,557	-	-

The balance of the previous financial year was paid in the following financial year.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated*	R	Restated*
		R		R

40. Additional disclosure in terms of the Local Government: Municipal Finance Management Act (continued)

PAYE and UIF

Opening balance	85,251,338	77,164,732	83,275,234	76,496,349
Current year payroll deductions	1,091,033,919	965,756,460	1,065,954,475	942,824,943
Amount paid - current year	(992,639,798)	(880,554,496)	(968,643,282)	(859,549,709)
Amount paid - previous years	(85,143,627)	(77,115,358)	(83,275,234)	(76,496,349)
	<u>98,501,832</u>	<u>85,251,338</u>	<u>97,311,193</u>	<u>83,275,234</u>

Pension and Medical Aid Deductions

Opening balance	-	276,968	-	-
Current year payroll deductions and Council contributions	1,945,293,697	1,761,182,071	1,916,116,814	1,734,559,756
Amount paid - current year	(1,945,293,697)	(1,761,298,313)	(1,916,116,814)	(1,734,559,756)
Amount paid - previous years	-	(160,726)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Councillors' arrear consumer accounts

The following councillors had accounts outstanding as at 30 June 2016:

These councillors made arrangements to pay off their debt.

30 June 2016	Less than 90 days	More than 90 days	Total R
Kwenda, L H	495	23	518
Buthelezi, M M	1,462	2,023	3,485
Khumalo, Z C #	3,310	5,589	8,899
Mokotho D A (Heir) #	270	449	719
Ledwaba, D C	4,378	-	4,378
Makitla, N B ##	774	8,083	8,857
Linde, E #	-	17,510	17,510
Mampheko, A M (Sandspruit)	782	9,946	10,728
Motsepe, R H (Sandspruit)	193	22,844	23,037
Rammushi, J P (Sandspruit)	727	8,278	9,005
Sekonya, M D (Sandspruit)	85	819	904
Sindane, J M (Sandspruit)	1,107	21,328	22,435
Sesoko, L (Sandspruit)	7	73	80
	<u>13,590</u>	<u>96,965</u>	<u>110,555</u>

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R

40. Additional disclosure in terms of the Local Government: Municipal Finance Management Act (continued)

30 June 2015	Less than 90 days	More than 90 days	Total R
Ncube, ME	1,109	3,325	4,434
Lesufi, M L	1,519	8,106	9,625
Lesufi, M M (Heir) #	657	2,905	3,562
Buthelezi, MM (Inactive) #	6,405	35,198	41,603
Marema, M P	4,416	435	4,851
Matentjie, M J	1,399	4,587	5,986
Thobekae, E M #	630	13,778	14,408
Khumalo, Z C #	2,314	13,973	16,287
Majeng M J	586	345	931
Zitha, B P & F T	1,797	599	2,396
Babane, T J	787	156	943
Mathafa O M	551	474	1,025
Boshomane, M J	3,378	3,057	6,435
Strijdom, C E	30,143	2,149	32,292
Mabelane, V P	3,750	374	4,124
Maseko, N E	10,070	11,540	21,610
Majeng, J (Sandspruit)	673	2,871	3,544
Mampheko, R M (Sandspruit)	836	5,962	6,798
Motsepe, R H (Sandspruit)	401	24,121	24,522
Rammushi, J P (Sandspruit)	1,680	3,705	5,385
Sekonya, M D (Sandspruit)	117	-	117
Sindane, J M (Sandspruit)	1,140	15,251	16,391
	74,358	152,911	227,269

These councillors made arrangements to pay off their debt

41. Non-compliance with applicable legislation

MFMA:

Non-compliance to section 15(b) of the MFMA occurred as unauthorised expenditure was incurred. Refer to note 48.

Non-compliance to section 32 of the MFMA occurred as fruitless and wasteful expenditure was incurred. Refer to note 49.

Supply Chain Management Regulations

Various incidents of non-compliance to the Supply Management Regulations occurred during 2015/16. Refer to note 50.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
42. Commitments				
Authorised capital expenditure				
Approved and contracted for				
• Infrastructure	2,579,600,600	2,596,038,643	2,579,600,600	2,596,038,643
• Community	672,444,555	164,000,000	672,444,555	164,000,000
• Other	163,446,265	571,933,150	163,446,265	571,933,150
• Intangible assets	66,030,489	-	66,030,489	-
	3,481,521,909	3,331,971,793	3,481,521,909	3,331,971,793
Approved but not yet contracted for				
• Infrastructure	-	223,521,429	-	223,521,429
• Community	-	62,300,000	-	62,300,000
• Other	13,006,905	238,773,260	13,006,905	238,773,260
	13,006,905	524,594,689	13,006,905	524,594,689
	3,494,528,814	6,663,943,586	3,494,528,814	3,856,566,482
Total capital commitments				
Approved and contracted for	3,481,521,909	3,331,971,793	3,481,521,909	3,331,971,793
Approved but not yet contracted for	13,006,905	524,594,689	13,006,905	524,594,689
	3,494,528,814	3,856,566,482	3,494,528,814	3,856,566,482
Authorised operational expenditure				
Approved and contracted for				
• TEDA	1,824,741	8,331,873	-	-
• Sandspruit Works Association	31,723,716	12,896,025	-	-
• City of Tshwane (various services)	939,995,615	-	939,995,615	-
	973,544,072	21,227,898	939,995,615	-
Approved but not yet contracted for				
• City of Tshwane (various services)	951,882,355	-	951,882,355	-
	951,882,355	-	951,882,355	-
Total operational commitments				
Already contracted and authorised	973,544,072	21,227,898	939,995,615	-
Not yet contracted for and authorised by accounting officer	951,882,355	-	951,882,355	-
	1,925,426,427	21,227,898	1,891,877,970	-
Total commitments				
Total commitments				
Authorised capital expenditure	3,494,528,814	3,856,566,482	3,494,528,814	3,856,566,482
Authorised operational expenditure	1,925,426,427	21,227,898	1,891,877,970	-
	5,419,955,241	3,877,794,380	5,386,406,784	3,856,566,482

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated*	R	Restated*
		R		R

43. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - Group - 2016

	Insurance reserve	COVID reserve	Housing development fund	Accumulated surplus	Total
Opening balance	25,859,091	71,118,358	156,442,652	18,157,636,269	18,411,056,370
Net surplus for the year	-	-	-	308,627,877	308,627,877
Rounding	-	-	-	3	3
Transfer to/(from) reserves	2,340,456	1,248,055	-	(3,588,511)	-
	28,199,547	72,366,413	156,442,652	18,462,675,638	18,719,684,250

Ring-fenced internal funds and reserves within accumulated surplus - Group - 2015

	Insurance reserve	COVID reserve	Housing development fund	Other	Total
Opening balance	25,020,508	67,171,810	156,442,652	17,556,532,882	17,805,167,852
Net surplus for the year	-	-	-	1,178,662,431	1,178,662,431
Restatement 2014/15 - TEDA	-	-	-	(234,607)	(234,607)
Restatement 2013/14 and prior - TEDA	-	-	-	(186,231)	(186,231)
Restatement of 2014/15 - Municipality	-	-	-	(412,296,469)	(412,296,469)
Restatement of 2013/14 and prior - Municipality	-	-	-	(160,056,606)	(160,056,606)
Transfer to/(from) reserves	838,583	3,946,548	-	(4,785,131)	-
	25,859,091	71,118,358	156,442,652	18,157,636,269	18,411,056,370

Ring-fenced internal funds and reserves within accumulated surplus - Municipality - 2016

	Insurance reserve	COVID reserve	Housing development fund	Accumulated surplus	Total
Opening balance	25,859,092	71,118,358	156,442,652	18,114,416,231	18,367,836,333
Net surplus for the year	-	-	-	310,938,898	310,938,898
Transfer reserve to accumulated surplus	2,340,455	1,248,055	-	(3,588,510)	-
	28,199,547	72,366,413	156,442,652	18,421,766,619	18,678,775,231

Ring-fenced internal funds and reserves within accumulated surplus - Municipality - 2015

	Insurance reserve	COVID reserve	Housing development fund	Other	Total
Opening balance	25,020,508	67,171,810	156,442,652	17,513,578,124	17,762,213,094
Net surplus for the year	-	-	-	1,177,976,313	1,177,976,313
Restatement of 2014/15 financial year	-	-	-	(412,296,469)	(412,296,469)
Restatement of 2013/14 and prior financial years	-	-	-	(160,056,606)	(160,056,606)
Transfer to/(from) reserves	838,583	3,946,548	-	(4,785,131)	-
	25,859,091	71,118,358	156,442,652	18,114,416,231	18,367,836,332

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
44. Employee benefit obligations				
Pension funds				
Most employees of the Municipality are members of one of the following funds and those who are not, are paid a lump-sum gratuity at retirement age. The Municipality's contributions to these funds are reflected as a charge against income in the financial statements.				
Defined contribution plan (as classified by the relevant fund)				
The Municipality contributes to the following defined contribution plans, which are governed by the Pension Fund Act of 1956. The total contributions are included under Employee-related costs, Note 29.				
Tshwane Municipal Provident Fund/Tshwane Municipal Gratuity Fund 6 049 (30.97 %) of the Municipality's employees are members of this fund.	345,797,890	312,845,933	345,797,890	312,845,933
Pension Fund for Municipal Councillors The Councillors of the City of Tshwane Metropolitan Municipality are members of this fund. 68 (0.35%) of the Municipality's employees are members of this fund.	6,580,007	6,195,402	6,580,007	6,195,402
National Fund for Municipal Workers 7 589 (38.86 %) of the Municipality's employees are members of this fund.	437,453,062	380,608,532	437,453,062	380,608,532
SALA Provident Fund/Gratuity Fund 56 (0.29 %) of the Municipality's employees are members of this fund.	1,267,502	1,177,803	1,267,502	1,177,803
SAMWU National Pension Fund 13 (0.07 %) of the Municipality's employees are members of this fund.	883,993	928,555	88,393	928,555
SAMWU National Provident Fund 1 161 (5.94 %) of the Municipality's employees are members of this fund.	62,915,514	59,626,072	62,915,514	59,626,072
Germiston Municipal Retirement Fund 4 (0.02 %) of the Municipality's employees are members of this fund.	492,762	439,572	492,762	439,572
Meshawu National Local Authorities Retirement Fund 32 (0.19 %) of the Municipality's employees are members of this fund.	1,380,511	1,486,281	1,380,511	1,486,281
	856,771,241	763,308,150	855,975,641	763,308,150

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
44. Employee benefit obligations (continued)				
Defined benefit plan (as classified by the relevant funds):				
Tshwane Municipal Pension Fund				
233 (1.19%) of the Municipality's employees are members of this fund.				
Included in general expenses				
Current service cost	28,956,983	27,994,833	28,956,983	27,994,833
Interest cost	210,921,809	202,496,145	210,921,809	202,496,145
Expected return on assets	(191,546,587)	(194,855,117)	(191,546,587)	(194,855,117)
Recognised Net (Gain)/Loss	62,084,627	118,187,597	62,084,627	118,187,597
Defined benefit expense	110,416,832	153,823,458	110,416,832	153,823,458
Post-employment benefit liability (funded status)				
Present value of the obligation	(2,532,205,108)	(2,459,626,867)	(2,532,205,108)	(2,459,626,867)
Fair value of plan assets	2,211,548,215	2,233,686,185	2,211,548,215	2,233,686,185
Liability recognised in statement of financial position	(320,656,893)	(225,940,682)	(320,656,893)	(225,940,682)
Reconciliation of defined benefit obligation				
Present value of obligation at beginning of year	2,459,626,867	2,335,595,677	2,459,626,867	2,335,595,677
Interest cost	210,921,809	202,496,145	210,921,809	202,496,145
Current service cost	28,956,983	27,994,833	28,956,983	27,994,833
Member contributions	6,269,948	6,395,138	6,269,948	6,395,138
Risk premiums	(1,912,879)	(1,947,828)	(1,912,879)	(1,947,828)
Benefits paid	(132,798,217)	(127,727,283)	(132,798,217)	(127,727,283)
Actuarial (gain)/loss on obligation	(38,859,403)	16,820,185	(38,859,403)	16,820,185
Present value of obligation at end of year	2,532,205,108	2,459,626,867	2,532,205,108	2,459,626,867

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
44. Employee benefit obligations (continued)				
Reconciliation of plan assets (none of the Municipality's own financial instruments or property are included in the fair value of plan assets)				
Fair value of plan assets at beginning of year	2,233,686,186	2,247,463,863	2,233,686,186	2,247,463,863
Expected return on plan assets	191,546,587	194,855,117	191,546,587	194,855,117
Contributions	21,970,570	22,409,729	21,970,570	22,409,729
Risk premiums	(1,912,879)	(1,947,828)	(1,912,879)	(1,947,828)
Benefits paid	(132,798,217)	(127,727,283)	(132,798,217)	(127,727,283)
Actuarial (gain)/loss on obligation	(100,944,030)	(101,367,412)	(100,944,030)	(101,367,412)
Fair value of plan assets at end of year	2,211,548,217	2,233,686,186	2,211,548,217	2,233,686,186
Composition of plan assets				
Cash	18.17 %	18.17 %	18.17 %	18.17 %
Equity	40.68 %	40.68 %	40.68 %	40.68 %
Bonds	8.45 %	8.45 %	8.45 %	8.45 %
Property	4.65 %	4.65 %	4.65 %	4.65 %
Other	2.33 %	2.33 %	2.33 %	2.33 %
International	25.72 %	25.72 %	25.72 %	25.72 %
Total	100.00 %	100.00 %	100.00 %	100.00 %
Actual return on plan assets	191,546,587	194,855,117	191,546,587	194,855,117
Estimated contributions to be paid in the next financial period	21,970,570	22,409,729	21,970,570	22,409,729
Municipal Gratuity Fund				
1 545 (7.91%) of the Municipality's employees are members of this fund. No specific plan assets are set aside for the Gratuity Fund.				
Included in general expenses				
Current service cost	1,509,667	1,329,965	1,509,667	1,329,965
Interest cost	4,128,753	5,183,923	4,128,753	5,183,923
Recognised net (gain)/loss	5,729,409	12,379,149	5,729,409	12,379,149
Defined benefit expense	11,367,829	18,893,037	11,367,829	18,893,037
Post-employment benefit liability (funded status)				
Present value of the obligation	(56,330,086)	(71,244,758)	(56,330,086)	(71,244,758)
Net (expense)/income recognised in statement of financial performance	(4,182,763)	14,914,672	(4,182,763)	14,914,672
Liability recognised in statement of financial position	(60,512,849)	(56,330,086)	(60,512,849)	(56,330,086)
Reconciliation of defined benefit obligation				
Present value of obligation at beginning of year	56,330,086	71,244,758	56,330,086	71,244,758
Interest cost	4,128,753	5,183,923	4,128,753	5,183,923
Current service cost	1,509,667	1,329,965	1,509,667	1,329,965
Benefits paid	(7,185,066)	(9,049,411)	(7,185,066)	(9,049,411)
Actuarial (gain)/loss on obligation	5,729,409	(12,379,149)	5,729,409	(12,379,149)
Present value of obligation at end of year	60,512,849	56,330,086	60,512,849	56,330,086

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016 R	2015 Restated* R	2016 R	2015 Restated* R
44. Employee benefit obligations (continued)				
Estimated benefit payments to be paid iro gratuities in the next financial period	9,484,500	7,185,066	9,484,500	7,185,066
Multi-employer funds				
<p>The Municipality contributes to the following defined benefit plans which are governed by the Pension Fund Act of 1956. Due to the nature of these funds, the lack of information and the fact that assets are not specifically associated to meet the obligations in respect of individual employers, these funds are accounted for as defined contribution funds in terms of paragraph 30 of IAS 19. The total contributions are included in employee-related costs, Note 29.</p>				
SALA Pension Fund				
The actuarial valuation is carried annually since 1 July 1998. The actuarial valuation performed on 1 July 2004 showed an unfunded liability of R516,62 million (81,9% funding level). The Municipality's employees make up approximately 5,4% of the total membership and therefore the Municipality's possible liability with regard to the unfunded liability is calculated at R28 104 128. 515 (2.64%) of the Municipality's employees are members of this fund.	33,043,559	34,440,342	33,043,559	34,440,342
The Government Employees Pension Fund				
Actuarial valuations are performed every three years. The actuarial valuation performed on 31 March 2008 reported the fund to be in a sound financial position with a funding level of 100%. 6 (0.03%) of the Municipality's employees are members of this fund.	507,896	511,042	507,896	511,042
Joint Municipal Pension Fund				
Actuarial valuations are performed every three years. The actuarial valuation performed on 30 September 2010 indicated a funding level of 104.9% and the fund was in a sound financial position at the valuation date. 36 (0.18 %) of the Municipality's employees are members of this fund.	4,114,287	4,014,982	4,114,287	4,014,982
Municipal Employees Pension Fund				
The actuarial valuation performed on 1 February 2010 reported the fund to be in a sound financial position with a funding level of 100%. 2 223 (11.38 %) of the Municipality's employees are members of this fund.	123,740,444	115,118,516	123,740,444	115,118,516
	161,406,186	154,084,882	161,406,186	154,084,882

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
44. Employee benefit obligations (continued)				
Medical aid funds				
Included in general expenses				
Current service cost	16,340,173	25,443,000	16,340,173	25,443,000
Interest cost	106,699,679	105,946,044	106,699,679	105,946,044
Expected employer benefit payments	(47,780,436)	(46,696,764)	(47,780,436)	(46,696,764)
Recognised net (gain)/loss	(128,602,323)	(90,128,255)	(128,602,323)	(90,128,255)
Rounding correction	-	152	-	152
Defined benefit expense	(53,342,907)	(5,435,823)	(53,342,907)	(5,435,823)
Post-employment benefit liability (funded status)				
Present value of the unfunded obligation	(1,226,994,125)	(1,232,429,948)	(1,226,994,125)	(1,232,429,948)
Recognised actuarial gains	53,342,907	5,435,823	53,342,907	5,435,823
Liability recognised in statement of financial position	(1,173,651,218)	(1,226,994,125)	(1,173,651,218)	(1,226,994,125)
Reconciliation of defined benefit obligation				
Present value of unfunded obligation at beginning of year	1,226,994,125	1,232,429,948	1,226,994,125	1,232,429,948
Interest cost	106,699,679	105,946,044	106,699,679	105,946,044
Current service cost	16,340,173	25,443,000	16,340,173	25,443,000
Employer contributions	(47,780,436)	(46,696,764)	(47,780,436)	(46,696,764)
Actuarial gains/losses	(128,602,323)	(90,128,255)	(128,602,323)	(90,128,255)
	-	152	-	152
Present value of obligation at end of year	1,173,651,218	1,226,994,125	1,173,651,218	1,226,994,125
Actuarial (gains)/losses recognised in other comprehensive income				
Tshwane Pension Fund	62,084,627	118,187,597	62,084,627	118,187,597
Gratuities	5,729,409	12,379,149	5,729,409	12,379,149
Medical aid funds	(128,602,323)	(90,128,255)	(128,602,323)	(90,128,255)
Total amount of actuarial (gains)/losses recognised	(60,788,287)	40,438,491	(60,788,287)	40,438,491
Estimated employer benefit payments to be paid in the next financial period	54,308,220	47,780,436	54,308,220	47,780,436
Sensitivity results				
The effect of an increase or decrease of one percentage point in the assumed health cost inflation is the following:				
Subsidy increase rate:				
Accrued liability 30 June	1,173,651,218	1,226,993,973	1,173,651,218	1,226,993,973
Decrease of 1%	1,067,933,618	1,113,097,173	1,067,933,618	1,113,097,173
% change	(14.0)%	(13.0)%	(14.0)%	(13.0)%
Increase of 1%	1,314,763,118	1,377,809,973	1,314,763,118	1,377,809,973
% change	15.0 %	15.0 %	15.0 %	15.0 %

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated*	R	Restated*
		R		R
44. Employee benefit obligations (continued)				
Long service awards				
Included in general expenses				
Current service cost	57,264,387	48,557,875	57,264,387	48,557,875
Interest cost	49,165,308	35,691,770	49,165,308	35,691,770
Expected employer benefit payments	(42,986,327)	(40,407,011)	(42,986,327)	(40,407,011)
Recognised net (gain)/loss	(9,827,434)	19,103,214	(9,827,434)	19,103,214
Defined benefit expense	53,615,934	62,945,848	53,615,934	62,945,848
Post-employment benefit liability (funded status)				
Present value of the unfunded obligation	(627,039,974)	(564,094,126)	(627,039,974)	(564,094,126)
Recognised actuarial gains	(53,615,934)	(62,945,848)	(53,615,934)	(62,945,848)
Liability recognised in statement of financial position	(680,655,908)	(627,039,974)	(680,655,908)	(627,039,974)
Reconciliation of defined benefit obligation				
Present value of unfunded obligation at beginning of year	627,039,974	564,094,126	627,039,974	564,094,126
Interest cost	49,165,308	35,691,770	49,165,308	35,691,770
Current service cost	57,264,387	48,557,875	57,264,387	48,557,875
Employer contributions	(42,986,327)	(40,407,011)	(42,986,327)	(40,407,011)
Actuarial gains/losses	(9,827,434)	19,103,214	(9,827,434)	19,103,214
Present value of obligation at end of year	680,655,908	627,039,974	680,655,908	627,039,974
Actuarial (gains)/losses recognised in other comprehensive income				
Long service awards	(9,827,434)	19,103,214	(9,827,434)	19,103,214
Estimated employer benefit payments to be paid in the next financial period	77,279,110	42,986,327	77,279,110	42,986,327
Sensitivity Results				
The effect of an increase and decrease of one percentage point in the assumed medical cost trend rates is as follows:				
Salary increase rate:				
Accrued liability 30 June	680,655,908	627,039,974	680,655,908	627,039,974
Decrease of 1%	622,060,000	550,649,006	622,060,000	550,649,006
% change	(9.0)%	(9.0)%	(9.0)%	(9.0)%
Increase of 1%	747,972,000	720,337,400	747,972,000	720,337,400
% change	10.0 %	11.0 %	10.0 %	11.0 %
Post-employment benefit liability: Statement of financial position				
Pension fund	(320,656,893)	(225,940,682)	(320,656,893)	(225,940,682)
Municipal gratuity fund	(60,512,849)	(56,330,086)	(60,512,849)	(56,330,086)
Medical aid funds	(1,173,651,218)	(1,226,994,125)	(1,173,651,218)	(1,226,994,125)
Long service awards	(680,655,908)	(627,039,974)	(680,655,908)	(627,039,974)
	(2,235,476,868)	(2,136,304,867)	(2,235,476,868)	(2,136,304,867)

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

44. Employee benefit obligations (continued)

Actuarial assumptions

A summary of the assumptions used in the valuation, together with a short description on each is given below:

Economic assumptions (pension fund and gratuities)

Discount rate	42.00 %	42.00 %	42.00 %	42.00 %
Inflation rate	6.73 %	6.29 %	6.73 %	6.29 %
Salary increase rate	7.73 %	7.29 %	7.73 %	7.29 %
Expected rate of return on assets	9.10 %	8.58 %	9.10 %	8.58 %
Pension increase allowance	3.03 %	2.91 %	3.03 %	2.91 %
Healthcare cost inflation	7.95 %	7.95 %	7.95 %	7.95 %

Discount rate (pension fund and gratuities)

The rate to discount post-employment benefit obligations should be determined by reference to market expectations at the valuation date for the period over which the liability obligations are to be settled. If the market is not liquid then government bond yields at the estimated term of the defined benefit obligation should be used. Consequently a discount rate of 9.10% per annum has been used.

