



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD



UNAUDITED  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

# Contents

## **3 Reporting entity's mandate**

## **4 Approval of the annual financial statements**

## **n/a Report of the Auditor-General**

## **6 General information**

### **Financial statements and policy**

**11** Statement of financial position

**12** Statement of financial performance

**13** Statement of changes in net assets

**14** Cash flow statement

**15** Statement of comparison of budget and actual amounts

**17** Accounting policies

**27** Notes to the annual financial statements for the year ended 30 June 2017

### **Annexures**

**66** A: Schedule of external borrowings

**67** B: Analysis of property, plant and equipment and other assets

**69** C: Disclosure of bank accounts in terms of section 125(2)(a) of the MFMA

**70** D: Segmental statement of financial performance

**71** E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

**76** F: Appropriation statement (reconciliation: budget and in-year performance)

**77** G: Bids awarded to family of employees in service of the State – 2016

## **79 Glossary of abbreviations**



## Reporting entity's mandate

---

The City of Cape Town is a high-capacity, category A, local authority established in terms of section 151 of the Constitution of the Republic of South Africa, Act 108 of 1996.

The principal activities of the City are to:

- provide democratic and accountable government to the local communities;
- ensure sustainable service delivery to communities;
- promote social and economic development;
- promote a safe and healthy environment; and
- encourage the involvement of communities and community organisations in the matters of local government.

The City's operations are governed by the Local Government: Municipal Structures Act, Act 117 of 1998, the Local Government: Municipal Systems Act, Act 32 of 2000, the Local Government: Municipal Finance Management Act, Act 56 of 2003, and various other acts and regulations.



## Approval of the annual financial statements

---

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2017, as set out on pages 11 to 79 in terms of section 126(1) of the Local Government: Municipal Finance Management Act, Act 56 of 2003, and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 31 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998, and the Minister of Provincial and Local Government's determination in accordance with this Act.



**Achmat Ebrahim**  
City Manager

30 August 2017



## General information

---



### **Executive Mayor**

---

Ald P de Lille



### **Deputy Executive Mayor**

---

Ald ID Neilson



### **Speaker**

---

Ald JD Smit



### **Chief Whip**

---

Cllr S August



### **Finance Mayoral Committee member**

---

Cllr J van der Merwe



### **City Manager**

---

A Ebrahim



### **Chief financial Officer**

---

K Jacoby

## General information (continued)

### MAYORAL COMMITTEE MEMBERS

#### Current

Ald P de Lille Executive Mayor  
Ald ID Neilson Deputy Executive Mayor

#### Members

Cllr R Arendse  
Cllr S Diamond  
Cllr X Limberg

#### Portfolio

Corporate Services: **appointed with effect of 1 January 2017**  
Assets and Facilities Management: **appointed with effect of 1 January 2017**  
Informal Settlements, Water and Waste Services, Energy: **appointed with effect of 1 January 2017**

Cllr B Herron  
Ald JP Smith

Transport and Urban Development **previously** Transport for Cape Town: as from 1 January 2017  
Safety and Security, Social Services **previously** Social Development and Early Childhood Development: as from 1 January 2017

Cllr J van der Merwe

Finance **previously** Energy, Environmental and Spatial Planning: as from 1 January 2017

#### Members

Cllr E Andrews  
Cllr A Ntsodo

#### Area-based

Area-based Oversight (South): **appointed with effect of 1 January 2017**  
Area-based Oversight (East): **appointed with effect of 1 January 2017**

Cllr S Little

Area-based Oversight (North) **previously** Social Development and Early Childhood Development: as from 1 January 2017

Cllr S Mamkeli

Area-based Oversight (Central) **previously** City Health: as from 1 January 2017

### Former (prior Organisational Development and Transformation Plan (ODTP))

Ald P de Lille Executive Mayor  
Ald ID Neilson Deputy Executive Mayor

#### Members

Cllr B Herron  
Ald X Limberg  
Cllr S Little  
Cllr S Mamkeli  
Ald ID Neilson  
Ald JP Smith  
Cllr B van Minnen  
Cllr J van der Merwe

#### Portfolio

Transport for Cape Town  
Corporate Services  
Social Development and Early Childhood Development  
City Health  
Finance  
Safety and Security Services  
Human Settlements  
Energy, Environmental and Spatial Planning

Cllr E Andrews

Tourism, Events and Economic Development: **appointed with effect of 11 August 2016**

Cllr G Bloor

Tourism, Events and Economic Development: **resigned and ended membership 9 August 2016**

Cllr A Ntsodo

Community Service: **appointed with effect of 11 August 2016**

Cllr AE Sonnenberg

Utility Services: **resigned and ended membership 31 December 2016**

Ald B Walker

Community Services and Special Projects: **resigned and ended membership 9 August 2016**

### AUDIT AND PERFORMANCE AUDIT COMMITTEE MEMBERS

G Harris	Chairperson
S Naidu	Member
A Rhoda	Member
D Singh	Member
M Roos	Member (contract ended 31 January 2017)

### OTHER INFORMATION

#### Auditors

The Auditor-General of South Africa No 17 Park Lane Building Park Lane Century City 7441	Private Bag X1 Chempet 7442
--	-----------------------------------

#### Bankers

ABSA Bank Limited Bridge Park East Bridge Way Century City 7446	PO Box 3264 Cape Town 8001
---	----------------------------------