Inflation rate (pension fund and gratuities):

While not used explicitly in the valuation, we have assumed the underlying future rate of consumer price inflation (CPI) to be 6.73% per annum. This assumption has been based on the relationship between current conventional bond yields and current index-linked bond yields. The expected inflation assumption was obtained from the differential between index-linked bonds (1.75%) and nominal bonds (9.10%), with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore determined as follows: $(9.10\% - 0.5\% - 1.75\%) / 1.0175$.

Salary increase

Salary increases have historically exceeded CPI inflation by between 1.0% and 1.5% per annum. We have assumed that salaries will exceed the assumed inflation rate by 1% (pension funds) and 1% (gratuities).

Expected return on assets

The accounting standard was recently amended and now requires the assumed rate of return on assets to equal the discount rate, namely 9.10%.

Pension rate increase

The fund's pension increase policy aims to grant increases of between 75% and 100% of annual CPI inflation. If an average of 87.5% is assumed, increases of 5.81% per annum will be awarded on average over the long-term. This implies a post-retirement interest rate of 3.03% (from $1.0910 / 1.0589 - 1.0$).

Healthcare cost inflation

We have assumed that the current contribution table(s) of the medical scheme(s) would continue to apply in the future, with allowance for inflationary increases of 8.33% per annum. We have assumed that healthcare cost inflation exceeds CPI inflation by an average of 1.50% per annum over the long-term.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
44. Employee benefit obligations (continued)				
History of liabilities, assets and experience adjustments				
Amounts for the current and previous four years are as follows:				
	2016	2015	2014	2013
	R	R	R	R
History of liabilities and assets				
Accrued liability	1,914,819,975	1,910,364,185	1,867,768,832	1,751,067,174
Plan assets	-	-	-	-
Surplus (deficit)	(1,914,819,975)	(1,910,364,185)	(1,867,768,832)	(1,751,067,174)
Experience adjustments on plan: (Gains) and losses				
Liabilities	63,076,324	(50,675,976)	14,429,384	280,382,570
				(236,307,193)

45. Events after the reporting date

2015/16

Loans and investments

No material events occurred with respect to the 2015/16 financial year-end after the date of the statement of financial position in respect of loans and investments.

Termination of the Security of Revenue Project (Smart meter pre-paid)

The master service agreement (MSA) between PEU Capital (Pty) Ltd and the City of Tshwane to assist with the Security of Revenue Project (SORP) - which was originally signed on 6 June 2013 - has been terminated effective 30 June 2015. The system will be taken over from PEU, at a price yet to be determined. The contracted service fee, namely 19.5 cents in a rand, ceased to be paid. From 1 July 2015, PEU will commence with a handover and transfer process. During the handover and transfer period, a service fee of 9.5 cents in a rand will apply for the maintenance and upkeep of the system.

A new service provider was appointed and one of the conditions was that they had to pay an amount of R950 million for the infrastructure. Provision was made for the payment of the amount on the 2016/17 MTREF and it was planned for the amount to be paid around 5 July 2016. Afrisake approached the High Court on an urgent basis to interdict the City from paying the amount which was upheld by the Court, and it was ordered that the MSA be subjected to a review and that TUMS continue rendering the service until the matter is finalised.

TEDA

Non-adjusting events

On 11 July 2016 one laptop was reported stolen with a book value of R2 614.01 and was reported to the South African Police Service, case number 587/7/2016.

Sandspruit Works Association

The directors of the municipal entity are not aware of any material event which occurred after the reporting date and up to the date of this report, with the exception of the change in the political leadership at the City of Tshwane Metropolitan Municipality following the local government election of 3 August 2016. It is uncertain what impact this will have on the continued operations of Sandspruit. Following the local government elections and the change in the political leadership at the City of Tshwane, a decision was taken by the Council, following the Council meeting of 28 October 2016, to unwind the operations of Sandspruit Works Association. The resolution stipulates that the unwinding should be finalised by 30 June 2017.

Housing Company Tshwane

The accounting officer of the municipal entity is not aware of any matter or circumstance arising after the reporting date.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2016	2015 Restated*	2016	2015 Restated*
R	R	R	R

46. Related parties (continued)

TEDA:

TEDA benefited from the use of the following services provided by the City of Tshwane (related party) at no cost to TEDA:

- * Use of risk management and internal audit resources
- * Audit and Performance Committee from the City of Tshwane
- * Use of network, telecommunication, desktop and server support
- * mSCOA implementation by the City of Tshwane
- * Occupational Health and Safety (OHS) services and records management
- * Insurance management and Joint Operational Committee (JOC) Services
- * QPR - Performance Management Solution

Housing Company Tshwane

Housing Company Tshwane benefited from the use of the following services provided by the City of Tshwane (related party) at no cost to the Housing Company Tshwane:

- * Use of risk management and internal audit resources
- * Audit and Performance Committee from the City of Tshwane
- * Use of network, telecommunication, desktop and server support
- * OHS services and records management
- * Insurance management by the City of Tshwane.

Sandspruit Works Association

Sandspruit benefited from the use of the following services provided by the City of Tshwane (related party) at no cost to Sandspruit:

- * Internal Audit services
- * Audit and Performance Committee from the City of Tshwane
- * Risk Management services
- * Use of Group ICT assistance in the development of website, improvements in network connectivity
- * mSCOA implementation by the City of Tshwane
- * Insurance management
- * QPR - Performance Management Solution and
- * During 2015/16, the Deputy City Manager for Infrastructure was seconded as an acting Chief Executive Officer to Sandspruit at no cost.

Subsequent to the withdrawal of the Deputy City Manager as acting CEO, the Executive Head of Shareholder Representative was then seconded as acting CEO. The amount paid to her has been disclosed in the Senior Manager and Directors' Emoluments.

Sandspruit Works Association: Restatement

During 2015/16 Sandspruit did a restatement of water sales of 2014/15 to the City of Tshwane from R140 954 128 to R97 361 923.

During the consolidation process of 2015/16 it was discovered that the debtor, in respect of the City of Tshwane, was not included under related party information. The amount of R100 496 116 has now been restated.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

47. Prior period restatements

Change in accounting policy

No change in accounting policy occurred during the year under review.

Reclassification

Statement of financial performance

Housing Company Tshwane reclassified an amount of R35 647 between interest on outstanding debtors and interest on external investments.

For the municipality a reclassification was done on general expenditure for an amount of R234 052 462 due to the remapping of the post employee benefit expenditure and medical aid expenditure to employee-related costs.

Statement of financial position

Sandspruit Works Association did a reclassification between VAT receivable (R296 958 increase), other receivables (R14 858 461 increase) and trade payables (R14 561 503 decrease).

Cash flow statement

For the Municipality, reclassification was done between payments to suppliers and payments to employees due to the reclassification of post employee benefit expenditure from payments to suppliers, to payments to employees to the value of R234 052 462.

Correction of errors

The correction of errors has been done in terms of GRAP 3, paragraph 44, and subject to paragraph 45, whereby material prior period errors have been corrected retrospectively in the first set of financial statements authorised for issue after the discovery of the errors, by restating the comparative amounts for the prior period(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

The financial statements presented in 2015/16 were restated in detail as per GRAP 3, however to split the impact of the restatement on the 2013/14 financial year is impractical (GRAP 3 paragraph 51 (b)), as it will result in a duplication as the nature of the error has already been addressed in full in the 2014/15 period.

The following are the largest restatements:

Revenue

For the Group, service charges were increased with R3 345 751 due to errors picked up by the municipal entities.

Other income was increased with an amount of R32 439 532 (Group = R32 439 532) as a result of VAT corrections and accounting for donated assets and newly identified assets.

Rental of facilities and equipment was decreased with an amount of R431 753 (Group = R431 753) as a result of the correction of the straight lining calculations. Refer to other receivables on the statement of financial position as well.

Grant revenue was decreased with an amount of R48 553 230 as a result of a debtor that was created for claims which did not realise. The debtor, as well as the revenue recognised was reversed. (Refer to unspent grant under liabilities as well.)

AARTO fine revenue was increased with an amount of R16 775 950 as the revenue of 2014/15 was understated due to an incorrect cut-off at year-end.

Expense

Depreciation and amortisation were increased with an amount of R53 295 295 (Group = R53 318 785) due to purification of the asset register.

General expense was increased with an amount of R124 991 448 (Group = R104 740 091) as a result of a correction of the asset register and accruals for late invoices.

Gain/loss on disposal of assets was decreased with an amount of R1 861 354 (Group = R1 861 354) as a result of corrections on scrapping of assets, disposal of assets and the purification of the fixed asset register.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

47. Prior period restatements (continued)

Repairs and maintenance were increased with an amount of R6 660 271 (Group = R6 660 271) due to the purification of the fixed asset register.

Bulk purchases were increased with an amount of R209 649 513 (Group = R253 241 718) as a result of creditors accrual correction and a correction by Sandspruit on related party transactions for water sales to City of Tshwane (decrease of R43 592 205).

Transfers and subsidies paid were increased with an amount of R19 791 797 as a result of payments to municipal entities where invoices were received late.

TEDA: Taxation was restated with an amount of R211 112 due to the correction of the prior year income tax expense as a result of incorrect profit before tax used to calculate tax liability, and adjustment of deferred tax due to an error in wear and tear allowance allocated on a capitalised asset.

Statement of financial position

Other receivables were decreased with an amount of R13 281 700 (Group = R84 357 852) mainly as a result of corrections to calculations of straight lining and levies of advertisement boards. These form party of sundry debtors and the pre-payment made to Sanral out of a capital project for which a debtor had to be created and the clearing of this debtor.

Consumer receivables were decreased with an amount of R10 392 797 as a result of adjustments to accruals.

Investment property was increased with an amount of R17 337 535 due to purification of the fixed asset register.

The decrease of property, plant and equipment with an amount of R394 303 849 (Group = R394 327 339) consists mainly of purification of the fixed asset register and transferring amounts to operational expenditure which cannot be capitalised as an asset as part of the purification of assets under construction.

VAT receivable for the Group (Sandspruit) was increased by R296 958 due to errors picked up during 2015/16.

Intangible assets were restated with an amount of R84 163 595 (Group = R84 163 595) due to purification actions.

Trade payables were increased with an amount of R237 047 945 (Group = R136 848 797) due to the correction of creditor accruals as a result of late receiving of invoices.

For TEDA the deferred tax asset (decrease of R440 350), deferred tax liability (increase of R48 511) and taxation liability (decrease of R91 516) were restated due to errors picked up in 2015/16.

The Municipality decreased VAT payable and receivable with R29 725 315 (Group = R29 725 315) mainly due to the VAT audit done by SARS.

Unspent grants and receipts were increased with an amount of R48 553 230 as a result of the reversal of a debtor created for claims which did not realise (refer to grant revenue as well).

Accumulated surplus was decreased with a net amount of R572 353 076 (Group = R572 773 912) consisting of a decrease in the surplus of 2014/15 of R412 296 469 (Group = R412 531 073 decrease) and a decrease in the surplus of 2013/14 and prior of R160 056 607 (Group = R160 242 839 decrease) .

Restatement on disclosure notes

Note 19 - Investments

The disclosure of investments were restated as not all investments were listed under the market value of investments. The following investments were added:

- * ABSA call investment - short term investment to the value of R200 030 958
- * Stanlib contingency fund investment - short term investment to the value of R25 626 956

Note 48 - Related party transactions were restated due to errors picked up only in the 2015/16 financial year

Sandspruit Works Association:

During 2015/16 Sandspruit Works Association did a restatement of water sales to City of Tshwane from R140 954 128 to R97 361 923 (R43 592 205 decrease).

During the consolidation process of 2015/16 it was discovered that the debtor in respect of City of Tshwane was not included under related party information. The amount of R100 496 116 has now been restated.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

47. Prior period restatements (continued)

Note 49 - Fruitless and wasteful expenditure

City of Tshwane: Fruitless and wasteful expenditure of 2014/15 was restated after a Council Resolution dated 27 March 2014 was discovered after the 2014/15 financial statements were audited. Various amounts up to June 2013 with a total amount of R13 137 729 was condoned and therefore now restated. Further an amount of R1 295 was duplicated in 2011/12 which related to SARS penalties at Housing Company Tshwane and a condonation of an amount of R756 was duplicated in 2010/11; both these amounts are now restated to correct the opening balance of 2014/15.

Note 50 - Irregular expenditure

City of Tshwane: Irregular expenditure was restated after a Council Resolution dated 27 March 2014 was only discovered after the 2014/15 financial statements were audited. Various amounts up to June 2013, with a total amount of R241 110 875 were condoned/approved and therefore now restated.

City of Tshwane: Further irregular expenditure was restated during 2015/16 due to irregular expenditure on Wi-Fi to the amount of R179 999 729 and the supply of fuel to the value of R33 427 814, as well as with an amount of R101 871 461 on the BRT system contract CB239/2012.

Note 54 - Rental income straight lining

The total rental income was restated with an amount of R1 618 932 (from R225 422 877 to R227 041 809) during 2015/16 due to calculation errors picked up.

Note 55 - Contingencies (Pending claims)

The pending claims with regard to assets (motor and non-motor) for the 2014/15 financial year was incorrectly disclosed and are restated now in 2015/16. The value has been restated from R438 747 631 to R72 231 663.

Presented below are the prior period restatements contained in the surplus for the year, the statement of financial position and the cash flow statement.

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

47. Prior period restatements (continued)

Group	As previously reported	Reclassi- fication	Correction of errors	Restated
2015				
Statement of financial performance				
Revenue				
Property rates	4,866,348,173	-	-	4,866,348,173
Service charges	13,344,134,833	-	3,545,751	13,347,680,584
Rental of facilities and equipment	116,602,095	-	(431,753)	116,170,342
Interest received: Outstanding consumer debtors	374,647,547	(35,647)	-	374,611,900
Public contributions and donations	257,515,681	-	-	257,515,681
Fines	160,562,313	-	16,775,950	177,338,263
Licences and permits	53,243,503	-	-	53,243,503
Government grants, subsidies, awards and donations	5,642,012,120	-	(48,553,230)	5,593,458,890
Sponsorship revenue	131,579	-	-	131,579
Other income	775,237,414	-	32,442,832	807,680,246
Interest received - external investments	38,131,712	35,647	-	38,167,359
Total Revenue	25,628,566,970	-	3,779,550	25,632,346,520
Expenditure				
Remuneration	6,318,953,632	234,052,462	-	6,553,006,094
Remuneration of councillors	104,192,823	-	-	104,192,823
Depreciation and amortisation	1,329,594,934	-	53,318,785	1,382,913,719
Impairment loss/reversal of impairments	124,922,833	-	-	124,922,833
Finance cost	997,466,530	-	-	997,466,530
Debt impairment	850,661,938	-	-	850,661,938
Collection costs	274,254,321	-	-	274,254,321
Repairs and maintenance	1,498,579,577	-	6,660,271	1,505,239,848
Bulk purchases	7,574,254,174	-	253,241,718	7,827,495,892
General expenses	5,256,622,141	(234,052,462)	104,740,091	5,127,309,770
Total expenditure	24,329,502,903	-	417,960,865	24,747,463,768
Gain/(loss) on disposal of assets and liabilities	(171,819,804)	-	1,861,354	(169,958,450)
Fair value adjustments	52,091,422	-	-	52,091,422
Gain/(loss) on foreign exchange	(183,984)	-	-	(183,984)
Taxation	(489,270)	-	(211,112)	(700,382)
Surplus for the year	1,178,662,431	-	(412,531,073)	766,131,358

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

47. Prior period restatements (continued)

Group	As previously reported	Reclassification	Correction of errors	Restated
2015				
Statement of financial position				
Current assets				
Inventory	485,475,154	-	-	485,475,154
Current portion of long-term receivables	102,165,612	-	-	102,165,612
Operating lease asset	181,025	-	-	181,025
Other receivables	1,299,725,370	(14,858,461)	(84,357,852)	1,200,509,057
VAT receivable	3,771,137	296,958	-	4,068,095
Consumer receivables	2,547,486,005	-	(10,392,798)	2,537,093,207
Call investment deposits	502,959,644	-	-	502,959,644
Cash and cash equivalents	97,558,776	-	-	97,558,776
Non-current assets				
Investment property	752,720,376	-	17,337,535	770,057,911
Property, plant and equipment	28,575,537,744	-	(394,327,339)	28,181,210,405
Leased assets	204,414,497	-	-	204,414,497
Intangible assets	247,412,322	-	84,163,595	331,575,917
Heritage assets	3,607,628,201	-	-	3,607,628,201
Investments	710,520	-	-	710,520
Long-term receivables	58,404,812	-	-	58,404,812
Deferred tax	440,350	-	(440,350)	-
Interest rate swap asset	130,122,756	-	-	130,122,756
Current liabilities				
Long-term liabilities	601,699,751	-	-	601,699,751
Lease liabilities	85,909,835	-	-	85,909,835
Deferred operating lease liability	574,936	-	-	574,936
Payables from exchange transactions	5,695,207,622	14,561,503	136,848,787	5,846,617,912
VAT payable	109,353,039	-	(29,725,315)	79,627,724
Consumer deposits	355,015,828	-	-	355,015,828
Unspent grants and receipts	122,091,261	-	48,553,230	170,644,491
Taxation	1,096,292	-	(91,516)	1,004,776
Non-current liabilities				
Long-term liabilities	9,660,757,084	-	-	9,660,757,084
Lease liabilities	122,953,054	-	-	122,953,054
Deferred operating lease liability	765,930	-	-	765,930
Retirement benefit obligation	2,136,304,867	-	-	2,136,304,867
Deferred tax	-	-	48,511	48,511
Provisions	655,529,112	-	-	655,529,112
Interest rate swap liability	85,625,408	-	-	85,625,408
Equity				
Accumulated surplus	18,983,830,282	-	(572,773,912)	18,411,056,370

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

47. Prior period restatements (continued)

Group	As previously reported	Reclassification	Correction of errors	Restated
2015				
Cash flow statement				
Cash generated from operations				
Cash receipts from ratepayers and service charges	17,711,635,661	-	13,938,548	17,725,574,209
Cash receipts from other revenue sources	1,410,489,511	-	115,005,980	1,525,495,491
Grants	5,677,719,992	-	-	5,677,719,992
Cash paid to suppliers	(14,210,772,674)	234,052,462	(212,927,255)	(14,189,647,467)
Cash paid to employees	(6,423,146,455)	(234,052,462)	-	(6,657,198,917)
Finance costs (interest paid)	(997,466,530)	-	-	(997,466,530)
Taxes on surpluses	(489,269)	-	(211,113)	(700,382)
Interest income	38,131,712	-	35,647	38,167,359
Net cash generated from operations	3,206,101,948	-	(84,158,193)	3,121,943,755
Cash flow from investing activities				
Purchase of property, plant and equipment	(4,521,638,335)	-	84,641,756	(4,436,996,579)
Purchase/redemption of leased assets	(266,860,619)	-	-	(266,860,619)
Proceeds from sale of property, plant and equipment	(62,413,642)	-	3,405,716	(59,007,926)
Purchase of investment property	(2,448,823)	-	(3,889,280)	(6,338,103)
Purchase of other intangible assets/restatements	(1,418,263)	-	-	(1,418,263)
Proceeds from sale of intangible assets	77,675,587	-	-	77,675,587
Purchase of heritage assets	(6,491)	-	-	(6,491)
Movement in long-term receivables	109,762,466	-	-	109,762,466
Movement in long-term investments	5,096,572	-	-	5,096,572
Net cash from investing activities	(4,662,251,548)	-	84,158,192	(4,578,093,356)
Cash flow from financing activities				
Proceeds from long-term liabilities	1,500,000,000	-	-	1,500,000,000
Repayment of long-term liabilities	(491,042,465)	-	-	(491,042,465)
Finance lease repayments	199,894,504	-	-	199,894,504
Net cash from financing activities	1,208,852,039	-	-	1,208,852,039
Net cash flow				
Net increase/(decrease) in cash and cash equivalents	(247,297,560)	-	-	(247,297,560)
Cash and cash equivalents at the beginning of the year	847,815,980	-	-	847,815,980
Cash flow at the end of the year	600,518,420	-	-	600,518,420
Municipality				
2015				
Statement of financial performance				
Revenue				
Property rates	4,866,550,478	-	-	4,866,550,478
Service charges	13,422,295,882	-	-	13,422,295,882
Rental of facilities and equipment	114,055,073	-	(431,753)	113,623,320
Interest received: Outstanding consumer debtors	338,768,697	-	-	338,768,697
Public contributions and donations	257,515,681	-	-	257,515,681
Fines	160,562,313	-	16,775,950	177,338,263
Licences and permits	53,243,503	-	-	53,243,503
Government grants and subsidies	5,642,012,120	-	(48,553,230)	5,593,458,890
Other income	769,992,149	-	32,439,532	802,431,681
Interest received - external investments	36,874,337	-	-	36,874,337
Total Revenue	25,661,870,233	-	230,499	25,662,100,732

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

47. Prior period restatements (continued)

Municipality	As previously reported	Reclassification	Correction of errors	Restated
2015				
Expenditure				
Employee costs	6,202,412,814	234,052,462	-	6,436,465,276
Remuneration of councillors	104,192,823	-	-	104,192,823
Depreciation and amortisation	1,324,227,544	-	53,295,295	1,377,522,839
Impairment loss/reversal of impairments	124,922,833	-	-	124,922,833
Finance cost	996,547,870	-	-	996,547,870
Debt impairment	721,971,875	-	-	721,971,875
Collection costs	274,245,100	-	-	274,245,100
Repairs and maintenance	1,488,573,016	-	6,660,271	1,495,233,287
Bulk purchases	7,717,077,474	-	209,649,513	7,926,726,987
Grants and subsidies paid	191,734,734	-	19,791,797	211,526,531
General expenses	5,218,120,733	(234,052,462)	124,991,447	5,109,059,718
Total expenditure	24,364,026,816	-	414,388,323	24,778,415,139
Gain/(loss) on disposal of assets and liabilities	(171,774,542)	-	1,861,355	(169,913,187)
Fair value adjustments	52,091,422	-	-	52,091,422
Gain/(loss) on foreign exchange	(183,984)	-	-	(183,984)
Surplus for the year	1,177,976,313	-	(412,296,469)	765,679,844

Municipality	As previously reported	Reclassification	Correction of errors	Restated
2015				
Statement of financial position				
Current assets				
Inventory	482,345,921	-	-	482,345,921
Current portion of long-term receivables	102,165,612	-	-	102,165,612
Other receivables	1,244,338,234	-	(13,281,700)	1,231,056,534
Consumer receivables	2,534,999,605	-	(10,392,797)	2,524,606,808
Call investment deposits	493,261,328	-	-	493,261,328
Cash and cash equivalents	57,158,390	-	-	57,158,390
Non-current assets				
Investment property	747,726,605	-	17,337,535	765,064,140
Property, plant and equipment	28,560,401,354	-	(394,303,849)	28,166,097,505
Leased assets	204,414,497	-	-	204,414,497
Intangible assets	247,012,654	-	84,163,595	331,176,249
Heritage assets	3,607,628,201	-	-	3,607,628,201
Investments	710,520	-	-	710,520
Long-term receivables	58,404,812	-	-	58,404,812
Interest rate swap asset	130,122,756	-	-	130,122,756
Current liabilities				
Trade and other payables from exchange transactions	5,602,499,977	-	237,047,945	5,839,547,922
Long-term liabilities	601,384,353	-	-	601,384,353
Lease liabilities	85,909,835	-	-	85,909,835
VAT payable	108,639,319	-	(29,725,315)	78,914,004
Unspent grants and receipts	121,812,407	-	48,553,230	170,365,637
Consumer deposits	351,259,691	-	-	351,259,691
Non-current liabilities				
Long-term liabilities	9,658,583,062	-	-	9,658,583,062
Lease liabilities	122,953,054	-	-	122,953,054
Retirement benefit obligation	2,136,304,867	-	-	2,136,304,867
Provisions	655,529,122	-	-	655,529,122
Interest rate swap liability	85,625,408	-	-	85,625,408
Equity				
Accumulated surplus	18,940,189,408	-	(572,353,076)	18,367,836,332

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Figures in Rand

47. Prior period restatements (continued)

Municipality	As previously reported	Reclassification	Correction of errors	Restated
2015				
Cash flow statement				
Cash generated from operations				
Cash receipts from ratepayers and service charges	17,900,616,312	-	10,392,797	17,911,009,109
Cash receipts from other revenue sources	1,419,383,030	-	29,596,345	1,448,979,375
Grants received	5,677,719,992	-	-	5,677,719,992
Cash paid to suppliers	(14,335,547,754)	234,052,462	(104,355,534)	(14,205,850,826)
Cash paid to employees	(6,306,605,637)	(234,052,462)	-	(6,540,658,099)
Transfers and grants paid	(191,734,734)	-	(19,791,797)	(211,526,531)
Finance costs (interest paid)	(996,547,870)	-	-	(996,547,870)
Interest Income	36,874,337	-	-	36,874,337
Net cash generated from operations	3,204,157,676	-	(84,158,189)	3,119,999,487
Cash flow from investing activities				
Purchase of property, plant and equipment	(4,519,929,284)	-	84,641,756	(4,435,287,528)
Purchase/redemption of leased assets	(266,860,619)	-	-	(266,860,619)
Proceeds from sale of property, plant and equipment	(62,413,642)	-	3,405,713	(59,007,929)
Purchase of investment property	(2,448,823)	-	(3,889,280)	(6,338,103)
Purchase of other intangible assets/restatements	76,646,301	-	-	76,646,301
Purchase of heritage assets	(6,491)	-	-	(6,491)
Movement in long-term receivables	109,762,466	-	-	109,762,466
Movement in long-term investments	5,096,572	-	-	5,096,572
Net cash from investing activities	(4,660,153,520)	-	84,158,189	(4,575,995,331)
Cash flow from financing activities				
Proceeds from long-term liabilities	1,500,000,000	-	-	1,500,000,000
Repayment of long-term liabilities	(490,727,044)	-	-	(490,727,044)
Finance lease repayments	199,894,504	-	-	199,894,504
Net cash from financing activities	1,209,167,460	-	-	1,209,167,460
Net cash flow				
Net increase/(decrease) in cash and cash equivalents	(246,828,384)	-	-	(246,828,384)
Cash and cash equivalents at the beginning of the year	797,248,099	-	-	797,248,099
Cash and cash equivalents at the end of the year	550,419,715	-	-	550,419,715

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
48. Unauthorised expenditure				
Opening balance	785,504,172	1,193,981,952	785,504,172	1,193,981,952
Unauthorised expenditure in current year (refer to Appendix D for detail)	1,913,896,392	785,504,172	1,913,896,392	785,504,172
Less: Approved/Condoned by the Council in respect of the previous financial year	(785,504,172)	(1,193,981,952)	(785,504,172)	(1,193,981,952)
	1,913,896,392	785,504,172	1,913,896,392	785,504,172

2015/16

Refer to Appendix D relating to municipal votes and Appendix E relating to revenue and expenditure line items for more detail.

Action taken: Expenditures have been referred to the Municipal Public Accounts Committee (MPAC) for investigation and recommendation to the Council.

The over-expenditure can mainly be attributed to employee-related costs, debt impairment, depreciation, finance charges, bulk purchases, contracted services, transfers and grants, and loss on disposal of property, plant and equipment.

Note: The unauthorised expenditure disclosed above is determined by the over-expenditure per municipal vote. While the unauthorised expenditure disclosed in the Statement of Comparison between Budget and Actual Amount is determined by the over-expenditure on the type of expenditure line items.

Unauthorised expenditure: Budget overspending - per strategic unit

Corporate and Shared Services	59,438,921	-	59,438,921	-
Emergency Services	16,472,843	-	16,472,843	-
Group Financial Services	696,381,086	-	696,381,086	-
Health and Social Development	5,965,513	26,270,026	5,965,513	26,270,026
Information and Communication Technology Management	24,361,678	115,159,925	24,361,678	115,159,925
Metro Police Services	240,644,010	19,425,662	240,644,010	19,425,662
Group Legal Services	89,344,361	-	89,344,361	-
Customer Relations Management	2,562,280	-	2,562,280	-
Group Audit and Risk	144,937,682	97,595,821	144,937,682	97,595,821
Service Delivery and Transformation Management	375,800,686	216,622,176	375,800,686	216,622,176
Service Infrastructure: Electricity	-	129,465,017	-	129,465,017
Service Infrastructure: Water and Sanitation	59,320,333	137,027,219	59,320,333	137,027,219
Sport and Recreation	17,556,938	-	17,556,938	-
Transport	137,287,087	43,938,326	137,287,087	43,938,326
Housing and Human Settlement	43,822,974	-	43,822,974	-
	1,913,896,392	785,504,172	1,913,896,392	785,504,172

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
49. Fruitless and wasteful expenditure				
Opening balance	5,504,651	17,428,956	1,068,137	13,503,181
Correction of opening balance (errors from 2012/13 and prior)	-	(539)	-	(539)
Fruitless and wasteful expenditure in current year (from declarations)	-	992,600	-	992,600
Interest and penalties on late payments (Eskom accounts)	407,797	-	407,797	-
Interest on overdue accounts not recorded	-	40,392	-	40,392
Current year expenditure - TEDA	-	662,939	-	-
Current year expenditure - Housing Company Tshwane	464,339	31,342	-	-
Less: Condoned - TEDA	-	(38,990)	-	-
Less: Recoveries - Housing Company Tshwane	-	(150)	-	-
Less: Condoned - Housing Company Tshwane	-	(144,402)	-	-
Less: Approved by Council/condoned/repaid/written-off	-	(329,768)	-	(329,768)
Less: Condoned by Council (amounts prior to 2013)	-	(13,137,729)	-	(13,137,729)
Add: TEDA - Interest charged by SARS (VAT 201 returns)	382,449	-	-	-
Add: TEDA - Understatement charge on VAT 201 and EMP 201	41,823	-	-	-
Less: TEDA - write-off	(870,123)	-	-	-
Add: Sandspuit - legal fees for disciplinary process of former CEO	180,000	-	-	-
Add: Sandspuit - interest charges and court fees	8,040	-	-	-
Add: Sandspuit - interest charges paid to Waste water treatment works (WWTW) contractor	85,367	-	-	-
	6,204,343	5,504,651	1,475,934	1,068,137

Restatement of 2014/15 and prior

City of Tshwane

Condonation, to the value of R13 137 729 relating to old balances up to 2013, occurred in the previous financial year but was discovered after the financial statements of 2014/15 had been audited, hence the omission in 2015. Further an amount of R1 295 was duplicated in 2011/12 and a condonation of R756 was duplicated in 2010/11, which were only picked up in 2015/16.

The items listed below in respect of the Municipality, are all items identified for the first time in the current financial year. These items have been referred to Internal Audit for investigation, after which they will be referred to the Municipal Public Accounts Committee (MPAC) after consideration by the Mayoral Committee and the Council.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated*	R	Restated*

49. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure – current year

	Disciplinary steps taken/criminal proceedings	
City of Tshwane: Eskom interest and penalties on late payments	Under investigation	335,831
City of Tshwane: Group Finance: Cheque fraud	Under investigation	71,966
TEDA: Interest charged by SARS VAT 201 forms not submitted correctly	Voluntary Disclosure Program - forms not disclosed correctly	382,449
TEDA: Understatement charge on VAT 201 and EMP201	Under investigation	41,823
Sandspruit: Legal fees for disciplinary process of former CEO	Matter is still investigated	180,000
Sandspruit: Interest charges and court fees due to non-payment of service provider	Will be recovered from the affected employee	8,040
Sandspruit: Payment to contractor managing Babelegi and Sandspruit WWTW plants - interest due to dispute payment without valid contract	Matter settled out of court	85,367
Housing Company Tshwane: Study tour - change in airline and forfeit of payment to first airline	Investigation was conducted by the FINRISK committee of the board and money will be recovered from the responsible officials	1,976
Housing Company Tshwane: Interest iro late payment of service provider as bank blocked account due to FICA documents	Investigation was conducted by the FINRISK committee of the board and money will be recovered from the responsible officials	19
Housing Company Tshwane: PAYE, UIF and SDL not paid	Investigation was conducted by the FINRISK committee of the board and money will be recovered from the responsible officials	12,044
Housing Company Tshwane: Penalty - Annual returns not submitted with Company Intellectual Property Commission (CIPC)	Investigation was conducted by the FINRISK committee of the board and money will be recovered from the responsible officials	300
Housing Company Tshwane: Settlement of Savika case	Expenditure could have been avoided	450,000
		1,569,815

Details of fruitless and wasteful expenditure condoned

	Condoned by the Council/City Manager/SED	
City of Tshwane: Cheque fraud	Condoned by the Council	-
City of Tshwane: Cheque fraud	Condoned by the Council	-
TEDA: Written off 2014/15 amounts	Approval by board to write-off	662,939
TEDA: Written off balance of 2014/15	Approval by board to write-off	207,184
		870,123

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
50. Irregular expenditure				
Opening balance	1,611,259,938	627,469,867	1,580,723,364	612,048,099
Add: Irregular expenditure (from declarations) - current year	-	124,312	-	124,312
Add: Irregular expenditure due to non-compliance with regulation 44 of MFMA - persons in service of City of Tshwane	-	186,775	-	186,775
Add: Irregular expenditure due to awards to employees of other state institutions	-	1,920,492	-	1,920,492
Add: Irregular expenditure ito section 32 of the MFMA	11,544,053	65,083,419	11,544,053	65,083,419
Add: Irregular expenditure due to rotation of suppliers	-	68,322	-	68,322
Add: Irregular expenditure due to procurement splitting	622,004	231,250	622,004	231,250
Add: Irregular expenditure because three quotations were not obtained	-	11,288	-	11,288
Add: Irregular expenditure due to prohibited supplier	56,235	-	56,235	-
Add: Irregular expenditure due to tender advertised for less than 30 days	14,154,907	-	14,154,907	-
Add: Irregular expenditure due to non-compliance with MFMA, SCM regulations and PPP regulations	32,688,701	-	32,688,701	-
Add: Irregular expenditure due to irregular award of tender	37,948,725	-	37,948,725	-
Add: Irregular expenditure due to deviation requirements not justified	38,697,350	-	38,697,350	-
Add: Irregular expenditure due to non-compliance with MFMA and SCM regulations (Wi-Fi)	113,938,611	179,999,729	113,938,611	179,999,729
Add: Irregular expenditure resulting from the supply of fuel	-	33,427,814	-	33,427,814
Add: Irregular expenditure due to BRT system contract CB239/2012	87,870,822	101,871,461	87,870,822	101,871,461
Add: Irregular expenditure due to the ward committee system found to be invalid by the courts	-	8,162,651	-	8,162,651
Add: Irregular expenditure due to expired BBEEE certificate	-	38,029,172	-	38,029,172
Add: Irregular expenditure due to non-compliance with section 19(a) of SCM regulations (identified in the current financial year)	-	808,333,532	-	808,333,532
Add: Sandspruit non-compliance with SCM regulations	25,436,823	14,251,713	-	-
Add: Housing Company Tshwane - non-compliance with SCM regulations	22,216,307	1,570,498	-	-
Less: Ward committee expenditure of 2014 condoned ito court ruling	-	(19,450,815)	-	(19,450,815)
Less: Ward committee expenditure of 2015 condoned ito court ruling	-	(8,162,651)	-	(8,162,651)
Less: Sandspruit condoned	(208,996)	(707,405)	-	-
Less: Approval of irregular expenditure of erstwhile Kungwini	-	(146,543,321)	-	(146,543,321)
Less: Approval of irregular expenditure of erstwhile Nokeng	-	(595,684)	-	(595,684)
Less: Condonement/write-off of old balances up to June 2013	-	(93,971,870)	-	(93,971,870)
Less: Approved/condoned during the year	-	(50,611)	-	(50,611)
	1,996,225,480	1,611,259,938	1,918,244,772	1,580,723,364

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R

50. Irregular expenditure (continued)

Details of irregular expenditure – current year

Ex factio payments - section 32
 Irregular expenditure due to prohibited supplier
 Irregular expenditure due to splitting of transaction
 Irregular expenditure due to tender advertised for less than 30 days
 Irregular expenditure due to non-compliance with MFMA, SCM and PPP regulations (Fleet management)
 Irregular expenditure due to irregular award of tender
 Irregular expenditure due to deviation requirements not justified
 Irregular expenditure due to non-compliance with MFMA and SCM regulations (Wi-Fi)
 Irregular expenditure due to BRT system contract CB239/2012
 Sandspruit: Training by PALAMA (National School of Government)
 Sandspruit: Sludge treatment training
 Sandspruit: Bid Committees training by PALAMA
 Sandspruit: Office cleaning and maintenance training
 Sandspruit: Security services
 Sandspruit: Contractor at Babelegi and Sandspruit WWTW
 Sandspruit: Contractor at Babelegi and Sandspruit WWTW
 Sandspruit: Water tankers for hire
 Sandspruit: Legal services for disciplinary hearing of former CEO
 Sandspruit: Cleaning services
 Sandspruit: Bills for consumers
 Sandspruit: TLB Hire
 Sandspruit: Office rental
 Sandspruit: Billing for meter reading
 Sandspruit: Meter reading services
 Sandspruit: Area rental
 Sandspruit: Hire of water carts
 Sandspruit: Paypoint payment
 Sandspruit: Grass cutting, cleaning yards and reservoirs
 Sandspruit: Health support
 Sandspruit: Transportation services - board visit to WWTW plants and catering services
 Sandspruit: Repair internal leaks for indigent households
 Sandspruit: Supply of goods and services
 Sandspruit: Electrical services
 Sandspruit: Maintenance
 Sandspruit: Maintenance
 Sandspruit: Maintenance
 Sandspruit: Maintenance
 Sandspruit: Maintenance
 Housing Company Tshwane: Security services at Eloff building - Contract awarded without following the bidding process and the amount is more than R200 000

Disciplinary steps taken/criminal proceedings

Under investigation 11,544,053
 Under investigation 56,235
 Under investigation 622,004
 Under investigation 14,154,907
 Under investigation 32,688,701
 Under investigation 37,948,725
 Under investigation 38,697,350
 Under investigation 113,938,611
 Under investigation 87,870,822
 None. Amount has been condoned 70,500
 None. Amount has been condoned 17,998
 None. Amount has been condoned 114,000
 None. Amount has been condoned 6,498
 Disciplinary process underway 7,550,058
 Disciplinary process underway 1,777,555
 Disciplinary process underway 1,415,758
 Disciplinary process underway 120,000
 None. Still to be investigated 707,437
 None 1,443,694
 None 1,964,607
 None 2,252,578
 None 3,136,424
 None 848,952
 None 2,292,576
 None 257,707
 None 193,800
 None 237,243
 None 53,953
 None 72,201
 None 4,950
 None 16,302
 None 276,603
 None 204,958
 None 51,722
 None 77,359
 None 12,743
 None 32,362
 None 226,284
 Investigation underway 114,188

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
50. Irregular expenditure (continued)				
Housing Company Tshwane: Cleaning service at Clarina - Contract awarded without following the bidding process and the amount is more than R200 000		Investigation concluded by forensic department and report will be submitted on 31 August 2016		161,390
Housing Company Tshwane: Security service at Clarina - Contract awarded without following the bidding process and the amount is more than R200 000		Investigation concluded by forensic department and report will be submitted on 31 August 2016		159,885
Housing Company Tshwane: Cleaning services at Eloff building - Contract awarded without following the bidding process and the amount is more than R200 000		Investigation concluded by forensic department and report will be submitted on 31 August 2016		52,800
Housing Company Tshwane: Buying of office supplies - petty cash threshold was exceeded		Disciplinary action will be investigated		3,940
Housing Company Tshwane: Buying of flight tickets for CEO - petty cash threshold was exceeded		Disciplinary action will be investigated		2,875
Housing Company Tshwane: Buying of flight tickets for Project committee - petty cash threshold was exceeded		Disciplinary action will be investigated		5,315
Housing Company Tshwane: Metroproject - Timberlands project		SCM officer appointed as member of bid evaluation committee and bid adjudication committee		3,838,514
Housing Company Tshwane: Townlands project		SCM officer appointed as member of bid evaluation committee and bid adjudication committee		17,877,400
				385,174,537

Details of irregular expenditure condoned

-

No irregular expenditure was condoned during 2015/16.

Restatement of prior years:

Irregular expenditure of 2014/15 was restated after a Council Resolution dated 27 March 2014 was discovered after the 2014/15 financial statements were audited. Various amounts up to June 2013, with a total amount of R241 110 875, were condoned/approved and therefore now restated.

Irregular expenditure of 2014/15 was further restated during 2015/16 due to irregular expenditure on Wi-Fi to the amount of R179 999 729, the supply of fuel to the value of R33 427 814 and the BRT system contract CB239/2012 to the value of R101 871 461.