#### Registered office

12 Hertzog Boulevard Cape Town 8001	PO Box 655 Cape Town 8000
---	---------------------------------

## General information (continued)

### Council members of the City of Cape Town

Cllr A Abrahams	Cllr DG Cottee	Ald CR Justus	Cllr NA Moshani
Cllr FL Abrahams	Cllr SA Cottle	Cllr ML Kempthorne	Cllr T Mpengezi
Cllr MR Abrahams	Cllr AC Crous	Cllr DM Khatshwa	Cllr NL Mquqwana
Cllr MF Achmat	Cllr J Cupido	Cllr MRH Kleinschmidt	Cllr S Mzobe
Cllr A Adams	Cllr T Dasa	Cllr ME Kleinsmith	Cllr PS Mzolisa
Cllr A Adams	Cllr HS Davids	Cllr AL Komeni	Cllr N Ndaleni
Cllr R Adams	Cllr MM Davids	Cllr NF Kopman	Cllr XA Ndongeni
Cllr Y Adams	Ald P De Lille	Cllr GPG Kriel	Ald ID Neilson
Cllr M Adonis	Cllr SP Diamond	Cllr AE Kuhl	Cllr K Nethi
Cllr ZC Adonis	Cllr NN Dilima	Cllr MD Kumeke	Cllr BP Ngcani
Cllr FK Ah-Sing	Cllr WB Dlulane	Ald NJ Landingwe	Cllr B Ngcombolo
Cllr WJ Akim	Cllr WP Doman	Cllr AN Leitch	Cllr PM Ngqu
Ald D Amira	Cllr DK Dudley	Cllr SP Liell-Cock	Cllr D Ngubelanga
Cllr EP Andrews	Cllr PA East	Cllr A Lili	Cllr S Ngxumza
Cllr E Anstey	Cllr CJ Esau	Cllr XT Limberg	Ald MJ Nieuwoudt
Cllr R Arendse	Cllr JP Fitz	Cllr SA Little	Cllr M Nikelo
Cllr SWP Arendse	Cllr E Fortune	Cllr CO Mabona	Cllr S Nkomiyahlaba
Cllr A Arnolds	Cllr GD Fourie	Cllr BC Madikane	Cllr FM Nkuzana
Cllr SN August	Cllr P Francke	Cllr N Mahango	Cllr X Nofemele
Cllr DE Badela	Cllr A Gabuza	Cllr N Mahlati	Cllr SM Noludwe
Cllr ZA Badroodien	Cllr BC Golding	Cllr BM Majingo	Cllr S Nonkeyizana
Cllr MK Bafo	Cllr GE Gordon	Cllr N Makamba-Botya	Cllr SP Nqamnduku
Cllr UM Barends	Cllr AJ Griesel	Cllr N Makasi	Cllr ML Nqavashe
Cllr GG Barnardo	Cllr CD Groenewoud	Cllr LC Makeleni	Cllr M Nqulwana
Cllr AJG Basson	Cllr NE Grose	Cllr S Mamkeli	Cllr A Ntsodo
Cllr S Batala	Cllr LA Gungxe	Cllr SK Manata	Cllr P Nyakaza-Sandla
Cllr TM Batembu	Cllr B Hadebe	Ald GW March	Cllr SF Oerson
Cllr R Beneke	Cllr B Hansen	Cllr RP Mare	Ald MJ Oliver
Cllr CB Bew	Cllr W Harris	Cllr PI Marman	Cllr XB Pakela-Mapasa
Cllr N Bolitye	Cllr GCR Haskin	Cllr J Marlow	Cllr GC Peck
Cllr M Booï	Cllr MGE Hendricks	Cllr V Matanzima	Cllr XG Peter
Cllr G Bosman	Cllr BN Herron	Cllr JJ Maxheke	Cllr MJ Petersen
Cllr FR Botha-Rossouw	Cllr PC Heynes	Cllr P Maxiti	Cllr S Philander
Cllr R Bresler	Cllr ND Hlangisa	Cllr S Mbandezi	Cllr MP Pietersen
Cllr EN Brunette	Cllr MW Hlazo	Cllr LM Mbele	Ald SB Pringle
Cllr DW Bryant	Cllr TT Honono	Cllr JS Mbolompo	Cllr CB Punt
Ald CA Brynard	Cllr RM Hoon	Cllr NV Mbombo	Ald FA Purchase
Cllr KR Carls	Cllr VR Isaacs	Cllr LVP McBride	Cllr RM Quintas
Cllr H Carstens	Cllr IR Iversen	Cllr J McCarthy	Cllr SA Ramsay
Cllr MA Cassiem	Cllr BM Jacobs	Cllr AP McKenzie	Cllr B Rass
Cllr MF Cassim	Cllr HW Jacobs	Cllr MPJ Menisi	Cllr R Rau
Ald GV Cavanagh	Cllr WD Jaftha	Cllr SS Mfecane	Cllr FHL Raymond
Cllr CS Cerfontein	Cllr L Jali	Cllr NE Mgolombane	Cllr N Rheeder
Cllr PH Chapple	Cllr C Janse van Rensburg	Cllr JH Middleton	Cllr SJ Rossouw
Cllr MN Chitha	Cllr E Jansen	Cllr PM Mngxunyeni	Cllr T Sakathi
Cllr DJ Christians	Cllr S John	Cllr S Moodley	Cllr R Saralina
Cllr CC Clayton	Cllr C Jordaan	Cllr AC Moses	Cllr N Silas



## General information (continued)

### Council members of the City of Cape Town (continued)

Cllr RZ Simbeku	Cllr PS Swart	Cllr ML van der Walt	Cllr PP Vokwana
Cllr F Simons	Cllr EAJ Theron	Cllr BM van Minnen	Cllr FC Walker
Cllr RS Simons	Cllr G Timm	Cllr B van Reenen	Ald BRW Watkyns
Ald JD Smit	Cllr LE Tshwete	Cllr CHS van Wyk	Cllr C Williams
Ald J Smith	Ald GG Twigg	Cllr A van Zyl	Cllr JJ Witbooi
Cllr NP Sono	Cllr TA Uys	Cllr M Velem	Cllr J Woodman
Cllr X Sotashe	Cllr B van der Merwe	Cllr R Viljoen	Cllr M Xego
Cllr KG Southgate	Cllr JFH van der Merwe	Cllr DA Visagie	Cllr SK Yozi
Cllr T Steemele	Cllr A van der Rheede	Cllr CL Visser	Cllr LG Zondani
Cllr Z Sulelo	Cllr PE van der Ross	Cllr J Visser	