Irregular expenditure of 2014/15 was restated after a Council Resolution dated 27 March 2014 were only discovered after the 2014/15 financial statements were audited. Various amounts up to June 2013 with a total amount of R241 110 875 was condoned/approved and therefore now restated.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2016	2015 Restated*	2016	2015 Restated*
R	R	R	R

51. Regulation 45 disclosure

As per section 45 of the MFMA SCM regulations (awards to close family members of persons in the service of the state), the notes to the annual financial statements of a municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state or has been in the service of the state in the previous 12 months, indicating:

- The name of that person;
- The capacity in which that person is in the service of the state/municipality; and
- The amount of the award.

The information regarding awards made for the financial year is indicated below.

Municipality

Employee	Family member and capacity	Value of awards June 2016	Value of awards 30 June 2015
F C Wilkins (Fire Fighter, senior/leading)	E J Wilkens (Spouse)	-	45,444
L W M Maudi (Deputy Director: Cemeteries)	C M Maudi (Spouse)	-	13,950
G G Jacobs (Functional Head: Fleet Support and Logistics)	E M Jacobs (Spouse)	-	127,628
T G Ngwenya (Deputy Director: Judicial Operational Support)	N L M Ngwenya (Spouse)	-	66,000
N P Kekana (Constable/Sergeant)	M G Kekana (Spouse)	-	3,800
N C Mulaudzi (Social Worker)	R C N Mulaudzi (Spouse)	-	12,105
M M Siwela (Snr HR Benefits Administrative Specialist)	D K Siwela (Spouse)	-	41,959
A Springbok (Snr Safety Officer)	V Springbok (Spouse)	155,455	31,995
W J Snyman (Storekeeper)	Z Snyman (Spouse)	1,227,131	84,336
A E Mukwevho (IT Helpdesk Agent)	M F Tibane (Spouse)	-	2,485,571
K A Maremane (Artisan)	M D Mamogobo (Spouse)	547,894	-
T T Phalane (Constable)	M E Phalane (Spouse)	363,315	-
S Maboate (General Worker)	M M Khothama (Spouse)	22,355	-
P S Kgasago (Internal Audit)	M R Kgasago (Spouse)	11,700	-
S R Makole (Bus driver)	M L Makole (Spouse)	7,656	-
M B Masina (Administrative officer)	B B Masina (Spouse)	47,000	-
P C Nkadimeng (Foreman)	L L Nkadimeng (Spouse)	184,266	-
J Masenya (Storekeeper)	L J Masenya (Spouse)	6,000	-
P V Mtshweni (Accountant)	Ikageng Rekopile Komane (Spouse)	82,029	-
TEDA: I Z Joubert	Spouse (as Chief Director, Department of Higher Education)	-	7,980
TEDA: A Muller	Spouse (as Director Social Development)	-	7,980
TEDA: F A Henning	Spouse (as Pilot Mango SOC Ltd)	-	7,980
TEDA: T T Carrim	Spouse (GCSI as Chief Director)	-	4,104
		2,654,801	2,940,832

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
52. In-kind donations and assistance				
Donation of properties to churches and NGO's				
Erf 3645 Refilwe extension 4 to Christ Saves Ministries	285,000	-	285,000	-
Erf 4480 Kudube Unit 1 to St Johns Apostolic Church of Phrophecy	170,000	-	170,000	-
Erf 1989 Valhalla to Tshwane Islamic Centre Trust	2,900,000	-	2,900,000	-
Erf 1872 Eersterust Extension 3 to Omega Community Centre	250,000	-	250,000	-
Potion of the remainder of portion 20 of the farm Olievenhoutosch 389 JR to Enlightened Christian Gathering Church	13,327,000	-	13,327,000	-
Erf 33617 Mamelodi East to Evangelical Gospel Church	155,000	-	155,000	-
Erf 7018 Saulsville to Uniting Reformed Church in South Africa	60,000	-	60,000	-
	17,147,000	-	17,147,000	-

2015/16:

The Municipality donated the following items during the 2015/16 financial year:

- # Emergency Services - blankets, mattresses, tents, food parcels
- # Emergency Services - assistance free of charge and waiving of accounts (estimated value = R833 891)
- # Emergency Services - free services (estimated value = R91 842)

The Municipality received the following in-kind- donations and assistance during the 2015/16 financial year:

- Corporate and Shared Services Department received the following:
 - # 1 Overnight stay accommodation at Velmore Hotel Erasmia (value R1 300 per person)
 - # 1 Rietvlei voucher for a game drive and braai (value R1 750 per person)
 - # Cash donation paid into City's account from BBJ Group (value R50 000)
 - # Sponsored trophies from Fleet Africa (12) and Sekela Xabiso (20) for the TSEA Gala event (estimated value R260 000)
 - # Technical sponsor for the TSEA Gala event from Old Mutual (value R150 000)
 - # Technical sponsor for the TSEA Gala event from Huawei (value R100 000)
 - # 39 Ipads for winners from PSMA for the TSEA Gala event (value R234 000)
 - # Sponsored beverages for guests at the TSEA Gala event from Ntiyiso Consulting (value R9 000)
 - # Sponsored beverages for guests at the TSEA Gala event from Zimele Technology (value R10 105)
 - # Bed and breakfast vouchers for TSEA Project Steering Committee from Tsogo Sun, Garden Court, Hatfield (estimated value R15 000)
 - # Bed and breakfast vouchers for TSEA Project Steering Committee from Orion-Velmore Hotel group (estimated value R26 000)
 - # 10 mail vouchers received from Communication, Marketing and Events department (value R20 000)
 - # Vodacom #G TAB from Communication, Marketing and Events department (value R2 500)
 - # Powerbank and calendar received from Geldenhuis & Malatji (value R100 and R20 respectively)
 - # Diary received from Fleet Africa (value R60)
- Human Resource Management:
 - # Tshwane Pension Fund Board of Trustees - 2 employees attended a workshop in Cape Town: Flights, accommodation and conference fees were sponsored by ABSA.
- Emergency Services:
 - # 6 boxes of veld fire, drought and thunderstorm promotional material for awareness campaigns from Department of Rural Government (estimated value = R2 500)
 - # Memory sticks and pens from the Centre for Public Service Innovation (CPSI) and winter fleece blankets from PDMS for the take a girl child to work campaign (estimated value = R3 300)

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R

53. Operating leases

The group leases premises (buildings and parking) from various property owners for terms ranging from three to five years with fixed annual escalation ranging from 8% to 10%. The group has the option to extend the agreement for periods ranging between one month and three years.

Non-cancelable operating leases - office equipment: Municipality

None for the 2015/16 financial year.

Non-cancelable operating leases - vehicles (buses): Municipality

None for the 2015/16 financial year.

Housing Company Tshwane:

Operating lease payments represent rentals payable by the entity for its head office. The lease was negotiated for the period of 3 years commencing on 1 October 2014 to 30 September 2017, with an annual escalation of 10%. The second lease for parking bays was negotiated for the period of 28 months commencing on 1 June 2015 to 30 September 2017, with an annual escalation of 10%. The third lease for parking bays was negotiated for a period of 23 months commencing on 1 November 2015 to 30 September 2017, with an annual escalation of 10%. The fourth lease for parking bays was negotiated for the period of 20 months commencing on 1 February 2016 to 30 September 2017, with an annual escalation of 10%. These leases have no binding renewal terms. Housing Company Tshwane does not have the option to purchase the building. No contingent rent is payable. The lease payments for the year under review amounts to R544 488.

TEDA:

Operating lease commitment is the rental of offices used by TEDA situated at 349 Witch-Hazel Avenue, Eco-origin Building, Block F, Highveld extension 70, Centurion for the period of three years starting 1 November 2013. No contingent rent is payable.

Sandspruit Works Association:

Operating lease payments represent rentals payable by the entity for some of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Non-cancellable property leases

Payable within a year	5,822,249	10,587,102	-	-
Payable within 2 to 5 years	4,789,904	9,602,151	-	-
	10,612,153	20,189,253	-	-

54. Rental income straight lining

Gross investment in the lease due

- within one year	14,803,309	15,857,930	14,803,309	15,857,930
- in second to fifth year inclusive	41,040,598	41,542,766	41,040,598	41,542,766
- later than five years	279,611,407	169,641,113	279,611,407	169,641,113
	335,455,314	227,041,809	335,455,314	227,041,809

Restatement of 2014/15:

The total rental income was restated with an amount of R1 618 932 during 2015/16.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
55. Contingencies				
Housing loan guarantees				
Guarantees for housing loans to employees at financial institutions	-	13,000	-	13,000
With the implementation of the MFMA no new guarantees are issued. The liability would therefore decrease in future. The property was used as collateral in cases of default of payments. The outstanding guarantee was paid in February 2016.				
Indemnification				
Capitalised pension value in compliance with Compensation for Occupational Injuries and Diseases Act, 1993	72,366,413	71,118,358	72,366,413	71,118,358
The capitalised value as at 31 December 2015 which is calculated by the Department of Labour amounted to R72 366 413. The actual amount is guaranteed with a bank guarantee during 2015/16..				
Guarantees issued				
Guarantees issued in favour of Eskom	213,500	213,500	213,500	213,500
Insurance claims				
Pending claims iro asset-, motor own damage- contractors and electricity claims	65,540,408	72,231,663	65,540,408	72,231,663
Pending claims iro public liabilities	312,628,802	281,114,770	312,628,802	281,114,770
	378,169,210	353,346,433	378,169,210	353,346,433

Above-mentioned insurance claims originated before 30 June.

The payment of claims against the City of Tshwane is provided for in the Self Insurance Reserve, which, as at 30 June 2016, has a balance of R28 199 546 (2015 = R25 020 508).

Note: The pending claims with regard to assets (motor and non-motor) for the 2014/15 financial year was incorrectly disclosed and are now restated in 2015/16. The value has been restated from R438 747 631 to R72 231 663.

Litigation matters:

The legal claims listed below are those that have arisen in the normal course of business and represent the possible amounts that could be awarded should the claims prove successful. The amounts have been based on the attorney's best estimates of the possible amount payable. Amounts have not been provided in certain cases as the court has not yet determined a value - these cases are listed separately below. The claims where amounts are available are disclosed in the table below.

a. General litigation

Corporate and Shared Services:

Case 1:

Labour dispute. City of Tshwane had an agreement with UNISA in terms of which the City of Tshwane provided buses to UNISA for transporting UNISA employees. The buses were driven by UNISA employees. UNISA in turn paid the City of Tshwane a fee. When the contract between UNISA and the City of Tshwane was terminated, the driver lodged a dispute for termination of employment. They are seeking remuneration either from UNISA or the City of Tshwane, depending on who is found to have been the employer. Value of the claim cannot be estimated at this stage.

Case 2:

Unfair labour practices. Various cases in arbitration or Labour Court stage. Amounts not quantified.

Case 3:

Claimants allege that they were fixed term contract workers from 2010 to 2013 but were never paid. Hence they claim payment for salaries. Amount not determined.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2016	2015 Restated*	2016	2015 Restated*
R	R	R	R

55. Contingencies (continued)

Services Infrastructure

Case 4:

Personal injury allegedly caused by Council's negligence in leaving cables hanging and the substation's door open: This resulted in a young boy being electrocuted and his body sustaining 90 degree burns. Claim value cannot be estimated at this stage.

Case 5:

A summons has been issued and an appearance to defend has been entered. The crux of the action is to compel the City of Tshwane to allocate land to persons listed in the summons as former residents of Lady Selborne. A closer look at the summons revealed that because of the dates of birth of these people, they could never have been former residents of that area. They are also not claiming through their parents or grandparents or even great grandparents. We are awaiting a court date. The amount of the claim cannot be estimated at this stage.

Case 6:

The applicant has brought an application against the City of Tshwane and the City Manager for an order declaring that the City of Tshwane should contribute towards the monthly premium of the medical aid scheme after their retirement in terms of the applicable pension rules. Applicant wants an order declaring that the Municipality has a contractual obligation to contribute towards premiums payable by retired employees towards the medical aids. The matter is being defended and the Municipality is preparing for trial. The amount of the claim cannot be estimated at this stage.

Municipal entities

Sandspruit Works Association

Two senior managers and one manager have been suspended following a forensic investigation. A disciplinary process is underway. The outcome of such a process is unknown and any possible amounts that could be paid as a result are unknown.

Litigation (as at 30 June 2016)

	Disciplinary steps taken/criminal proceedings	
City Planning and Development	Expropriation: Compensation not paid	2,044,660
Housing and Sustainable Human Settlement Development	Winterveld expropriation: Claiming additional compensation	790,000
Housing and Sustainable Human Settlement Development	Expropriation: Claiming additional compensation	790,000
Housing and Sustainable Human Settlement Development	Claim for payment of occupational rent/constitutional damages as well as declaratory order	14,100,000
Group Financial Services	Claiming interest due to incorrect clearance memorandum issued	80,000
Group Financial Services	Damages and refund claim: Incorrect clearance certificate	71,296
Group Financial Services	Breach of contract: Work to be done before 2010 Soccer World Cup	33,594
Group Financial Services	Payment for services: Dispute regarding claim	2,622,000
Group Financial Services	Demand for legal fees for debt collection: Services of firm of attorneys	1,657,251
Group Financial Services	Claim for refund: Overcharged for water	1,505,428
Group Financial Services	Claim for damages: Tenant did not pay for services	1,097,937
Group Financial Services	Damages claim: Wrong calculation of service charges	20,274
Group Financial Services	Claim for refund: Overpaid electricity due to wrong calculation	45,307
Group Financial Services	Claim for refund: Overpaid electricity due to wrong calculation	38,629
Group Financial Services	Claim for refund: Levying of rates on certain categories not existing in erstwhile Kungwini	288,789
Group Financial Services	Claim for refund: Levying of rates on certain categories not existing in erstwhile Kungwini	265,661
Corporate and Shared Services	Breach of contract: Contract concluded in Pretoria and put Magistrate Nigel as forum for adjudication.	100,000

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
55. Contingencies (continued)				
Corporate and Shared Services		Breach of contract: Constructive dismissal as position was not available on erstwhile Nokeng organogram. Claims compensation and performance bonuses.		159,705
Corporate and Shared Services		Breach of contract: 2 councillors and an official procured work for City without following prescribed SCM procedures		796,680
Corporate and Shared Services		Unfair dismissal: Erstwhile Nokeng appointed traffic officers who did not meet minimum requirements - relieved of duties. Matter at bargaining council		97,734
Corporate and Shared Services		Unfair labour practice: Erstwhile Nokeng Municipality paid employer medical aid contributions directly to plaintiff instead of medical aid		42,000
Corporate and Shared Services		Payment of damages: Appointment of former municipal manager of Kungwini Municipality. Awaiting trial date.		2,250,000
Corporate and Shared Services		Claim for damages: Unlawful termination of employment. Additional claim.		2,500,000
Corporate and Shared Services		Motor vehicle accident caused by traffic officer at Poort Primary School. Matter is defended to set aside default judgement. Awaiting trial date.		29,238
Corporate and Shared Services		Claim for damages: Repudiation of contract of employment		5,464,800
Corporate and Shared Services		Claim for damages: Suspension pending investigation into alleged misconduct. City is to file amended plea.		8,000,000
Corporate and Shared Services		Claim for stolen pension money: Referred to Commercial Crimes Unit of SAPS.		649,017
Corporate and Shared Services		Claim for stolen pension money: Cheque for pension payout was issued to wrong person.		327,211
Corporate and Shared Services		Tender for hiring of vehicles for use by Electricity Department. Services never paid for.		6,964,617
Corporate and Shared Services		Unpaid pension fund		338,848
Corporate and Shared Services		Compensation for unfair labour practices		1,000,000
Corporate and Shared Services		Claim for payment of acting allowance		67,099
Services Infrastructure		Retention monies claim: Project laying sewer network pipes was stopped.		2,508,172
Services Infrastructure		Contractual claim: Disputes payment for work done and cost due to adverse conditions on site. Matter currently in high court. Arbitration process is going to be initiated.		6,683,428
Services Infrastructure		Breach of contract: Roads and water reticulation construction not properly done. Matter is defended.		2,858,037
Services Infrastructure		Breach of contract: Tender awarded to provide security services. Information not retrieved from the company.		98,724
Services Infrastructure		Breach of contract: Tender awarded for City wide communication system. Plaintiff failed to live up to tender specifications and Municipality cancelled contract. Matter set down for trial.		1,401,516
Services Infrastructure		Breach of contract: Plaintiff never paid for services rendered.		159,219
Services Infrastructure		Breach of contract: Contribution payment for bulk services. Services inadequately rendered.		952,952
Services Infrastructure		Contribution payment for bulk services. Municipality took over services. Plaintiff claiming refund. Defended and trial date awaited.		150,000
Services Infrastructure		Payment of bulk services contribution. Agreement with erstwhile Kungwini Municipality. Claiming refund.		2,705,431

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
55. Contingencies (continued)				
Services Infrastructure		Damages claim: Construction of road on private property. Negotiations underway to expropriate land.		120,000
Services Infrastructure		Personal injuries claim: Vehicle collided with barrier on road. Awaiting trial date		100,000
Services Infrastructure		Constructive dismissal damages claim: Plaintiff diagnosed with PTS disorder and subsequently dismissed for mental incapacity. Awaiting new trial date		850,884
Services Infrastructure		Application for rescission: Applicant wants reversal of decision of court. Municipality has already made payment to someone else in accordance with court order.		2,081,409
Services Infrastructure		Breach of contract: Construction of roads - work done and contractor never paid. Awaiting court date.		25,762,057
Services Infrastructure		Expropriation of land intended for road construction.		30,390,000
Services Infrastructure		Claim that development agreement was entered into with municipality on certain properties. Municipality allegedly breached agreement.		51,507,439
Services Infrastructure		Municipality cancelled agreement with security services. Company is suing for repudiation of contract.		4,607,784
Environmental Management		Plaintiff issued summons for damages for alleged breach of contract by appointing 2 new contractors before expiry of tender. Matter awaiting trial.		432,221
Environmental Management		Breach of contract: Claim for payment of services rendered.		1,120,885
Environmental Management		Breach of contract: Work allegedly done which relevant department disputes. Matter is defended.		1,210,877
Environmental Management		Breach of contract: Claim for rubbish bins for sandblasting and painting as well as storage costs.		2,299,500
Environmental Management		Breach of contract: Refuse removal tender and dispute over its terms. Matter is in court.		200,813
Environmental Management		Delivery of refuse bins - contractor never paid. Refuse bins were defective.		158,232
Environmental Management		Tender for provision of security services at 5 locations in erstwhile Kungwini Municipality. Service provider never paid.		16,720,095
Health and Social Development		Breach of contract: Tender for pesticides and insecticides. Work done and never paid for. Payment for damages claimed.		64,994
Transport and Roads		Breach of contract: Roads and water reticulation services by tenderer who was incompetent and work was completed by another contractor. Original contractor claims full payment. Matter is before court.		690,446
Office of the Speaker		Claim for services rendered. Dispute over terms of tender. Contractor did work which department denies receiving. Matter is before court.		2,360,610
Metro Police Services		Breach of contract: Security services provided but never paid for.		620,103
Sandspruit Works Association		Case of dismissed CEO was referred for arbitration at Commission for Conciliation Mediation and Arbitration. Outcome of case is unknown.		150,000
Sandspruit Works Association		Dispute with service provider relating to unpaid invoices for services rendered		636,971

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
55. Contingencies (continued)				
Sandspruit Works Association		Service provider's contract was terminated on 30 April 2016 and claim is for services rendered from 1 to 13 May 2016.		364,628
Housing Company Tshwane		The claimant entered into an agreement with City Properties as a managing agent for the City of Tshwane in terms of which the claimant would provide maintenance and repair services at the Schubart and Kruger Park complexes. Housing Company Tshwane took over the duties of City Properties and suspended the agreement on 1 December 2006.		86,613
Housing Company Tshwane		The claimant entered into an agreement with City Properties as a managing agent for the City of Tshwane in terms of which the claimant would provide guarding/security services at the Schubart and Kruger Park complexes. Housing Company Tshwane took over the duties of City Properties and terminated the agreement with effect from 31 January 2008. The claim is for the non-payment of invoices relating to 2006 after their service was terminated. No contract existed between the claimant and Housing Company Tshwane at the time. The claimant alleges to have rendered guarding services to Housing Company Tshwane.		715,474
Tshwane Economic Development Agency (TEDA)		There was a labour relations dispute with a former employee. The case should be resolved within the next 2 years.		10,200,000
Tshwane Economic Development Agency (TEDA)		Claim of TITIIC 2015 (postponed conference) - litigation is underway. The case should be resolved within the next 2 years.		793,125
				226,000,414

56. Change in estimate

Property, plant and equipment

The useful life of all asset classes was reviewed and adjusted during 2015/16 to more accurately reflect the period of economic benefits or service potential derived from these assets. Refer to note 13 under property, plant and equipment for a discussion on the basis on which the review of useful life was done.

The effect of changing the remaining useful life of assets for the Municipality during 2015/16 has increased the depreciation charge for the current and future periods. The total number of assets affected was 368 008.

TEDA:

During 2015/16 TEDA reviewed the useful life of its assets. The classes of IT equipment and computer software were reviewed, and the useful life was increased to five (5) years.

Housing Company Tshwane (HCT):

During 2015/16 HCT reviewed the useful life of its assets and revised it from 12 to 15 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R16 250,94.

Effect of change in estimates

Other and infrastructure assets	(55,723,629)	46,516,604	(55,723,629)	46,516,604
Housing Company Tshwane: Other assets	(16,251)	-	-	-
TEDA: Operating lease	-	2,217,150	-	-
TEDA: Other and intangible assets	73,917	-	-	-
	(55,665,963)	48,733,754	(55,723,629)	46,516,604

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2016	2015 Restated*	2016	2015 Restated*
R	R	R	R

57. 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 then reports them to the next meeting of the accounting officer and includes a note to the consolidated annual financial statements.

In terms of section 36(1)(a) of the Supply Chain Management Regulations, the accounting officer may dispense with the official procurement processes in the following instances:

- in an emergency;
- if such goods or services are produced or available from a single provider only;
- for the acquisition of special works of art or historical objects where specifications are difficult to complete;
- acquisition of animals for zoos and/or nature and game reserves; and
- in any other exceptional case where it is impractical or impossible to follow the official procurement processes.

Deviation from tender and quotation process:

* Sole suppliers

* Emergency

* Impracticality

In terms of section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved/condoned by the accounting officer and noted by the Council. Deviations from the official procurement process during the financial year were approved by the accounting officer and noted by the Council in terms of the delegations as stipulated in the Supply Chain Management Policy. They amount to approximately the following:

Deviation from tender process (amounts above R200 000)

Emergency	3,750,000	137,793,700	3,750,000	137,793,700
Sole providers	144,371,460	-	144,371,460	-
Works of art	2,998,880	-	2,998,880	-
Other exceptional cases	1,436,100,150	-	1,436,100,150	-
Housing Company Tshwane	-	253,361	-	-
TEDA - sole provider	-	862,908	-	-
Sandspruit - emergency	729,083	293,257	-	-
	1,587,949,573	139,203,226	1,587,220,490	137,793,700

Deviation from quotation process

Other exceptional cases	306,391	-	306,391	-
Housing Company Tshwane - emergency	93,081	12,265	-	-
Sandspruit - emergency	65,695	334,524	-	-
TEDA - sole provider	36,799	131,701	-	-
	501,966	478,490	306,391	-

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2016	2015 Restated*	2016	2015 Restated*
R	R	R	R

58. Budget differences

Material differences between budget and actual amounts (municipality only)

It is general practice to deem a 10% deviation on operational revenue and expenditure versus the final budget as material. For capital expenditure the percentage deviation is 5%.

2015/16 financial year

The following revenue and expenditure line items showed a material variance for the year ending 30 June 2016 against the adjustments budget :

Other own revenue category:

- Rental of facilities and equipment (20,4% over) - this line item is based on demand from users of the facilities and equipment.
- Interest on external investments (36,0% over) - increase in interest earned due to increase in investments held (sinking fund)
- Interest on outstanding debtors (98,3 % over) - over recovery is due to an increase in levying of interest on long overdue accounts.
- Fines (59,4% over) - this is due to the IGRAP1 accounting requirements on AARTO fines.
- Public contributions (98,7% over) - over-recovery is due to more contributions in terms of township establishment and rezoning applications than anticipated.
- Other income (45,5% under) - under-recovery is due to insurance claims, sale of airplane fuel, TRT services and land sales revenue realising lower than anticipated.
- Licenses and permits (15,5 % under) - under-recovery is due to the number of licenses renewed and permit applications not realising as anticipated.

Other expenditure category:

- Debt impairment (48,9% over) - over expenditure is due to review of bad debt only being done during the financial year end adequacy testing as well bad debt impairment of AARTO fines.
- Grants and subsidies paid (45,7% over) - this is due to higher payments to municipal entities.
- Depreciation (31,7% over) - this is due to the purification of the asset register and review of useful lives at year end.

Capital expenditure:

- The capital expenditure shows a 99,3% spending level against the total budget at the end of the financial year.

Changes from the approved budget to the final budget

The mid-year budget review report approved by the Council on 25 February 2016 indicated the necessity for an adjustments budget for the 2015/16 financial year for, inter alia, the following:

- To adjust operating revenue sources in line with performance trends
- To accommodate GRAP-related provisions
- To authorise the utilisation of projected savings in one vote towards spending under another vote and
- To facilitate the inclusion of rolled over/transfer grant funding

The Council approved the 2015/16 original revenue budget to the amount of R28,178 billion which was increased with R348,804 million to R28,527 billion (increase of 1,3%). Furthermore, the total expenditure of R25,140 billion was increased with an amount of R914,946 million to R26,055 billion (increase of 3,6%). As a result the budgeted surplus of R3,038 billion was decreased to R2,472 billion, indicating that contractual obligations compromised the downscaling of expenditure.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
59. Distribution losses: Water				
Non-revenue water (NRW) - kilolitre				
Technical	59,659,954	46,600,996	59,659,954	46,600,996
Non-technical	14,914,989	11,650,249	14,914,989	11,650,249
Sandspruit: Technical	2,415,267	1,987,886	-	-
Sandspruit: Non-technical	3,622,900	2,981,780	-	-
	80,613,110	63,220,911	74,574,943	58,251,245
Non-revenue water (NRW) - Rand value				
Technical	403,250,852	279,908,986	403,250,852	279,908,986
Non-technical	100,812,713	69,977,246	100,812,713	69,977,246
Sandspruit: Technical	18,090,349	13,298,824	-	-
Sandspruit: Non-technical	27,135,524	19,948,242	-	-
	549,289,438	383,133,298	504,063,565	349,886,232

Water is supplied to Tshwane from Rand Water and the City's own water sources. Monthly meter readings of the supply are used to monitor the total gross supply. Monthly meter readings of water exported to the neighbouring municipalities are used to calculate the net water input into the city.

Water-loss management is monitored, managed and controlled by the implementation of the Water Conservation and Water Demand Management strategies. The primary outcome of these strategies is to reduce-

- * technical losses (where not all water supplied reached the consumer and
- * financial losses (where not all water reaching the consumer is paid for).

These losses are caused by-

- real losses (physical loss of water from the system); and
- apparent losses (losses due to meter inaccuracies, meter estimations, non-metering of water and unauthorised consumption - this is water consumed but not properly measured, accounted and paid for).

From the above, water loss in the city is determined by calculating the amount of non-revenue water (NRW), which is the difference between the volume of water supplied into the system and the authorised consumption.

Activities undertaken by the Water and Sanitation Division involve the continuous investigation of various factors leading to water loss and the implementation of various initiatives to assist with the reduction of non-revenue water. These investigations with subsequent mini projects are often cross-region initiatives where work performed in one region directly affects other regions. The initiatives include the following:

- * Network analysis of existing systems
- * Monitoring and logging of pressures and flows
- * Engineering investigations in problematic areas
- * Pressure management - installation and setting of PRVs and/or PRV controllers
- * Domestic and commercial meter audits and meter replacements
- * Active leak detection by locating water leaks using various methods and equipment
- * Continuous meter audits

At the end of June 2016 the NRW in the city was calculated at 74 574 943 kl (23,53% of the total input into the system). This indicates a deterioration of NRW in the city when compared to June 2015 when the NRW was 58 251 245 kl (18,94% of the total input into the system). The losses in R-value amount to R504,1 million (2015 = R349,8 million). The calculation is based on the unit tariff of Rand Water purchases per kilolitre at R6,76 for 2015/16 and R6,00 for 2014/15 respectively.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
60. Distribution losses: Electricity				
Distribution loss: kWh				
Technical	680,678,967	674,884,927	680,678,967	674,884,927
Non-technical	1,194,105,387	872,529,799	1,194,105,387	872,529,799
	1,874,784,354	1,547,414,726	1,874,784,354	1,547,414,726
Distribution loss: Rand value				
Technical	489,203,973	424,584,758	489,203,973	424,584,756
Non-technical	858,203,542	548,927,434	858,203,542	548,927,434
	1,347,407,515	973,512,192	1,347,407,515	973,512,190

The electricity distribution loss for the 2015/16 financial year is calculated at 1 874 784 354 kWh (19,28% of the total electricity bulk purchases). The annual electricity distribution losses are made up of technical and non-technical losses, which are the difference between electricity purchased and electricity sold.

For the 2014/15 financial year the electricity distribution losses were calculated at 16,05%. For the 2013/14 financial year the distribution losses amounted to 14,25%.

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 that form part of illegal consumption, faulty meters, etc. The acceptable industry standard for the technical losses is between 5% and 6%, and 9% for non-technical losses.

For the 2015/16 financial year the value of non-technical losses amounts to R858,204 million or 1 194 105 387 kWh based on the cost per unit purchased, namely 71,87 c/kWh.

For the 2014/15 financial year the value of non-technical losses amounts to R548,9 million or 872 529 799 kWh based on the cost per unit purchased, namely 62,91 c/kWh.

The City of Tshwane's Services Infrastructure Department is currently busy with the following initiatives to reduce the non-technical losses:

- Installation of non-intrusive meter boxes
- Auditing of metering installation
- Installation of smart meters
- Regular illegal cable removal operations

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, and the wires (copper or aluminium) being used to distribute electricity which resist the throughput of current. As a result there is a certain portion of electricity that is lost due to distribution. The NERSA acceptable figure for a network like that of the City of Tshwane is estimated to be 7%.

For the 2015/16 financial year the value of technical loss amounts to R489,204 million or 680 678 967 kWh based on the cost per unit purchased, namely 71,87 c/kWh.

For the 2014/15 financial year the value of technical loss amounts to R424,5 million or 674 884 927 kWh based on the cost per unit purchased, namely 62,91 c/kWh.

The City of Tshwane's Services Infrastructure Department is further also busy addressing the technical losses by-

- refurbishing and replacing old equipment in the network and
- strengthening overhead lines.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
61. Deferred tax				
Deferred tax asset				
Property, plant and equipment	(521,562)	(539,982)	-	-
Unutilised tax loss	37,256	-	-	-
Provision for leave	362,528	362,899	-	-
Provision for doubtful debt	5,069	-	-	-
Unspent grant	1,127,848	1,648,156	-	-
Section 24C allowance	(1,127,848)	(1,648,156)	-	-
Straight lining of operating lease	46,422	130,376	-	-
Pre-payment	(1,680)	(1,804)	-	-
Total deferred tax asset	(71,967)	(48,511)	-	-

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Reconciliation of deferred tax asset/(liability)

At beginning of year	(48,511)	(8,853)	-	-
Increase/(decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	37,256	-	-	-
Adjustment to property, plant and equipment and intangible assets	-	(197,189)	-	-
Movement on property, equipment and intangible fixed assets	18,419	43,047	-	-
Movement in provision for doubtful debt	5,069	-	-	-
Movement in provision for leave pay	(371)	97,284	-	-
Movement on unspent grant	(520,308)	1,076,499	-	-
Section 24C allowance	520,308	(1,076,499)	-	-
Operating lease straight lining	(83,953)	19,004	-	-
Pre-payment	124	(1,804)	-	-
	(71,967)	(48,511)	-	-

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015 Restated*	2016	2015 Restated*
	R	R	R	R
62. Taxation				
Major components of the tax expense				
Current				
Normal tax - current year	23,456	700,384	-	-
Taxation liability movement				
Opening balance	1,004,776	3,277,985	-	-
Current year	-	846,956	-	-
Provisional tax (paid)/interest charged	(1,003,548)	147,369	-	-
Normal income tax paid - prior year	(1,178,073)	(3,267,534)	-	-
Closing balance	(1,176,845)	1,004,776	-	-
Reconciliation of the tax expense				
Tax in note @ 28%	23,456	700,382	-	-
Profit/(deficit) before tax	(340,501)	1,835,759	-	-
Tax as % of income before tax	28.00	28.00 %	-	-
Reconciliation between applicable tax rate and average effective tax rate				
Tax effect on permanent differences	28.00 %	28.00 %	-	-
Tax effect on non-deductible expenses	(34.89)%	2.25 %	-	-
Over provision - current tax	- %	(0.57)%	-	-
	(6.89)%	29.68 %	-	-
63. Deferred operating lease liability				
Current assets	49,216	181,025	-	-
Non-current liabilities	(546,154)	(765,930)	-	-
Current liabilities	(397,231)	(574,936)	-	-
	(894,169)	(1,159,841)	-	-

There were no operating lease liabilities for the Municipality at the end of 30 June 2016.

64. Service concession arrangements

Tshwane House

The City of Tshwane Metropolitan Municipality has entered into a service concession agreement with Tsela Tshweu (the consortium), a private consortium led by Group 5, to finance, construct and operate the Tshwane Head Office. The agreement is for a period of 27 years of which 2 years would be to construct the property and 25 years to operate the property on behalf of the City of Tshwane. At the end of the 27-year agreement ownership of the building would pass to the City of Tshwane. The City of Tshwane will pay the consortium a fixed unitary fee for the construction and operation of the asset for the 27-year period. The first fee would begin on the completion of the first block of the building. This unitary payment would escalate with inflation each year.

Construction started 1 April 2015; and as at 30 June 2016 the building is approximately 65% complete. In terms of the Guideline on Accounting for Public Private Partnerships, the fair value of the building should be recognised on a percentage of completion during construction. The capital expenditure quoted in the final closeout report is R1 034 241 000. The value of the asset and liability as at 30 June 2016 amounted to R672 256 650.

Tshwane Broadband Network

The City of Tshwane Metropolitan Municipality has entered into a build, operate and transfer agreement with Newshelf 1327 Pty Ltd (in the process of being renamed Thobela Telecoms (RF) Pty Ltd) to finance, construct and operate a municipal broadband network. This agreement will be subject to review once every three years. The service provider is appointed to build the network and provide the operate, additional and maintenance services to the City of Tshwane.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated*	R	Restated*
		R		R

64. Service concession arrangements (continued)

The private party will obtain project finance for the build phase of the network. Once the minimum threshold is achieved the Municipality shall make payment to the private party on the basis set out in the agreement. From the effective date until the acceptance date of the last section of the network built ("First phase") the Municipality commits to pay a monthly amount to the service provider as calculated in the formula set out in clause 37.2 (the "Build Payment Formula"). This payment will only start once the minimum threshold is achieved.

65. Impairment of assets

Impairments

Property, plant and equipment	362,767	124,914,999	362,767	124,914,999
Intangible assets	-	7,834	-	7,834
	362,767	124,922,833	362,767	124,922,833

The main classes of assets affected by impairment losses are moveable assets with a condition rating of poor and very poor. Infrastructure assets were impaired according to specific indicators. Assets held for sale: Fair values were determined based on the selling price of assets received according to previous auctions held, taking into consideration their current condition.

Assets were impaired according to specific indicators. For the 2015/16 year, included in the impairment figure is also the impairment of assets under construction (AUC).

66. Contracted services

Consultant fees	115,907,676	111,484,648	105,428,543	104,961,274
Service fee (smart prepaid)	639,377,289	808,333,532	639,377,289	808,333,532
Professional services	148,292,459	115,220,215	148,292,459	115,220,215
IT services	92,253,534	108,432,618	92,253,534	108,432,618
Labour services	501,269,919	431,179,173	501,269,919	431,179,173
Housing services	158,950,470	132,618,015	158,950,470	132,618,015
Electricity services and network	435,719,145	450,953,627	435,719,145	450,953,627
Household refuse removal	427,695,516	344,272,546	427,695,516	344,272,546
Transport and roads	94,486,833	99,002,044	94,486,833	99,002,044
Cleaning services	20,399,496	16,350,628	20,399,496	16,350,628
Rudimentary services	72,249,368	63,677,519	72,249,368	63,677,519
Sewage networks	64,157,784	59,889,248	64,157,784	59,889,248
Restrictions: Credit control	25,205,421	17,673,331	25,205,421	17,673,331
Water network services	140,599,071	55,202,909	140,599,071	55,202,909
Traffic control	31,836,829	36,744,342	31,836,829	36,744,343
Other	101,728,860	191,877,539	101,728,860	191,877,539
	3,070,129,670	3,042,911,934	3,059,650,537	3,036,388,561

Refer to expenditure per National Treasury classification - note 70.

67. Going concern

We draw attention to the fact that at 30 June 2016, the Municipality had an accumulated surplus of R18 421 766 619 and that the Municipality's total assets exceed its liabilities by R18 678 775 227. The difference consists of the Housing Development Fund, Self-insurance Reserve and COID Reserve to a total of R257 008 609.

We draw attention to the fact that at 30 June 2016, the Group had an accumulated surplus of R18 462 675 638 and that the group's total assets exceed its liabilities by R18,719,684,250. The difference consists of the Housing Development Fund, Self-insurance Reserve and COID Reserve to a total of R257 008 609.

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 the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2016	2015	2016	2015
	R	Restated* R	R	Restated* R
68. Actual operating expenditure versus budgeted operating expenditure				
For additional information on the comparison of actual operating expenditure versus budgeted expenditure, please refer to Appendix C, D and E.				
69. Actual capital expenditure versus budgeted capital expenditure				
For additional information on the comparison of actual capital expenditure versus budgeted expenditure, please refer to Appendix F.				
70. Expenditure by National Treasury classification				
Expenditure type				
Employee-related costs	7,529,930,539	6,553,006,094	7,397,754,727	6,436,465,275
Remuneration of councillors	112,443,327	104,192,823	112,443,327	104,192,823
Debt impairment	1,278,919,913	850,661,938	1,126,463,150	721,971,875
Depreciation and asset impairment	1,437,058,625	1,507,836,552	1,431,703,258	1,502,445,673
Finance charges	1,137,968,467	997,466,531	1,136,966,921	996,547,871
Bulk purchases	8,728,503,199	7,827,495,892	8,808,848,636	7,926,726,988
Other materials	222,153,532	263,333,090	227,064,298	268,664,104
Contracted services (refer to note 66)	3,070,129,670	3,042,911,934	3,059,650,538	3,036,388,561
Transfers and grants	-	-	347,060,760	211,526,531
Other expenditure	3,895,878,187	3,409,975,663	3,805,690,598	2,968,559,126
Loss on disposal of property, plant and equipment	101,185,378	190,583,251	104,714,625	190,537,989
	27,514,170,837	24,747,463,768	27,558,360,838	24,364,026,816
Total expenditure per statement of financial performance	27,514,170,837	24,747,463,768	27,558,360,838	24,364,026,816

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2016	2015 Restated*	2016	2015 Restated*
R	R	R	R

71. Public private partnerships (PPP)

Fleet vehicles and fleet related services

The City of Tshwane Metropolitan Municipality has entered into a PPP agreement with Moipone Group of Companies (Pty) Ltd for the supply of category A fleet vehicles and fleet-related services. The agreement is for a period of 5 years, from the service commencement date, where after it will automatically terminate; The City may extend the agreement on written notice which shall be given at least 90 days prior to the expiry of the termination date.

During the life of this agreement the City will make unitary payments to the private party in accordance with the provisions of the payment mechanism. The unitary payment will be the amount payable with respect to the leased vehicles, monthly in arrears.

Tshwane House

The City of Tshwane Metropolitan Municipality has entered into a PPP agreement with Tsela Tshweu (the consortium), a private consortium led by Group 5, to finance, construct and operate the Tshwane Head Office. The agreement is for a period of 27 years of which 2 years would be to construct the property and 25 years to operate the property on behalf of the City of Tshwane. At the end of the 27-year agreement ownership of the building would pass to the City of Tshwane.

The City of Tshwane will pay the private party a fixed unitary fee (adjusted by inflation) for the construction and operation of the asset for the 27 year period. The construction period was planned for 2 years and it is expected to be finalised at the beginning of the 4th quarter of the new financial year. Once the building construction has been completed, the service contract will come into place and the City will be liable for unitary on the construction and services of the building for a period of 25 years. The amounts that have been committed for the period of the contract are as follows:

Capital expenditure

Approved and contracted: Property, plant and equipment	8,063,000	8,063,000	8,063,000	8,063,000
Approved but not yet contracted	-	-	-	-
	8,063,000	8,063,000	8,063,000	8,063,000

Payment of the construction cost and the operational cost will happen over a period of 25 years.

Operational expenditure

Approved and contracted: Services	6,787,000	6,787,000	6,787,000	6,787,000
Approved and contracted: Interest	3,044,000	3,107,000	3,044,000	3,107,000
Approved but not yet contracted	-	-	-	-
	9,831,000	9,894,000	9,831,000	9,894,000

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2016	2015 Restated*	2016	2015 Restated*
R	R	R	R

72. Interest-rate swaps

The Municipality holds derivative financial instruments to hedge its interest rate risk exposures. The Municipality entered into interest rate swap contracts that entitle it to receive interest at fixed rates/floating rates on notional principal amounts and that oblige the Municipality to pay interest at variable rates/fixed rates on the same amounts. The interest rate swap allows the Municipality to raise long-term borrowings at variable rates/fixed rates and effectively swap them into fixed rates/floating rates in terms of the structured finance contractual requirements. The interest-rate swaps are initially measured at fair value on the contract/trade date; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, the interest rate swaps are measured at fair value at each reporting date.

During 2014/15 the Municipality entered into interest rate swaps with the following role players:

Regiments:

Trade date: 1 September 2014

Settlement date: 1 March 2023

Nominal amount: R573 577 919

Fixed rate: 9,75% and variable rate: Jibar + 2,55 basis points

Payable: Semi-annual

Regiments:

Trade date: 30 June 2014

Settlement date: 30 June 2034

Nominal amount: R1 600 000 000

Fixed rate: 11,% and variable rate: Jibar + 2,50 basis points

Payable: Semi-annual

Regiments:

Trade date: 18 August 2015 (effective date 29 June 2015)

Settlement date: 29 June 2035

Nominal amount: R1 500 000 000

Fixed rate: 11,48% and variable rate: Jibar + 2,4 basis points

Payable: Semi-annual

Nedbank:

Trade date: 1 April 2014

Settlement date: 30 June 2026

Nominal amount: R890 312 447

Fixed rate: 9,31% and variable rate: Jibar + 2,22 basis points

Payable: Semi-annual

Fair values of financial assets measured or disclosed at fair value

Class 1: Interest-rate swaps

The method to determine the fair value of the interest rate swaps is the discounted cash flow method. Various parameters are used to value the swaps, eg start date, end date, payment dates in between, fixed rate, floating rate spread, payment frequency, yield curve, etc. Cash flows are discounted using the zero curve.