### In the course of the reporting period, the following councillors ceased to be political office-bearers:

Cllr L Isaacs	5/07/2016	Cllr Charl Marais	11/01/2017
Cllr S Gympies	19/07/2016	Cllr C Claasen	3/03/2017
Cllr F Christians	8/08/2016	Cllr T Jaffa	12/05/2017
Cllr A Fourie	10/08/2016	Cllr X Gwangxu	21/06/2017
Cllr R Bazier	16/08/2016	Cllr T Mgxekeni	21/06/2017
Ald E Sonnenberg	31/12/2016		



# Statement of financial position as at 30 June 2017

	Note	2017 R'000	2016 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	40 377 585	36 892 544
Heritage assets	3	8 904	9 049
Investment property	4	586 427	588 191
Intangible assets	5	678 871	629 162
Investments	7	4 877 663	3 966 188
Long-term receivables	8	40 973	51 695
		<b>46 570 423</b>	<b>42 136 829</b>
<b>Current assets</b>			
Inventory	9	324 536	257 273
Receivables	10	5 724 863	5 106 634
Receivables from exchange transactions		3 497 731	3 247 000
Receivables from non-exchange transactions		2 227 132	1 859 634
Other receivables	11	1 077 455	858 306
Other receivables from exchange transactions		327 439	215 393
Other receivables from non-exchange transactions		750 016	642 913
Investments	7	1 654 114	2 155 177
Current portion of long-term receivables	8	14 201	17 093
Cash and cash equivalents	12	3 455 491	3 332 469
		<b>12 250 660</b>	<b>11 726 952</b>
<b>TOTAL ASSETS</b>		<b>58 821 083</b>	<b>53 863 781</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	13	5 789 616	6 036 906
Provisions	15	6 109 329	6 116 353
		<b>11 898 945</b>	<b>12 153 259</b>
<b>Current liabilities</b>			
Deposits	16	351 710	324 633
Provisions	17	964 292	1 069 277
Payables from exchange transactions	18	5 963 079	5 720 744
Unspent conditional grants and receipts	19	1 054 374	1 199 955
Value-added tax	20	93 366	74 771
Current portion of borrowings	13	334 185	469 936
Bank overdraft	12	5 298	-
		<b>8 766 304</b>	<b>8 859 316</b>
<b>TOTAL LIABILITIES</b>		<b>20 665 249</b>	<b>21 012 575</b>
<b>NET ASSETS</b>			
<b>Total net assets</b>			
Housing development fund	21	331 568	340 096
Reserves	22	3 441 617	2 664 339
Accumulated surplus		34 382 649	29 846 771
		<b>38 155 834</b>	<b>32 851 206</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>58 821 083</b>	<b>53 863 781</b>

# Statement of financial performance for the year ended 30 June 2017

	Note	2017 R'000	Restated <sup>1</sup> 2016 R'000
<b>REVENUE</b>			
<b>Exchange revenue</b>			
		<b>20 607 688</b>	<b>19 028 104</b>
Service charges	23	18 619 105	17 363 596
Rental of letting stock and facilities	24	358 497	350 954
Finance income	25	965 283	792 666
Licences and permits		47 741	41 494
Agency services		188 238	183 259
Other income	26	242 040	169 634
Gains on disposal of property, plant and equipment		186 784	126 501
<b>Non-exchange revenue</b>			
		<b>17 554 658</b>	<b>15 952 812</b>
Finance income	25	81 005	71 571
City improvement districts (CIDs)	26	169 260	150 645
Property rates	27	8 105 126	6 745 047
Fuel levy		2 197 740	2 060 211
Fines, penalties and forfeits		1 241 128	1 112 956
Government grants and subsidies	28	5 648 752	5 721 128
Public contributions	29	111 647	91 254
<b>Total revenue</b>			
		<b>38 162 346</b>	<b>34 980 916</b>
<b>EXPENDITURE</b>			
Employee-related costs	30	9 659 300	9 357 740
Remuneration of councillors	31	138 373	134 637
Impairment costs	32	2 423 157	1 907 301
Collection costs		198 278	187 417
Depreciation and amortisation expenses	33	2 213 796	2 108 510
Finance costs	34	731 823	747 256
Bulk purchases	35	8 438 102	8 073 336
Contracted services		4 171 123	3 766 255
Grants and subsidies paid	36	111 829	148 246
General expenses	37	4 764 561	4 252 445
Losses on disposal of property, plant and equipment		7 376	8 118
<b>Total expenditure</b>			
		<b>32 857 718</b>	<b>30 691 261</b>
<b>Surplus from operations</b>			
		<b>5 304 628</b>	<b>4 289 655</b>
<b>SURPLUS FOR THE YEAR</b>			
		<b>5 304 628</b>	<b>4 289 655</b>