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair-value hierarchy that reflects the significance of the inputs used to make the measurement. The fair-value hierarchy has the following levels:

Level 1: Represents those assets that 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 (ie as prices) or indirectly (ie derived from prices).

Level 3: Applies inputs that are not based on observable market data.

The City of Tshwane classifies its interest-rate swaps as level 2, and no transfers were made between the different levels of hierarchy in the year under review. None of the financial assets that are fully performing have been renegotiated in the last year.

* Refer to prior period restatements - Note 47

City of Tshwane Metropolitan Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2016

Notes to the Consolidated Annual Financial Statements

		Group		Municipality	
		2016	2015	2016	2015
		R	Restated*	R	Restated*
			R		R

Nominal value of financial assets at fair value

The nominal value of the existing interest-rate swaps is R5 424 547 164 as at 30 June 2016.

Interest paid on the interest-rate swaps to the amount of R59 740 597 was recognised in surplus or deficit during 2015/16 as part of finance costs - refer to Note 33 .

The fair value of interest rate swaps for the period under review is as follows:

Interest rate swap - amounts (in total)

Interest-rate-swap asset	43,936,952	130,122,756	43,936,952	130,122,756
Interest-rate-swap liability	(147,119,727)	(85,625,408)	(147,119,727)	(85,625,408)
	<u>(103,182,775)</u>	<u>44,497,348</u>	<u>(103,182,775)</u>	<u>44,497,348</u>

* Refer to prior period restatements - Note 47

Appendix A
Supplementary unaudited information

Schedule of external loans as at 30 June 2016

Interest rate (%)	Redeemable	Balance at 30 June 2015	Received during the period	Redeemed written-off during the period	Amortised value	Balance at 30 June 2016	Carrying value of property, plant & equipment
		Rand	Rand	Rand	Rand	Rand	Rand
TERM LOANS							
DBSA: Bullet portion	13.50	2018.04.30	51,682,877	-	-	51,682,877	64,380,359
DBSA: Floating rate	Variable	2019.10.31	78,331,528	-	-	78,331,528	97,576,068
Housing Company: National Housing Finance Corporation	14.00	2011.10.31	2,488,420	-	315,324	2,173,096	2,173,096
TEDA			1,000	-	-	1,000	-
DBSA: Bullet repayment loan	Jibar +2.5 margin	2034.06.30	1,600,000,000	-	-	1,600,000,000	1,993,089,029
DBSA: Bullet repayment loan	Jibar + 2.5 margin	2035.06.30	1,500,000,000	-	-	1,500,000,000	1,868,520,965
Nedbank: Bullet repayment loan	11.44%	2026.06.24	-	1,200,000,000	-	376,110	1,495,285,285
			3,232,503,825	1,200,000,000	315,324	376,110	4,432,564,611
							5,521,024,802
ANNUITY LOANS:							
DBSA	13.5	2018.04.30	117,552,430	-	27,363,081	(920,974)	89,268,375
DBSA (Restructuring)	10.97	2018.12.31	109,138,017	-	27,132,630	-	82,005,387
INCA	11.03	2019.06.30	8,783,755	-	1,854,209	-	6,929,546
INCA	9.52	2020.03.31	112,500,421	-	18,071,623	(428,927)	93,999,871
INCA	11.01	2020.06.30	25,941,742	-	4,134,329	-	21,807,413
DBSA	9.36	2020.12.31	145,592,806	-	21,312,845	-	124,279,961
INCA	10.92	2020.12.31	55,530,809	-	7,828,713	-	47,702,096
INCA	10.81	2021.06.30	47,198,007	-	5,939,649	-	41,258,358
DBSA	5.0	2021.12.31	48,790,472	-	7,157,923	-	41,632,549
DBSA	9.84	2021.12.31	226,785,249	-	29,303,053	-	197,482,196
Ivuzi	8.74	2021.12.31	118,007,395	-	14,143,948	-	103,863,447
DBSA	6.25	2028.06.30	77,577,256	-	4,008,236	-	73,569,020
DBSA	12.81	2028.06.30	174,654,022	-	5,716,265	-	168,937,757
DBSA	11.32	2028.06.30	173,896,058	-	5,882,815	-	168,013,243
ABSA Roodeplaat Temba	12.5	2021.03.31	154,073,619	-	17,789,966	(494,979)	135,788,674
DBSA Roodeplaat Temba	11.99	2021.03.31	79,033,212	-	9,274,361	(279,922)	69,478,929
Nedbank Roodeplaat Temba	12.51	2021.03.31	105,925,612	-	12,230,725	(353,449)	93,341,438
DBSA TIP	6.75	2029.06.30	123,524,219	-	5,514,643	-	118,009,576
Nedbank	9.27	2020.05.18	218,170,246	-	35,953,624	(53,543)	182,163,079
Nedbank	9.32	2020.06.16	217,113,900	-	35,803,813	(53,343)	181,256,744
Standard Bank	7.72	2026.06.30	834,719,010	-	50,079,540	16,807	784,656,277
DBSA	5.00	2016.08.31	260,074	-	222,148	-	37,926
DBSA	15.04	2016.06.30	5,090,982	-	5,090,982	-	-
Nedbank		2029.06.29	569,004,970	-	48,600,781	30,480	520,434,669
Nedbank		2025.12.01	321,455,566	-	27,109,779	(4,009)	294,341,778
iVuzi (Firststrand bank)		2022.06.30	368,421,053	-	52,631,579	-	315,789,474
iVuzi (Firststrand bank)		2027.12.01	413,793,103	-	34,482,759	-	379,310,344
			4,852,534,005	-	514,634,019	(2,541,859)	4,335,358,127
							5,400,471,702

Appendix A
Supplementary unaudited information

Schedule of external loans as at 30 June 2016

Interest rate (%)	Redeemable	Balance at 30 June 2015	Received during the period	Redeemed written-off during the period	Amortised value	Balance at 30 June 2016	Carrying value of property, plant & equipment	
		Rand	Rand	Rand	Rand	Rand	Rand	
MUNICIPAL BONDS								
CoT1: Standard Bank	10.20	2023.04.02	573,927,890	-	-	(312,986)	573,614,904	714,540,983
CoT2: Standard Bank	9.11	2023.04.02	848,437,142	-	-	(414,317)	848,022,825	1,056,365,618
CoT3: Standard Bank	9.46	2028.06.05	755,053,973	-	-	(388,767)	754,665,206	940,071,838
			2,177,419,005	-	-	(1,116,070)	2,176,302,935	2,710,978,439
			10,262,456,835	1,200,000,000	514,949,343	(3,281,819)	10,944,225,673	13,632,474,943
FINANCE LEASES								
TSHWANE AUTO LEASING	Variable *		204,146	-	(2,427)	(206,573)	-	-
MAN	Variable *		208,652,296	-	(11,736,685)	(76,336,254)	144,052,727	115,028,935
ABSA SOL	Variable*		6,449	-	(257)	(6,706)	-	-
			208,862,891	-	(11,739,369)	(76,549,533)	144,052,727	115,028,935

City of Tshwane Metropolitan Municipality
Appendix B (supplementary unaudited information)

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

Cost Accumulated depreciation

	Cost					Accumulated depreciation						Carrying value	
	Opening balance	Acquisitions	Disposals	Transfers	Additions and adjustments	Closing balance	Opening balance	Additions	Impairment	Disposals	Transfers		Closing balance
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Infrastructure													
Assets under construction	5,545,858,832	2,942,011,423	(149,228,215)	(1,035,489,141)	18,212,493	7,321,365,392	-	-	(123,216,100)	-	-	(123,216,100)	7,198,149,292
Electricity	5,886,076,220	61,728,550	(18,555,547)	173,264,458	7,415,914	6,109,929,595	(1,591,188,431)	(230,990,296)	-	10,198,848	(64,745)	(1,812,044,624)	4,297,884,971
General	238,249,360	-	(2,709)	-	-	238,246,651	(176,466,992)	(13,656,748)	-	2,704	-	(190,121,036)	48,125,615
Roads	9,547,649,214	126,219,649	(9,483,161)	505,492,766	(23,762,279)	10,146,116,189	(2,548,148,155)	(382,006,344)	-	4,324,632	4,591,693	(2,921,238,174)	7,224,878,015
Water and sanitation	7,558,721,316	211,792,267	(97,198,310)	322,382,447	196,961	7,995,894,681	(1,812,934,993)	(272,802,913)	-	18,870,485	(5,299,664)	(2,072,167,085)	5,923,727,596
Sandspruit Works Association	13,102,462	1,312	-	-	-	13,103,774	(10,796,022)	(913,583)	-	-	-	(11,709,605)	1,394,169
	28,789,657,404	3,341,753,201	(274,467,942)	(34,349,470)	2,063,089	31,824,656,282	(6,139,534,593)	(900,369,884)	(123,216,100)	33,396,669	(772,716)	(7,130,496,624)	24,694,159,658
Community assets													
General	3,416,201,415	98,463,000	(16,254,950)	197,803,445	(58,911,470)	3,637,301,440	(940,427,794)	(135,029,896)	-	12,852,260	7,625,405	(1,054,980,025)	2,582,321,415
Assets under construction	313,515,960	177,487,892	-	(186,728,805)	4,239,321	308,514,368	-	-	-	-	-	-	308,514,368
	3,729,717,375	275,950,892	(16,254,950)	11,074,640	(54,672,149)	3,945,815,808	(940,427,794)	(135,029,896)	-	12,852,260	7,625,405	(1,054,980,025)	2,890,835,783
Housing													
Housing assets	523,215,994	-	(4,940,000)	220,755,184	(25,504,781)	713,526,397	(90,922,357)	(12,990,112)	-	729,056	-	(103,183,413)	610,342,984
Assets under construction	337,150,548	322,535,600	-	(191,400,000)	3,740,700	472,026,848	-	-	-	-	-	-	472,026,848
	860,366,542	322,535,600	(4,940,000)	29,355,184	(21,764,081)	1,185,553,245	(90,922,357)	(12,990,112)	-	729,056	-	(103,183,413)	1,082,369,832
Biological assets													
Game (livestock)	14,478,788	-	-	-	2,313,772	16,792,560	-	-	-	-	-	-	16,792,560
	14,478,788	-	-	-	2,313,772	16,792,560	-	-	-	-	-	-	16,792,560
Land													
Land	365,880,449	8,970,200	(749,263)	-	29,521,934	403,623,320	-	-	-	-	-	-	403,623,320
	365,880,449	8,970,200	(749,263)	-	29,521,934	403,623,320	-	-	-	-	-	-	403,623,320
Buildings													
Buildings	932,325,738	3,560,518	-	3,306,763	(3,682,698)	935,510,321	(524,543,655)	(28,634,228)	-	-	(5,608,455)	(558,786,338)	376,723,983
Buildings: AUC	-	672,256,650	-	-	-	672,256,650	-	-	-	-	-	-	672,256,650
Sandspruit Works Association	7,383,244	-	-	-	-	7,383,244	(3,205,844)	(345,544)	-	-	-	(3,551,388)	3,831,856
Housing Company Tshwane: AUC	-	13,753,812	-	-	-	13,753,812	-	-	-	-	-	-	13,753,812
	939,708,982	689,570,980	-	3,306,763	(3,682,698)	1,628,904,027	(527,749,499)	(28,979,772)	-	-	(5,608,455)	(562,337,726)	1,066,566,301

City of Tshwane Metropolitan Municipality
Appendix B (supplementary unaudited information)

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

Cost

Accumulated depreciation

	Cost					Accumulated depreciation							Carrying value
	Opening balance	Acquisitions	Disposals	Transfers	Additions and adjustments	Closing balance	Opening balance	Additions	Impairment	Disposals	Transfers	Closing balance	
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Other													
General	1,977,022,041	109,672,536	(13,416,067)	18,463,449	21,771,187	2,113,513,146	(1,115,923,844)	(178,890,387)	(362,767)	9,493,474	(8,673,526)	(1,294,357,050)	819,156,096
Rehabilitation assets	507,835,171	22,118,833	-	-	-	529,954,004	(167,567,249)	(36,146,244)	-	-	-	(203,713,493)	326,240,511
Assets under construction	93,325,718	225,505,717	-	(88,768,210)	(10,312,284)	219,750,941	-	-	-	-	-	-	219,750,941
Sandspruit Works Association	8,958,952	1,208,443	-	-	-	10,167,395	(8,347,167)	(488,675)	-	83	-	(8,835,759)	1,331,636
Housing Company Tshwane	1,184,272	1,098,912	(112,778)	-	-	2,170,406	(334,417)	(138,310)	-	-	-	(472,727)	1,697,679
TEDA	12,241,288	476,879	(14,528)	-	-	12,703,639	(5,073,868)	(3,007,764)	-	-	-	(8,081,632)	4,622,007
	2,600,567,442	360,081,320	(13,543,373)	(70,304,761)	11,458,903	2,888,259,531	(1,297,246,545)	(218,671,380)	(362,767)	9,493,474	(8,673,443)	(1,515,460,661)	1,372,798,870
Total property plant and equipment													
	37,300,376,982	4,998,862,193	(309,955,528)	(60,917,644)	(34,761,230)	41,893,604,773	(8,995,880,788)	1,296,041,044	(123,578,867)	56,471,459	(7,429,209)	(10,366,458,449)	31,527,146,324
Heritage assets													
General	3,607,628,201	22,349,296	-	-	-	3,629,977,497	-	-	-	-	-	-	3,629,977,497
	3,607,628,201	22,349,296	-	-	-	3,629,977,497	-	-	-	-	-	-	3,629,977,497
Investment properties													
Property capitalised: Parent	954,472,306	3,989,979	(12,833,509)	6,218,374	37,075,001	988,922,151	(189,408,166)	(5,177,761)	-	9,931	7,429,293	(187,146,703)	801,775,448
Assets under construction: Parent	-	6,968,777	-	(6,218,374)	-	750,403	-	-	-	-	-	-	750,403
Housing Company Tshwane	7,490,657	-	-	-	-	7,490,657	(2,496,886)	(249,690)	-	-	-	(2,746,576)	4,744,081
	961,962,963	10,958,756	(12,833,509)	-	37,075,001	997,163,211	(191,905,052)	(5,427,451)	-	9,931	7,429,293	(189,893,279)	807,269,932
Intangible assets													
Computer software	250,784,048	46,265,624	-	60,917,643	-	357,967,315	(115,594,222)	(42,904,998)	-	-	-	(158,499,220)	199,468,095
Servitudes	199,165,590	-	-	-	-	199,165,590	(3,179,167)	(2,725,000)	-	-	-	(5,904,167)	193,261,423
TEDA computer software	279,264	-	-	-	-	279,264	(25,452)	(65,581)	-	-	-	(91,033)	188,231
HCT computer software	215,348	16,320	-	-	-	231,668	(104,324)	(111,069)	-	-	-	(215,393)	16,275
Sandspruit computer software	102,485	43,496	-	-	-	145,981	(67,653)	(35,151)	-	-	-	(102,804)	43,177
	450,546,735	46,325,440	-	60,917,643	-	557,789,818	(118,970,818)	(45,841,799)	-	-	-	(164,812,617)	392,977,201
Total													
Land	365,880,449	8,970,200	(749,263)	-	29,521,934	403,623,320	-	-	-	-	-	-	403,623,320
Infrastructure	28,789,657,404	3,341,753,201	(274,467,942)	(34,349,470)	2,063,089	31,824,656,282	(6,139,534,593)	(900,369,884)	(123,216,100)	33,396,669	(772,716)	(7,130,496,624)	24,694,159,658
Community assets	3,729,717,375	275,950,892	(16,254,950)	11,074,640	(54,672,149)	3,945,815,808	(940,427,794)	(135,029,896)	-	12,852,260	7,625,405	(1,054,980,025)	2,890,835,783
Housing	860,366,542	322,535,600	(4,940,000)	29,355,184	(21,764,081)	1,185,553,245	(90,922,357)	(12,990,112)	-	729,056	-	(103,183,413)	1,082,369,832
Other	2,600,567,442	360,081,320	(13,543,373)	(70,304,761)	11,458,903	2,888,259,531	(1,297,246,545)	(218,671,380)	(362,767)	9,493,474	(8,673,443)	(1,515,460,661)	1,372,798,870
Heritage assets	3,607,628,201	22,349,296	-	-	-	3,629,977,497	-	-	-	-	-	-	3,629,977,497
Intangible assets	450,546,735	46,325,440	-	60,917,643	-	557,789,818	(118,970,818)	(45,841,799)	-	-	-	(164,812,617)	392,977,201
Investment properties	961,962,963	10,958,756	(12,833,509)	-	37,075,001	997,163,211	(191,905,052)	(5,427,451)	-	9,931	7,429,293	(189,893,279)	807,269,932
Buildings	939,708,982	689,570,980	-	3,306,763	(3,682,698)	1,628,904,027	(527,749,499)	(28,979,772)	-	-	(5,608,455)	(562,337,726)	1,066,566,301
Biological assets	14,478,788	-	-	-	2,313,772	16,792,560	-	-	-	-	-	-	16,792,560
	42,320,514,881	5,078,495,685	(322,789,037)	(1)	2,313,771	47,078,535,299	(9,306,756,658)	1,347,310,294	(123,578,867)	56,481,390	84	(10,721,164,345)	36,357,370,954

Appendix C - Municipality only
Budgeted financial performance (revenue and expenditure by standard classification)
for the period ended 30 June 2016

	2015/16						2014/15 Restated				
	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council policy) & shifting of funds (to MFMA s31)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Restated audited outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard											
Governance and administration	8,888,300,998	637,202,396	9,525,503,394		9,525,503,394	9,206,671,196		(318,832,198)	97 %	104 %	8,245,321,045
Executive and Council	257,240,400	(33,163,000)	224,077,400		224,077,400	205,089,830		(18,987,570)	92 %	80 %	177,944,894
Budget and Treasury Office	8,482,567,038	(18,598,430)	8,463,968,608		8,463,968,608	8,765,253,554		301,284,946	104 %	103 %	8,025,632,195
Corporate services	148,493,560	688,963,826	837,457,386		837,457,386	236,327,812		(601,129,574)	28 %	159 %	41,743,956
Community and public safety	944,463,172	157,216,775	1,101,679,947		1,101,679,947	1,339,788,863		238,108,916	122 %	142 %	1,274,023,214
Community and social services	47,483,800	(883,500)	46,600,300		46,600,300	71,404,112		24,803,812	153 %	150 %	92,917,222
Sport and recreation	(43,624,000)	(1,144,084)	(44,768,084)		(44,768,084)	(18,548,221)		26,219,863	41 %	43 %	(15,950,395)
Public safety	261,485,400	12,735,657	274,221,057		274,221,057	386,548,413		112,327,356	141 %	148 %	365,622,701
Housing	599,358,172	140,349,491	739,707,663		739,707,663	814,706,703		74,999,040	110 %	136 %	777,994,853
Health	79,759,800	6,159,211	85,919,011		85,919,011	85,677,856		(241,155)	100 %	107 %	53,438,833
Economic and environmental services	1,767,715,050	(83,264,826)	1,684,450,224		1,684,450,224	1,701,165,437		16,715,213	101 %	96 %	2,415,812,375
Planning and development	154,668,200	7,507,025	162,175,225		162,175,225	201,383,335		39,208,110	124 %	130 %	225,075,343
Road transport	1,619,602,450	(103,245,172)	1,516,357,278		1,516,357,278	1,508,317,292		(8,039,986)	99 %	93 %	1,211,537,617
Environmental protection	(6,555,600)	12,473,321	5,917,721		5,917,721	(8,535,190)		(14,452,911)	(144)%	130 %	979,199,415
Trading services	15,286,958,900	311,810,169	15,598,769,069		15,598,769,069	14,544,427,111		(1,054,341,958)	93 %	95 %	13,619,846,867
Electricity	11,076,556,600	(98,863,147)	10,977,693,453		10,977,693,453	10,084,867,542		(892,825,911)	92 %	91 %	9,603,516,292
Water	899,892,700	150,565,294	1,050,457,994		1,050,457,994	1,024,204,220		(26,253,774)	98 %	114 %	974,185,729
Waste water management	37,070,800	-	37,070,800		37,070,800	41,167,097		4,096,297	111 %	111 %	33,929,177
Waste management	3,273,438,800	260,108,022	3,533,546,822		3,533,546,822	3,394,188,252		(139,358,570)	96 %	104 %	3,008,215,669
Other	1,290,584,250	5,672,700	1,296,256,950		1,296,256,950	1,352,906,393		56,649,443	104 %	105 %	151,029,512
Other	1,290,584,250	5,672,700	1,296,256,950		1,296,256,950	1,352,906,393		56,649,443	104 %	105 %	151,029,512
Total Revenue - Standard	28,178,022,370	1,028,637,214	29,206,659,584		29,206,659,584	28,144,959,000		(1,061,700,584)	96 %	100 %	25,706,033,013

Appendix C - Municipality only
Budgeted financial performance (revenue and expenditure by standard classification)
for the period ended 30 June 2016

	2015/16				2014/15 Restated						
Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.t.o. Council policy) & shifting of funds (to MFMA s31)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Restated audited outcome	
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
Expenditure - Standard											
Governance and administration	4,757,582,980	(61,472,166)	4,696,110,814	-	4,696,110,814	5,646,604,738	994,719,839	950,493,924	120 %	119 %	4,784,451,193
Executive and Council	1,091,571,785	29,997,121	1,121,568,906	-	1,121,568,906	1,077,342,991	-	(44,225,915)	96 %	99 %	1,125,272,420
Budget and Treasury Office	1,379,169,944	(178,354,258)	1,200,815,686	-	1,200,815,686	1,897,196,772	696,381,086	696,381,086	158 %	138 %	1,113,764,213
Corporate services	2,286,841,251	86,884,971	2,373,726,222	-	2,373,726,222	2,672,064,975	298,338,753	298,338,753	113 %	117 %	2,545,414,560
Community and public safety	4,096,078,904	123,174,903	4,219,253,807	-	4,219,253,807	4,566,336,531	347,082,724	347,082,724	108 %	111 %	3,735,196,751
Community and social services	521,869,949	(1,059,890)	520,810,059	-	520,810,059	529,786,797	8,976,738	8,976,738	102 %	102 %	489,466,022
Sport and recreation	402,245,625	(4,387,424)	397,858,201	-	397,858,201	428,753,297	30,895,096	30,895,096	108 %	107 %	298,813,405
Public safety	2,365,767,016	12,996,758	2,378,763,774	-	2,378,763,774	2,635,880,627	257,116,853	257,116,853	111 %	111 %	2,134,865,567
Housing	426,704,510	114,430,736	541,135,246	-	541,135,246	577,367,836	36,232,590	36,232,590	107 %	135 %	473,740,710
Health	379,491,804	1,194,723	380,686,527	-	380,686,527	394,547,974	13,861,447	13,861,447	104 %	104 %	338,311,047
Economic and environmental services	2,552,742,457	140,734,844	2,693,477,301	-	2,693,477,301	2,842,007,455	149,453,312	148,530,154	106 %	111 %	3,079,258,305
Planning and development	736,099,536	(5,347,098)	730,752,438	-	730,752,438	729,829,280	-	(923,158)	100 %	99 %	706,193,631
Road transport	1,568,019,354	125,687,341	1,693,706,695	-	1,693,706,695	1,827,278,247	133,571,552	133,571,552	108 %	117 %	1,753,852,004
Environmental protection	248,623,567	20,394,601	269,018,168	-	269,018,168	284,899,928	15,881,760	15,881,760	106 %	115 %	619,212,670
Trading services	13,413,792,373	724,030,084	14,137,822,457	-	14,137,822,457	14,516,586,511	401,833,118	378,764,054	103 %	108 %	13,263,109,851
Electricity	9,374,665,561	402,689,830	9,777,355,391	-	9,777,355,391	9,903,899,622	126,544,231	126,544,231	101 %	106 %	9,461,724,272
Water	452,486,543	18,241,682	470,728,225	-	470,728,225	447,659,161	-	(23,069,064)	95 %	99 %	725,672,969
Waste water management	680,500,077	137,272,025	817,772,102	-	817,772,102	993,631,690	175,859,588	175,859,588	122 %	146 %	602,348,954
Waste management	2,906,140,192	165,826,547	3,071,966,739	-	3,071,966,739	3,171,396,038	99,429,299	99,429,299	103 %	109 %	2,473,363,656
Other	319,750,861	(11,688,359)	308,062,502	-	308,062,502	262,484,868	-	(45,577,634)	85 %	82 %	78,337,071
Other	319,750,861	(11,688,359)	308,062,502	-	308,062,502	262,484,868	-	(45,577,634)	85 %	82 %	78,337,071
Total Expenditure - Standard	25,139,947,575	914,779,306	26,054,726,881	-	26,054,726,881	27,834,020,103	1,893,088,993	1,779,293,222	107 %	111 %	24,940,353,171
Surplus/(Deficit) for the year	3,038,074,795	113,857,908	3,151,932,703		3,151,932,703	310,938,897		(2,840,993,806)	10 %	10 %	765,679,842

Appendix D - Municipality only
Budgeted financial performance (revenue and expenditure by municipal vote)
for the period ended 30 June 2016

	2015/16						2014/15 Restated				
	Original budget	Budget adjustments (to s28 and s31 of the MFMA)	Final adjustments budget	Virement (to Council policy) & shifting of funds (to MFMA s 31)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Restated audited outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote											
City Planning	129,485,400	6,307,025	135,792,425		135,792,425	169,329,346		33,536,921	125 %	131 %	193,474,781
City Strategies and Performance Management	-	-	-		-	3,992		3,992	- %	100 %	-
Communication, Marketing and Events	43,634,100	-	43,634,100		43,634,100	43,365,503		(268,597)	99 %	99 %	55,228,416
Corporate and Shared Services	43,045,600	(268,470)	42,777,130		42,777,130	26,184,346		(16,592,784)	61 %	61 %	20,236,923
Emergency Services	66,020,100	12,902,268	78,922,368		78,922,368	77,777,552		(1,144,816)	99 %	118 %	68,279,158
Environmental Management	1,284,028,650	18,146,021	1,302,174,671		1,302,174,671	1,339,746,097		37,571,426	103 %	104 %	1,130,228,926
Group Financial Services	8,482,567,038	(18,598,430)	8,463,968,608		8,463,968,608	8,765,253,554		301,284,946	104 %	103 %	8,025,632,195
Health & Social Development	43,159,300	6,129,211	49,288,511		49,288,511	45,249,029		(4,039,482)	92 %	105 %	52,686,512
Housing and Human Settlement	666,843,072	8,850,325	675,693,397		675,693,397	819,803,735		144,110,338	121 %	123 %	791,387,953
Information & Communication Technology Management	1,790,460	8,850,325	10,640,785		10,640,785	9,560,827		(1,079,958)	90 %	534 %	43,717
Group Legal Services	375,700	-	375,700		375,700	53,426		(322,274)	14 %	14 %	111,507
Customer Relations Management	-	-	-		-	20,394		20,394	- %	100 %	24,842
Metro Police Services	195,465,300	(166,611)	195,298,689		195,298,689	308,770,860		113,472,171	158 %	158 %	297,343,543
Group Audit and Risk	132,206,700	-	132,206,700		132,206,700	40,380,632		(91,826,068)	31 %	31 %	40,864,932
Economic Development	33,098,400	-	33,098,400		33,098,400	32,049,942		(1,048,458)	97 %	97 %	31,600,362
Office of the City Manager	250,000,000	(33,163,000)	216,837,000		216,837,000	200,851,611		(15,985,389)	93 %	80 %	178,128,082
Office of the Executive Mayor	(134,900)	-	(134,900)		(134,900)	(290,789)		(155,889)	- %	54 %	(183,187)
Office of the Speaker	-	-	-		-	112		112	- %	100 %	-
Service Delivery and Transformation Management	74,536,700	(7,697,743)	66,838,957		66,838,957	207,454,870		140,615,913	310 %	278 %	72,611,947
Property Management	(21,257,300)	680,268,471	659,011,171		659,011,171	168,001,737		(491,009,434)	25 %	(790)%	(14,594,241)
Service Infrastructure: Electricity	11,082,317,800	(82,663,147)	10,999,654,653		10,999,654,653	10,091,986,564		(907,668,089)	92 %	91 %	9,591,101,330
Service Infrastructure: Water and Sanitation	4,174,038,700	410,923,316	4,584,962,016		4,584,962,016	4,418,867,059		(166,094,957)	96 %	106 %	3,982,902,836
Sport and Recreation	11,687,200	873,059	12,560,259		12,560,259	972,429		(11,587,830)	8 %	8 %	(22,440,740)
Transport	1,485,114,350	(102,745,172)	1,382,369,178		1,382,369,178	1,379,566,171		(2,803,007)	100 %	93 %	1,211,363,221
Total Revenue by Vote	28,178,022,370	907,947,448	29,085,969,818		29,085,969,818	28,144,958,999		(941,010,819)	97 %	100 %	25,706,033,015

Appendix D - Municipality only
Budgeted financial performance (revenue and expenditure by municipal vote)
for the period ended 30 June 2016

	2015/16							2014/15 Restated			
	Original budget	Budget adjustments (to s28 and s31 of the MFMA)	Final adjustments budget	Virement (to Council policy) & shifting of funds (to MFMA s 31)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Restated audited outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure by Vote to be appropriated											
City Planning	304,448,699	(2,029,946)	302,418,753	-	302,418,753	298,407,300	-	(4,011,453)	99 %	98 %	290,072,007
City Strategies & Performance Management	31,026,955	(1,032,955)	29,994,000	-	29,994,000	26,836,119	-	(3,157,881)	89 %	86 %	24,460,957
Communication, Marketing & Events	176,602,481	(9,848,491)	166,753,990	-	166,753,990	160,422,588	-	(6,331,402)	96 %	91 %	181,149,050
Corporate & Shared Services	1,084,104,570	8,074,832	1,092,179,402	-	1,092,179,402	1,151,618,323	59,438,921	59,438,921	105 %	106 %	1,077,628,569
Emergency Services	576,003,608	15,302,012	591,305,620	-	591,305,620	607,778,463	16,472,843	16,472,843	103 %	106 %	530,277,043
Environmental Management	568,374,428	8,706,242	577,080,670	-	577,080,670	547,384,795	-	(29,695,875)	95 %	96 %	697,549,740
Group Financial Services	1,379,169,944	(178,354,258)	1,200,815,686	-	1,200,815,686	1,897,196,772	696,381,086	696,381,086	158 %	138 %	1,113,764,213
Health & Social Development	198,645,410	(2,004,490)	196,640,920	-	196,640,920	202,606,433	5,965,513	5,965,513	103 %	102 %	218,400,296
Housing & Human Settlement	339,408,986	102,793,501	442,202,487	-	442,202,487	486,025,461	43,822,974	43,822,974	110 %	143 %	347,145,083
Information & Communication Technology Management	533,649,691	29,694,678	563,344,369	-	563,344,369	587,706,047	24,361,678	24,361,678	104 %	110 %	739,516,113
Group Legal Services	108,431,275	2,943,954	111,375,229	-	111,375,229	200,719,590	89,344,361	89,344,361	180 %	185 %	85,401,345
Customer Relations Management	86,231,322	5,734,688	91,966,010	-	91,966,010	94,528,289	2,562,279	2,562,279	103 %	110 %	74,561,400
Metro Police Services	1,789,763,408	(2,305,254)	1,787,458,154	-	1,787,458,154	2,028,102,164	240,644,010	240,644,010	113 %	113 %	1,604,588,524
Group Audit and Risk	254,157,665	29,962,551	284,120,216	-	284,120,216	429,057,898	144,937,682	144,937,682	151 %	169 %	320,049,483
Office of the Chief Whip	31,854,717	(7,413)	31,847,304	-	31,847,304	31,280,085	-	(567,219)	98 %	98 %	27,253,978
Office of the City Manager	264,062,919	10,950,996	275,013,915	-	275,013,915	267,348,170	-	(7,665,745)	97 %	101 %	504,174,108
Office of the Executive Mayor	301,309,588	(4,046,957)	297,262,631	-	297,262,631	286,704,350	-	(10,558,281)	96 %	95 %	262,737,875
Office of the Speaker	257,370,665	984,122	258,354,787	-	258,354,787	256,990,600	-	(1,364,187)	99 %	100 %	240,933,179
Service Delivery and Transformation Management	3,471,346,593	205,573,611	3,676,920,204	-	3,676,920,204	4,052,720,890	375,800,686	375,800,686	110 %	117 %	2,716,925,599
Property Management	228,157,254	15,925,706	244,082,960	-	244,082,960	222,477,915	-	(21,605,045)	91 %	98 %	292,289,334
Economic Development	334,224,890	(331,526)	333,893,364	-	333,893,364	330,053,040	-	(3,840,324)	99 %	99 %	321,057,407
Service Infrastructure: Electricity	8,575,356,883	367,844,653	8,943,201,536	-	8,943,201,536	8,897,395,776	-	(45,805,760)	99 %	104 %	8,589,956,637
Service Infrastructure: Water and Sanitation	3,058,834,833	206,484,681	3,265,319,514	-	3,265,319,514	3,324,639,847	59,320,333	59,320,333	102 %	109 %	3,025,433,595
Sport and Recreation	119,534,889	(1,278,023)	118,256,866	-	118,256,866	135,813,805	17,556,939	17,556,939	115 %	114 %	182,678,874
Transport	1,067,875,902	105,042,392	1,172,918,294	-	1,172,918,294	1,310,205,382	137,287,087	137,287,088	112 %	123 %	1,472,348,764
Total Expenditure by Vote	25,139,947,575	914,779,306	26,054,726,881	-	26,054,726,881	27,834,020,102	1,913,896,392	1,779,293,221	107 %	111 %	24,940,353,173
Surplus/(Deficit) for the year	3,038,074,795	(6,831,858)	3,031,242,937		3,031,242,937	310,938,897		(2,720,304,040)	10 %	10 %	765,679,842

**Appendix E - Municipality only
Budgeted financial performance (revenue and expenditure)
for the period ended 30 June 2016**

	2015/16							2014/15 Restated						
	Original budget	Budget adjustments (to s28 and s31 of the MFMA)	Final adjustments budget	Virement (to Council policy) & shifting of funds (to MFMA s31)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source														
Property rates	5,212,179,600	393,200	5,212,572,800		5,212,572,800	5,360,754,623		148,181,823	103 %	103 %				4,866,550,478
Service charges: Electricity revenue	10,471,748,900	(112,544,478)	10,359,204,422	(3,057,562)	10,356,146,860	9,340,209,400		(1,015,937,460)	90 %	89 %				8,738,615,740
Service charges: Water revenue	3,169,195,200	237,499,401	3,406,694,601	3,010,951	3,409,705,552	3,226,513,940		(183,191,612)	95 %	102 %				2,822,028,648
Service charges: Sanitation revenue	748,908,400	50,000,000	798,908,400	(120,000)	798,788,400	760,693,469		(38,094,931)	95 %	102 %				713,527,680
Service charges: Refuse revenue	1,095,778,950	30,400	1,095,809,350		1,095,809,350	1,128,045,780		32,236,430	103 %	103 %				969,643,413
Service charges: Other	152,580,800	47,000,000	199,580,800		199,580,800	232,687,274		33,106,474	117 %	153 %				178,480,401
Rental of facilities and equipment	109,111,600	-	109,111,600		109,111,600	131,388,317		22,276,717	120 %	120 %				113,623,320
Interest earned: External investments	69,774,338	(28,598,430)	41,175,908		41,175,908	55,999,525		14,823,617	136 %	80 %				36,874,337
Interest earned: Outstanding debtors	182,050,000	-	182,050,000		182,050,000	361,055,496		179,005,496	198 %	198 %				338,768,697
Fines	196,691,400	-	196,691,400		196,691,400	313,548,835		116,857,435	159 %	159 %				177,338,263
Licences and permits	57,679,800	-	57,679,800		57,679,800	48,743,171		(8,936,629)	85 %	85 %				53,243,503
Transfers recognised: Operational	3,419,706,000	133,458,959	3,553,164,959		3,553,164,959	3,516,826,178		(36,338,781)	99 %	103 %				3,081,484,936
Other revenue	815,250,000	698,688,701	1,513,938,701		1,513,938,701	1,027,750,090		(486,188,611)	68 %	126 %				1,053,384,349
Gains on disposal of PPE	-	-	-		-	165,268,216		165,268,216	- %	100 %				20,440,818
Total Revenue (excluding capital transfers and contributions)	25,700,654,988	1,025,927,753	26,726,582,741	(166,611)	26,726,416,130	25,669,484,314		(1,056,931,816)	96 %	100 %				23,164,004,583

Appendix E - Municipality only
Budgeted financial performance (revenue and expenditure)
for the period ended 30 June 2016

	2015/16							2014/15 Restated						
	Original budget	Budget adjustments (to s28 and s31 of the MFMA)	Final adjustments budget	Virement (to Council policy) & shifting of funds (to MFMA s31)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure By Type														
Employee-related costs	7,199,721,785	(18,695,595)	7,181,026,190	1,000,000	7,182,026,190	7,397,754,727	215,728,537	215,728,537	103 %	103 %	-	-	-	6,436,465,275
Remuneration of councillors	111,749,118	1,000,000	112,749,118	-	112,749,118	112,443,327	-	(305,791)	100 %	101 %	-	-	-	104,192,823
Debt impairment	1,018,115,542	(261,332,542)	756,783,000	(100,000)	756,683,000	1,126,463,150	369,780,150	369,780,150	149 %	111 %	-	-	-	721,971,875
Depreciation & asset impairment	1,186,841,000	(99,576,100)	1,087,264,900	-	1,087,264,900	1,431,703,258	344,438,358	344,438,358	132 %	121 %	-	-	-	1,502,445,673
Finance charges	1,029,202,100	10,545,064	1,039,747,164	(432,884)	1,039,314,280	1,136,966,921	97,652,641	97,652,641	109 %	110 %	-	-	-	996,547,871
Bulk purchases	8,613,398,330	183,461,523	8,796,859,853	(230,000)	8,796,629,853	8,808,848,636	12,218,783	12,218,783	100 %	102 %	-	-	-	7,926,726,988
Other materials	349,093,400	(32,523,894)	316,569,506	(32,269,407)	284,300,099	227,064,298	-	(57,235,801)	80 %	65 %	-	-	-	268,664,104
Contracted services	1,939,755,900	802,984,968	2,742,740,868	(55,963,610)	2,686,777,258	3,059,650,538	372,873,280	372,873,280	114 %	158 %	-	-	-	3,036,388,561
Transfers and grants	235,090,100	(5,150,000)	229,940,100	-	229,940,100	347,060,760	117,120,660	117,120,660	151 %	148 %	-	-	-	211,526,533
Other expenditure	3,432,772,600	334,231,493	3,767,004,093	87,735,190	3,854,739,283	4,058,085,348	203,346,065	203,346,065	105 %	118 %	-	-	-	3,519,285,396
Loss on disposal of PPE	-	1,000	1,000	94,100	95,100	104,714,624	104,619,524	104,619,524	110,110 %	111,179 %	-	-	-	190,537,987
Total Expenditure	25,115,739,875	914,945,917	26,030,685,792	(166,611)	26,030,519,181	27,810,755,587	1,837,777,998	1,780,236,406	107 %	111 %	-	-	-	24,914,753,086
Surplus/(Deficit)	584,915,113	110,981,836	695,896,949		695,896,949	(2,141,271,273)	(1,837,777,998)	(2,837,168,222)	(308)%	(366)%				(1,750,748,503)
Transfers recognised: Capital	2,453,159,682	2,876,072	2,456,035,754		2,456,035,754	2,452,210,170		(3,825,584)	100 %	100 %				2,516,428,345
Contributions recognised: Capital	-	-	-		-	-		-	- %	- %				-
Contributed assets	-	-	-		-	-		-	- %	- %				-
Surplus/(Deficit) after capital transfers & contributions	3,038,074,795	113,857,908	3,151,932,703		3,151,932,703	310,938,897		(2,840,993,806)	10 %	10 %				765,679,842
Taxation	-	-	-		-	-		-	- %	- %				-
Surplus/(Deficit) after taxation	3,038,074,795	113,857,908	3,151,932,703		3,151,932,703	310,938,897		(2,840,993,806)	10 %	10 %				765,679,842
Attributable to minorities	-	-	-		-	-		-	- %	- %				-
Surplus/(Deficit) attributable to Municipality	3,038,074,795	113,857,908	3,151,932,703		3,151,932,703	310,938,897		(2,840,993,806)	10 %	10 %				765,679,842
Share of surplus/ (deficit) of associate	-	-	-		-	-		-	- %	- %				-
Surplus/(Deficit) for the year	3,038,074,795	113,857,908	3,151,932,703		3,151,932,703	310,938,897		(2,840,993,806)	10 %	10 %				765,679,842

Appendix F - Municipality only
Budgeted capital expenditure by vote, standard classification and funding
for the period ended 30 June 2016