<sup>1</sup> Comparative restated: See note 42 for more details.

# Statement of changes in net assets for the year ended 30 June 2017

	Housing development fund R'000	Capital replacement reserve R'000	Insurance reserves R'000	Accumulated surplus R'000	Total R'000
<b>2016</b>					
Balance as at 30 June 2015	396 385	1 865 119	528 760	25 771 287	28 561 551
Surplus for the year	-	-	-	4 289 655	4 289 655
Transfer (from)/to	(36 612)	938 590	16 397	(918 375)	-
Property, plant and equipment purchased	(19 677)	(684 527)	-	704 204	-
<b>Balance as at 30 June 2016</b>	<b>340 096</b>	<b>2 119 182</b>	<b>545 157</b>	<b>29 846 771</b>	<b>32 851 206</b>
<b>2017</b>					
Surplus for the year	-	-	-	5 304 628	5 304 628
Transfer to/(from)	9 522	1 586 966	16 139	(1 612 627)	-
Property, plant and equipment purchased	(18 050)	(825 827)	-	843 877	-
<b>Balance as at 30 June 2017</b>	<b>331 568</b>	<b>2 880 321</b>	<b>561 296</b>	<b>34 382 649</b>	<b>38 155 834</b>



# Cash flow statement for the year ended 30 June 2017

	Note	2017 R'000	Restated <sup>1</sup> 2016 R'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		32 990 837	30 648 884
Cash paid to suppliers and employees		(26 723 290)	(24 481 825)
Cash generated from operations	38	6 267 547	6 167 059
Finance income		999 822	841 417
Finance costs		(666 163)	(687 263)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>6 601 206</b>	<b>6 321 213</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment and other		(5 904 620)	(5 489 832)
Proceeds on disposal of assets		198 742	130 189
Decrease in long-term receivables		13 614	26 374
Increase in investments		(410 412)	(621 401)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(6 102 676)</b>	<b>(5 954 670)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(407 883)	(285 597)
Increase in deposits		27 077	52 375
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(380 806)</b>	<b>(233 222)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	39	<b>117 724</b>	<b>133 321</b>
Cash and cash equivalents at the beginning of the year		3 332 469	3 199 148
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>3 450 193</b>	<b>3 332 469</b>

<sup>1</sup> Comparative restated: See note 42 for more details.