	2015/16								2014/15						
	Original budget	Budget adjustments (to s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (to s31 of the MFMA)	Virement (to Council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote															
Multi-year expenditure															
City Planning	-	-	-	-	-	-	-	-	-	- %	- %	-	-	-	461,906
City Strategies & Performance Management	-	-	-	-	-	-	-	-	-	- %	- %	-	-	-	273,612
Communication, Marketing & Events	-	-	-	-	-	-	-	-	-	- %	- %	-	-	-	198,713
Corporate & Shared Services	23,406,800	18,500,000	41,906,800	-	-	41,906,800	26,257,198	-	(15,649,602)	63 %	112 %	-	-	-	17,692,850
Emergency Services	6,000,000	-	6,000,000	-	-	6,000,000	5,938,642	-	(61,358)	99 %	99 %	-	-	-	22,944,660
Environmental Management	98,000,000	3,882,721	101,882,721	-	-	101,882,721	97,706,676	-	(4,176,045)	96 %	100 %	-	-	-	15,874,151
Group Financial Services	35,250,000	12,505,515	47,755,515	-	-	47,755,515	42,010,256	-	(5,745,259)	88 %	119 %	-	-	-	736,294
Health & Social Development	85,000,000	4,566,227	89,566,227	-	-	89,566,227	86,224,699	-	(3,341,528)	96 %	101 %	-	-	-	21,079,153
Housing & Human Settlement	670,500,072	12,464,607	682,964,679	-	-	682,964,679	716,085,928	33,121,249	33,121,249	105 %	107 %	-	-	-	838,697,599
Information & Communication Technology Management	96,500,000	-	96,500,000	-	-	96,500,000	92,463,824	-	(4,036,176)	96 %	96 %	-	-	-	88,174,074
Group Legal Services	-	-	-	-	-	-	-	-	-	- %	- %	-	-	-	496,946
Macro Economic Planning	72,000,000	(29,100,000)	42,900,000	-	-	42,900,000	21,819,314	-	(21,080,686)	51 %	30 %	-	-	-	1,971,666
Metro Police Services	10,000,000	-	10,000,000	-	-	10,000,000	8,852,430	-	(1,147,570)	89 %	89 %	-	-	-	8,663,795
Group Audit and Risk	13,000,000	10,000,000	23,000,000	-	-	23,000,000	16,588,366	-	(6,411,634)	72 %	128 %	-	-	-	11,935,923
Office of the Chief Whip	-	-	-	-	-	-	-	-	-	- %	- %	-	-	-	298,881
Office of the City Manager	280,000,000	(43,163,000)	236,837,000	-	-	236,837,000	231,318,842	-	(5,518,158)	98 %	83 %	-	-	-	277,985,436
Office of the Executive Mayor	-	-	-	-	-	-	-	-	-	- %	- %	-	-	-	122,085
Office of the Speaker	-	-	-	-	-	-	-	-	-	- %	- %	-	-	-	706,168
Service Delivery and Transformation Management	-	-	-	-	-	-	-	-	-	- %	- %	-	-	-	183,283,717
Research & Innovation	-	-	-	-	-	-	-	-	-	- %	- %	-	-	-	263,432
Service Infrastructure: Electricity	447,500,000	(2,663,147)	444,836,853	-	-	444,836,853	430,984,288	-	(13,852,565)	97 %	96 %	-	-	-	616,076,199
Service Infrastructure: Water and Sanitation	355,000,000	147,415,293	502,415,293	-	-	502,415,293	492,398,621	-	(10,016,672)	98 %	139 %	-	-	-	435,737,704
Sport and Recreation	95,551,000	5,973,059	101,524,059	-	-	101,524,059	50,279,063	-	(51,244,996)	50 %	53 %	-	-	-	7,641,341
Transport	1,473,085,350	(21,654,461)	1,451,430,889	-	-	1,451,430,889	1,428,678,275	-	(22,752,614)	98 %	97 %	-	-	-	1,525,846,972
Capital multi-year expenditure sub-total	3,760,793,222	118,726,814	3,879,520,036	-	-	3,879,520,036	3,747,606,422	33,121,249	(131,913,614)	97 %	100 %	-	-	-	4,077,163,277
Single-year expenditure															
Environmental Management	5,000,000	-	5,000,000	-	-	5,000,000	4,998,188	-	(1,812)	100 %	100 %	-	-	-	10,404,734
Housing & Human Settlement	-	-	-	-	-	-	113,214,045	113,214,045	-	- %	- %	-	-	-	-
Information & Communication Technology Management	75,773,260	-	75,773,260	-	-	75,773,260	75,773,260	-	-	100 %	100 %	-	-	-	-
Macro Economic Planning	6,000,000	-	6,000,000	-	-	6,000,000	2,970,000	-	(3,030,000)	50 %	50 %	-	-	-	-
Research & Innovation	-	-	-	-	-	-	-	-	-	- %	- %	-	-	-	27,349,572
Sport & Recreation	9,000,000	(5,100,000)	3,900,000	-	-	3,900,000	3,897,669	-	(2,331)	100 %	43 %	-	-	-	-
Transport	-	25,000,000	25,000,000	-	-	25,000,000	20,134,602	-	(4,865,398)	81 %	- %	-	-	-	-
Capital single-year expenditure sub-total	95,773,260	19,900,000	115,673,260	-	-	115,673,260	220,987,764	113,214,045	105,314,504	191 %	231 %	-	-	-	37,754,306
Total Capital Expenditure - Vote	3,856,566,482	138,626,814	3,995,193,296	-	-	3,995,193,296	3,968,594,186	146,335,294	(26,599,110)	99 %	103 %	-	-	-	4,114,917,583

Appendix F - Municipality only
Budgeted capital expenditure by vote, standard classification and funding
for the period ended 30 June 2016

	2015/16								2014/15						
	Original budget	Budget adjustments (to s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (to s31 of the MFMA)	Virement (to Council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard															
Governance and administration	373,930,060	(6,375,485)	367,554,575	-	-	367,554,575	335,430,598	-	(32,123,977)	91 %	90 %	-	-	-	401,338,703
Executive and Council	135,000,000	(38,575,485)	96,424,515	-	-	96,424,515	92,376,449	-	(4,048,066)	96 %	68 %	-	-	-	224,301,102
Budget and Treasury Office	250,000	-	250,000	-	-	250,000	156,708	-	(93,292)	63 %	63 %	-	-	-	736,294
Corporate services	238,680,060	32,200,000	270,880,060	-	-	270,880,060	242,897,441	-	(27,982,619)	90 %	102 %	-	-	-	176,301,307
Community and public safety	949,051,072	11,786,614	970,837,686	-	-	970,837,686	1,058,034,291	146,335,293	87,196,605	109 %	111 %	-	-	-	1,107,133,886
Community and social services	74,551,000	10,867,613	85,418,613	-	-	85,418,613	76,583,348	-	(8,835,265)	90 %	103 %	-	-	-	57,449,059
Sport and recreation	136,000,000	873,059	136,873,059	-	-	136,873,059	90,834,738	-	(46,038,321)	66 %	67 %	-	-	-	106,183,275
Public safety	16,000,000	-	16,000,000	-	-	16,000,000	14,791,072	-	(1,208,928)	92 %	92 %	-	-	-	31,608,455
Housing	670,500,072	12,464,607	682,964,679	-	-	682,964,679	829,299,972	146,335,293	146,335,293	121 %	124 %	-	-	-	873,448,099
Health	52,000,000	(2,418,665)	49,581,335	-	-	49,581,335	46,525,161	-	(3,056,174)	94 %	89 %	-	-	-	38,444,998
Economic and environmental services	1,554,085,350	(50,754,461)	1,503,330,889	-	-	1,503,330,889	1,455,793,589	-	(47,537,300)	97 %	94 %	-	-	-	1,529,809,584
Planning and development	78,000,000	(29,100,000)	48,900,000	-	-	48,900,000	24,789,314	-	(24,110,686)	51 %	32 %	-	-	-	2,979,329
Road transport	1,473,085,350	(21,654,461)	1,451,430,889	-	-	1,451,430,889	1,428,678,275	-	(22,752,614)	98 %	97 %	-	-	-	1,525,846,972
Environmental protection	3,000,000	-	3,000,000	-	-	3,000,000	2,326,000	-	(674,000)	78 %	78 %	-	-	-	983,283
Trading services	969,500,000	148,970,146	1,118,470,146	-	-	1,118,470,146	1,089,357,962	-	(29,112,184)	97 %	112 %	-	-	-	1,064,218,609
Electricity	597,500,000	1,554,853	599,054,853	-	-	599,054,853	579,965,436	-	(19,089,417)	97 %	97 %	-	-	-	616,076,199
Water	262,571,429	175,756,722	438,328,151	-	-	438,328,151	433,903,654	-	(4,424,497)	99 %	165 %	-	-	-	361,796,917
Waste water management	17,000,000	-	17,000,000	-	-	17,000,000	16,993,905	-	(6,095)	100 %	100 %	-	-	-	12,404,706
Waste management	92,428,571	(28,341,429)	64,087,142	-	-	64,087,142	58,494,967	-	(5,592,175)	91 %	63 %	-	-	-	73,940,787
Other	10,000,000	25,000,000	35,000,000	-	-	35,000,000	29,977,746	-	(5,022,254)	86 %	300 %	-	-	-	12,416,801
Other	10,000,000	25,000,000	35,000,000	-	-	35,000,000	29,977,746	-	(5,022,254)	86 %	300 %	-	-	-	12,416,801
Total Capital Expenditure - Standard	3,856,566,482	138,626,814	3,995,193,296	-	-	3,995,193,296	3,968,594,186	146,335,293	(26,599,110)	99 %	103 %	-	-	-	4,114,917,583
Funded by:															
National Government	2,408,542,000	(14,512,717)	2,394,029,283	-	-	2,394,029,283	2,405,478,294	-	11,449,011	100 %	100 %	-	-	-	2,551,806,060
Provincial Government	40,551,000	5,682,211	46,233,211	-	-	46,233,211	44,958,554	-	(1,274,657)	97 %	111 %	-	-	-	8,721,122
District Municipality	-	-	-	-	-	-	-	-	-	- %	- %	-	-	-	-
Other transfers and grants	22,473,482	(2,293,422)	20,180,060	-	-	20,180,060	9,832,877	-	(10,347,183)	49 %	44 %	-	-	-	4,454,390
Transfers recognised: Capital	2,471,566,482	(11,123,928)	2,460,442,554	-	-	2,460,442,554	2,460,269,725	-	(172,829)	100 %	100 %	-	-	-	2,564,981,572
Public contributions & donations	150,000,000	-	150,000,000	-	-	150,000,000	147,067,080	-	(2,932,920)	98 %	98 %	-	-	-	57,530,022
Borrowing	1,200,000,000	-	1,200,000,000	-	-	1,200,000,000	1,194,839,429	-	(5,160,571)	100 %	100 %	-	-	-	1,387,942,005
Internally-generated funds	35,000,000	149,750,742	184,750,742	-	-	184,750,742	166,417,952	-	(18,332,790)	90 %	475 %	-	-	-	104,463,984
Total Capital Funding	3,856,566,482	138,626,814	3,995,193,296	-	-	3,995,193,296	3,968,594,186	-	(26,599,110)	99 %	103 %	-	-	-	4,114,917,583

Appendix G
Budgeted cash flows (Group)
for the period ended 30 June 2016

	2015/16					2014/15 Restated			
	Original budget	Budget adjustments (to s28 and s31 of the MFMA) Rand	Final adjustments budget	Final budget	Actual outcome	Variance	Actual outcome as % of final budget Rand	Actual outcome as % of original budget Rand	Restated audited outcome
	Rand	Rand	Rand	Rand	Rand	Rand			Rand
Cash flow from operating activities									
Receipts									
Other sources	1,170,003,872	23,719,122	1,193,722,994	1,193,722,994	2,272,335,757	1,078,612,763	190 %	194 %	1,525,495,491
Ratepayers/consumers	19,413,932,737	507,515,623	19,921,448,360	19,921,448,360	18,968,392,038	(953,056,322)	95 %	98 %	17,725,574,209
Government - operating	3,666,857,044	127,479,942	3,794,336,986	3,794,336,986	3,511,770,896	(282,566,090)	93 %	96 %	3,115,441,552
Government - capital	2,453,159,682	2,876,072	2,456,035,754	2,456,035,754	2,419,031,820	(37,003,934)	98 %	99 %	2,562,278,440
Interest received	193,140,720	(28,532,199)	164,608,521	164,608,521	57,274,371	(107,334,150)	35 %	30 %	38,167,359
Payments									
Suppliers	(14,449,935,071)	(1,313,563,740)	(15,763,498,811)	(15,763,498,811)	(14,447,440,044)	1,316,058,767	92 %	100 %	(14,189,647,467)
Employees	(7,457,309,961)	21,914,704	(7,435,395,257)	(7,435,395,257)	(7,642,373,866)	(206,978,609)	103 %	102 %	(6,657,198,917)
Interest paid	(1,029,556,174)	(10,590,012)	(1,040,146,186)	(1,040,146,186)	(1,137,968,467)	(97,822,281)	109 %	111 %	(997,466,530)
Transfers and grants	(259,297,800)	5,150,000	(254,147,800)	(254,147,800)	-	254,147,800	- %	- %	-
Taxes on surpluses	-	-	-	-	(23,456)	(23,456)	- %	- %	(700,382)
Net cash flow from/(used) operating activities	3,700,995,049	(664,030,488)	3,036,964,561	3,036,964,561	4,000,999,049	964,034,488	132 %	108 %	3,121,943,755
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	315,588,558	315,588,558	- %	- %	(59,007,926)
Decrease/(increase) in other non-current receivables	48,553,230	(48,553,230)	-	-	45,469,606	45,469,606	- %	94 %	109,762,466
Decrease/(increase) in financial assets	56,007,143	(21,278,814)	34,728,329	34,728,329	-	(34,728,329)	- %	- %	5,096,572
Payments									
Capital assets	(3,783,366,152)	(109,567,643)	(3,892,933,795)	(3,892,933,795)	(5,065,741,875)	(1,172,808,080)	130 %	134 %	(4,633,944,468)
Net cash flow from/(used) investing activities	(3,678,805,779)	(179,399,687)	(3,858,205,466)	(3,858,205,466)	(4,704,683,711)	(846,478,245)	122 %	128 %	(4,578,093,356)
Cash flow from financing activities									
Increase in finance lease payments	-	-	-	-	(64,810,162)	(64,810,162)	- %	- %	199,894,504
Borrowing long term/refinancing	1,200,000,000	-	1,200,000,000	1,200,000,000	1,200,000,000	-	100 %	100 %	1,500,000,000
Service concession arrangements	-	-	-	-	672,256,650	672,256,650	- %	- %	-
Payments									
Repayment of borrowing	(560,349,598)	(36,381,244)	(596,730,842)	(596,730,842)	(518,231,162)	78,499,680	87 %	92 %	(491,042,465)
Net cash flow from/(used) financing activities	639,650,402	(36,381,244)	603,269,158	603,269,158	1,289,215,326	685,946,168	214 %	202 %	1,208,852,039
Net increase/(decrease) in cash held	661,839,672	(879,811,419)	(217,971,747)	(217,971,747)	585,530,664	803,502,411	(269)%	88 %	(247,297,562)
Cash/cash equivalents at the year begin	1,203,476,110	(625,355,622)	578,120,488	578,120,488	600,518,420	564,682,274	104 %	50 %	847,815,980
Cash/cash equivalents at the year end	1,865,315,782	(1,505,167,041)	360,148,741	360,148,741	1,186,049,084	1,368,184,685	329 %	64 %	600,518,418

Appendix H
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003 (Supplementary
unaudited information)

Name of Grants	Name of organ of state or municipal entity	Opening balance	Correction of prior years	Transfers and Returned	Quarterly Receipts					Expenditure	Closing balance	Grants and Subsidies delayed/ withheld	Reason for delay/ withholding of funds	Compliant with the grant conditions in terms of grant framework in the latest DoRA/ Provincial Gazette
					Sep	Dec	Mar	Jun	Total					
Capital Grants:														
DPSA Smart Connect	Department Public Service & Administration	378,440	-	-	-	504,587	-	890,233	1,394,820	1,773,260	-	None	None	Yes
Integrated national electrification Programme (INEP)	Department of Mineral & Energy (DME)	950	-	-	18,749,000	6,982,000	11,269,000	-	37,000,000	36,801,599	199,351	None	None	Yes
Gauteng Project Linked Housing	Gauteng:Local Government & Housing (GLGH)	16,409,130	-	-	-	-	-	-	-	-	16,409,130	None	None	Yes
Urban Settlement Development (USDG)	Cooperative Governance and Traditional Affairs (CoGTA)	36,239,940	-	627,393	225,102,000	525,239,000	750,342,000	-	1,500,683,000	1,537,550,333	-	None	None	Yes
Gautrans Job Creation PTIS: Roads	Gauteng: Transport	12,071,107	-	-	-	-	-	-	-	-	12,071,107	None	None	Yes
PTIS: Transport	Gauteng: Transport (GDoT)	-	-	-	-	-	-	-	-	-	-	None	None	Yes
PTIS: Transport	Gauteng: Transport (GDoT)	224,108	-	(224,108)	-	-	-	-	-	-	-	None	None	Yes
Delft Grant	Municipality of Delft (Netherlands)	2,293,422	-	-	-	385,804,000	384,805,000	-	770,609,000	768,350,658	2,258,342	None	None	Yes
Housing Accreditation	Gauteng:Local Government & Housing (GLGH)	67,394	-	-	-	-	-	-	-	-	67,394	None	None	Yes
Groen Sebenza	Development Bank South Africa/SANBI	7,823	-	(7,823)	-	-	-	-	-	-	-	None	None	Yes
Sport and Recreation	Gauteng: Sport, Arts, Culture & Recreation	72,617	-	(72,617)	-	-	-	-	-	-	-	None	None	Yes
Electricity Demand Side (EDSM)	Department of Mineral & Energy (DME)	3,000,000	-	(3,000,000)	-	-	7,000,000	-	7,000,000	-	7,000,000	None	None	Yes
Social Infrastructure Grant	National Treasury	5,682,211	-	-	15,000,000	-	8,000,000	10,000,000	33,000,000	38,682,211	-	None	None	Yes
Community Libraries Services	Gauteng: Sport, Arts, Culture & Recreation	1,008,760	-	-	6,476,000	-	-	-	6,476,000	6,276,404	1,208,356	None	None	Yes
Finance Management Grant (FMG)	National Treasury	36,352	-	(36,352)	250,000	-	-	-	250,000	156,708	93,292	None	None	Yes
Neighbourhood Development (NDPG)	National Treasury	1,526	-	(1,526)	45,912,000	-	16,707,000	-	62,619,000	62,619,000	-	None	None	Yes
Sandspruit: DWA	Department Water Affairs	278,855	-	-	-	-	-	-	-	278,855	-	None	None	Yes
		77,772,635	-	(2,715,033)	311,489,000	918,529,587	1,178,123,000	10,890,233	2,419,031,820	2,452,489,028	41,600,394			

Appendix H
Disclosures of Grants and Subsidies in terms of
Section 123 MFMA, 56 of 2003 (Supplementary
unaudited information)

Name of Grants	Name of organ of state or municipal entity	Opening balance	Correction of prior years	Transfers and Returned	Quarterly Receipts					Expenditure	Closing balance	Grants and Subsidies delayed/ withheld	Reason for delay/ withholding of funds	Compliant with the grant conditions in terms of grant framework in the latest DoRA/ Provincial Gazette
					Sep	Dec	Mar	Jun	Total					
Operational grants/subsidies:														
Health: HIV/AIDS	Gauteng: Department of Health & Social Development	-	-	-	11,948,000	-	-	-	11,948,000	11,948,000	-	None	None	Yes
Primary Healthcare	Gauteng: Department of Health & Social Development	-	-	-	16,834,000	12,625,500	12,625,500	-	42,085,000	42,085,000	-	None	None	Yes
Emergency Medical Services (EMS)	Gauteng: Department of Health & Social Development	-	-	-	-	41,780,900	17,906,100	-	59,687,000	59,687,000	-	None	None	Yes
Human Settlement Development: Topstructure	Gauteng: Local Government & Housing (GLGH)	50,681,533	-	-	-	-	86,655,714	-	86,655,714	86,404,116	50,933,131	None	None	Yes
Finance Management Grant (FMG)	National Treasury	885,333	-	(885,333)	3,925,000	-	-	-	3,925,000	3,925,000	-	None	None	Yes
LG SETA	Department of Local Government	266,921	-	(266,921)	-	-	-	-	-	-	-	None	None	Yes
Equitable share	National Treasury	-	-	4,147,319	618,322,000	618,322,000	413,598,000	-	1,650,242,000	1,654,389,319	-	None	None	Yes
Urban Settlement Development (USDG)	Cooperative Governance and Traditional Affairs (CoGTA)	627,392	-	(627,392)	-	-	-	-	-	-	-	None	None	Yes
Human Settlements Capacity grant	Cooperative Governance and Traditional Affairs (CoGTA)	16,419,484	-	-	12,831,000	-	-	-	12,831,000	28,215,380	1,035,104	None	None	Yes
Municipal Disaster Recovery	Department Local Government	13,886,268	-	-	-	-	-	-	-	12,438,404	1,447,864	None	None	Yes
Housing Accreditation	Gauteng: Local Government & Housing (GLGH)	1,235,233	-	-	-	-	-	-	-	-	1,235,233	None	None	Yes
Research and Technology Development	Department Local Government	892,857	-	-	892,857	-	-	-	892,857	1,711,026	74,688	None	None	Yes
Community Libraries Services	Gauteng: Sport, Arts, Culture & Recreation	176,346	-	-	6,700,000	-	260,000	-	6,960,000	4,476,874	2,659,472	None	None	Yes
Performance Management Broadband (Wifi)	Department of Local Government	268,665	-	(268,665)	-	-	-	-	-	-	-	None	None	Yes
	Department Telecommunication and Postal Services	-	-	-	-	-	8,850,325	-	8,850,325	7,763,443	1,086,882	None	None	Yes
PTNOG: Transport Revenue Enhancement	Gauteng: Transport (GDoT)	-	-	-	80,000,000	-	81,000,000	-	161,000,000	160,258,853	741,147	None	None	Yes
Equitable Share: Fuel levy	Department Public Works	1,224,800	-	(1,224,800)	-	-	-	-	-	-	-	None	None	Yes
Integrated City Development	Department Local Government	-	-	-	465,283,000	465,283,000	465,283,000	-	1,395,849,000	1,395,849,000	-	None	None	Yes
EPWP	National Treasury	6,307,024	-	-	39,702,000	-	-	-	39,702,000	16,531,762	29,477,262	None	None	Yes
	Department of Public Works	-	-	-	21,800,000	-	9,343,000	-	31,143,000	31,143,000	-	None	None	Yes
		<u>92,871,856</u>	-	<u>874,208</u>	<u>1,278,237,857</u>	<u>1,138,011,400</u>	<u>1,095,521,639</u>	-	<u>3,511,770,896</u>	<u>3,516,826,177</u>	<u>88,690,783</u>			
Revenue per Statement of Financial Performance (see note 27)		<u>170,644,491</u>	-						<u>5,969,315,205</u>					
Unspent conditional grants per Statement of Financial Position (see note 11)			<u>(170,644,491)</u>								<u>130,291,177</u>			