# Statement of comparison of budget and actual amounts for the year ended 30 June 2017

	Note	Final adjustment budget <sup>4</sup> R'000	Final budget <sup>4</sup> R'000	Actual per annual financial statements classification R'000	Classification difference R'000	Actual per budget classification <sup>1</sup> R'000	Variance: Final budget and actual amounts R'000	Variance %
<b>STATEMENT OF FINANCIAL POSITION</b>								
Total non-current assets	43.2.1	45 831 675	45 831 675	46 570 423	-	46 570 423	(738 748)	(1,61)
Total current assets		12 586 022	12 586 022	12 250 660	-	12 250 660	335 362	2,66
<b>Total assets</b>		<b>58 417 697</b>	<b>58 417 697</b>	<b>58 821 083</b>	-	<b>58 821 083</b>	<b>(403 386)</b>	<b>(0,69)</b>
Total non-current liabilities	i	14 458 485	14 458 485	11 898 945	-	11 898 945	2 559 540	17,70
Total current liabilities		8 814 994	8 814 994	8 766 304	-	8 766 304	48 690	0,55
<b>Total liabilities</b>		<b>23 273 479</b>	<b>23 273 479</b>	<b>20 665 249</b>	-	<b>20 665 249</b>	<b>2 608 230</b>	<b>11,21</b>
Total net assets		35 144 218	35 144 218	38 155 834	-	38 155 834	(3 011 616)	(8,57)
<b>Total net assets and liabilities</b>		<b>58 417 697</b>	<b>58 417 697</b>	<b>58 821 083</b>	-	<b>58 821 083</b>	<b>(403 386)</b>	<b>(0,69)</b>
<b>FINANCIAL PERFORMANCE</b>								
Property rates	43.2.2	7 577 601	7 577 601	8 105 126	-	8 105 126	(527 525)	(6,96)
Service charges		18 593 298	18 593 298	18 619 105	-	18 619 105	(25 807)	(0,14)
Investment revenue	i	595 694	595 694	1 046 288	(278 064)	768 224	(172 530)	(28,96)
Transfers recognised - operational	ii	4 308 324	4 308 324	3 633 883	32 822	3 666 705	641 619	14,89
Other own revenue	iii	4 431 231	4 431 231	4 631 428	278 064	4 909 492	(478 261)	(10,79)
<b>Total revenue (excluding capital transfers and contributions)</b>		<b>35 506 148</b>	<b>35 506 148</b>	<b>36 035 830</b>	<b>32 822</b>	<b>36 068 652</b>	<b>(562 504)</b>	<b>(1,58)</b>
Employee costs		10 357 614	10 341 463	9 659 300	-	9 659 300	682 163	6,60
Remuneration of councillors		146 004	146 004	138 373	-	138 373	7 631	5,23
Depreciation and asset impairment		2 433 315	2 433 315	2 213 796	99 678	2 313 474	119 841	4,93
Finance charges	iv	895 848	895 848	731 823	2 220	734 043	161 805	18,06
Materials and bulk purchases		9 034 388	9 017 306	8 438 102	476 049	8 914 151	103 155	1,14
Transfers and grants		121 353	117 599	111 829	-	111 829	5 770	4,91
Other expenditure	v	12 517 626	12 554 613	11 564 495	(577 947)	10 986 548	1 568 065	12,49
<b>Total expenditure</b>		<b>35 506 148</b>	<b>35 506 148</b>	<b>32 857 718</b>	-	<b>32 857 718</b>	<b>2 648 430</b>	<b>7,46</b>
<b>Surplus</b>		-	-	<b>3 178 112</b>	<b>32 822</b>	<b>3 210 934</b>	<b>(3 210 934)</b>	
Transfers recognised - capital		2 205 071	2 205 071	2 014 869	(9 572)	2 005 297	199 774	9,06
Contributions recognised - capital and contributed assets		87 941	87 941	111 647	(23 250)	88 397	( 456)	(0,52)
<b>Surplus after capital transfers and contributions</b>		<b>2 293 012</b>	<b>2 293 012</b>	<b>5 304 628</b>	-	<b>5 304 628</b>	<b>(3 011 616)</b>	<b>(131,34)</b>



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

# Statement of comparison of budget and actual amounts for the year ended 30 June 2017 (continued)

	Note	Final adjustment budget <sup>4</sup> R'000	Final budget <sup>4</sup> R'000	Actual per annual financial statements classification R'000	Classification differences <sup>3</sup> R'000	Actual per budget classification <sup>1</sup> R'000	Variance: Final budget and actual amounts R'000	Variance %
<b>CASH FLOW STATEMENT</b>								
Net cash from operating	43.2.3 i	4 276 786	4 276 786	6 601 206	-	6 601 206	(2 324 420)	(54,35)
Net cash from investing		(5 769 691)	(5 769 691)	(6 102 676)	-	(6 102 676)	332 985	(5,77)
Net cash from financing	ii	2 041 248	2 041 248	(380 806)	-	(380 806)	2 422 054	118,66
<b>Net increase in cash and cash equivalents</b>		<b>548 343</b>	<b>548 343</b>	<b>117 724</b>	<b>-</b>	<b>117 724</b>	<b>430 619</b>	<b>78,53</b>
<b>CAPITAL EXPENDITURE <sup>2</sup></b>								
Area-Based Service Delivery	43.3.1	12 375	12 375	12 195	-	12 195	180	1,45
Assets and Facilities Management	i	388 008	388 008	358 129	-	358 129	29 879	7,70
City Manager		322	322	321	-	321	1	0,31
Corporate Services		257 408	257 408	244 883	-	244 883	12 525	4,87
Directorate of the Mayor		22 341	22 341	22 022	-	22 022	319	1,43
Energy	ii	1 376 327	1 376 327	1 248 888	-	1 248 888	127 439	9,26
Finance		24 379	24 379	24 178	-	24 178	201	0,82
<b>Informal Settlements, Water and Waste Services</b>		<b>1 949 978</b>	<b>1 949 978</b>	<b>1 828 615</b>	<b>-</b>	<b>1 828 615</b>	<b>121 363</b>	<b>6,22</b>
Management: Informal Settlements, Water and Waste	iii	140	140	91	-	91	49	35,00
Informal Settlements and Backyarders	iv	117 547	117 547	82 174	-	82 174	35 373	30,09
Water and Sanitation	v	182 081	182 081	172 498	-	172 498	9 583	5,26
Solid Waste Management		1 650 210	1 650 210	1 573 852	-	1 573 852	76 358	4,63
Safety and Security		119 749	119 749	115 122	(306)	114 816	4 933	4,12
Social Services	vi	264 684	264 684	260 125	(16 207)	243 918	20 766	7,85
Transport and Urban Development Authority	vii	1 943 836	1 943 836	1 806 658	(3)	1 806 655	137 181	7,06
<b>Total</b>		<b>6 359 407</b>	<b>6 359 407</b>	<b>5 921 136</b>	<b>(16 516)</b>	<b>5 904 620</b>	<b>454 787</b>	<b>7,15</b>

<sup>1</sup> The format and classification schemes adopted for presentation of the approved budget for the financial year differ from the format and classification adopted for the financial statements. The classification differences are mainly due to the budget phasing in the Municipal Standard Chart of Accounts (mSCOA) classification in preparation of the mSCOA that will take effect on 1 July 2017.

<sup>2</sup> The City embarked on an ODTP during the 2016/17 financial year which resulted in the restructuring and realignment of the organisational structure.

<sup>3</sup> The classification differences relate to the contributed assets. See annexure B.

<sup>4</sup> The difference between the approved final adjustment budget and final budget are due to veriments in terms of Council policy.



**CITY OF CAPE TOWN**  
**ISIXEKO SASEKAPA**  
**STAD KAAPSTAD**

## ACCOUNTING POLICIES

### GENERAL INFORMATION

The address of the City of Cape Town's (hereafter referred to as 'City') registered office and principal place of business is disclosed under 'General information' while the City's principal activities are described under 'Reporting entity's mandate' on page 3 of these annual financial statements.

### SIGNIFICANT ACCOUNTING POLICIES

The City's principal accounting policies, which are in all material respects consistent with those applied in the previous year, except as stated in note 42, are set out below. The historical cost convention has been used, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation. The financial statements have been prepared on a going-concern basis.

#### Basis of presentation

The financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP), standards issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective.

The ASB has issued a directive that outlines the principles for the application of the GRAP 3 guidelines in determining the GRAP Reporting Framework hierarchy, as set out in the 'Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors'.

#### Use of judgements and estimates

In the process of applying the City's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively:

- **Operating lease commitments – City as lessor**

Leases where risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease.

- **Pension and other post-employment benefits**

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

- **Impairment of receivables**

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This was performed per service-identifiable categories across all debtor classes. The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

- **Impairment of property, plant and equipment**

The calculation in respect of the impairment of property, plant and equipment (PPE) is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

- **Significant delays in Assets under construction**

The City regarded disclosure of significant delay in Assets under construction that is more than one year.

- **Provisions and contingent liabilities**

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities, as set out in notes 15 and 41 respectively. Provisions are discounted where the effect of discounting is material.

- **Useful lives of property, plant and equipment**

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

- **Budget information**

Variances between budget and actual amounts are regarded as material when a variance exist of:

- 10% in the statement of financial position, financial performance and cash flow statement;
- 5% in the capital expenditure.

All material differences are explained in the note 43 to the annual financial statements.



## ● Cash-generating assets

The City is not a profit-oriented entity as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff.

As such, management has determined that the City does not control assets that meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will apply to all assets of the City.

## Adoption of new and revised standards

In the current year, the City has adopted all new and revised standards and interpretations issued by the ASB that are relevant to its operations and are effective.

The following amendments to Standards of GRAP 21 Impairment of non-cash-generating assets and GRAP 26 Impairment of cash-generating assets are effective for annual periods beginning after 1 April 2018 to be applied prospectively:

- Amendments were made to the definition of cash-generating assets and explanatory commentary was added to the Standards.
- The City is assessing the potential impact on its financial statements resulting from these amendments. So far, the City does not expect any significant impact. Where the application of the amendments result in the redesignation of existing assets from cash-generating asset to non-cash generating asset or from non-cash-generating asset to a cash-generating asset, the City shall assess whether that redesignation triggers an impairment test or a reversal of an impairment loss.
- The City has not early adopted the amended standards in preparing these financial statements.

At the date of submission of these financial statements for the year ended 30 June 2017, the following approved Standards of GRAP were issue for which no effective dates have been determined yet:

- GRAP 18 - Segment reporting
- GRAP 20 - Related-party disclosures (revised)
- GRAP 32 - Service concession arrangements: Grantor
- GRAP 34 - Separate financial statements
- GRAP 35 - Consolidated financial statements
- GRAP 36 - Investments in associates and joint ventures
- GRAP 37 - Joint arrangements
- GRAP 38 - Disclosure of interest in other entities
- GRAP 108 - Statutory receivables
- GRAP 109 - Accounting by principals and agents
- GRAP 110 - Living and non-living resources
- IGRAP 17 - Service concession arrangements where a grantor controls a significant residual interest in an asset
- IGRAP 18 - Recognition and derecognition of land

The City has not adopted any GRAP standard that is not yet effective, but has based its accounting policies on GRAP 20, 32, 108, 109 and IGRAP 17.

All the above standards, where applicable, will be complied with in the financial statements once the standards take effect. Preliminary investigations indicated that, other than additional disclosure, the impact of the standards on the financial statements will be minimal.

## HOUSING FUNDS

The housing development fund was established in terms of the Housing Act, Act 107 of 1997.

### Housing development fund

Sections 15(5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the City to maintain a separate housing operating account. This legislated separate operating account is known as the housing development fund and is fully cash-backed.

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 or alienation of property previously financed from government housing funds, be paid into a separate operating account, and be utilised by the City for housing development in accordance with the National Housing Policy.

### Unrealised housing proceeds

In order to comply with sections 14(4)(d)(i) and (iii) of the Housing Act, in terms of which all net proceeds need to be paid into the housing development fund, it was necessary to create a holding account that represents the unrealised funds due by long-term housing selling developments and sponsored loan debtors. This account is reduced when debtors are billed for their current loan repayments.

## RESERVES

The City creates and maintains reserves in terms of specific requirements.

### Capital replacement reserve (CRR)

In order to finance the acquisition of property, plant and equipment and other assets from internal sources, cash amounts are transferred from the accumulated surplus to the CRR.

The following guidelines are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised.
- The CRR may only be utilised for purchasing items of property, plant and equipment, and not for their maintenance unless otherwise directed by Council.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by the corresponding amount.

### Insurance reserve

#### • Self-insurance reserve

A general insurance reserve has been established and covers claims that may occur, subject to reinsurance where deemed necessary. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the statement of financial performance. The net surplus/deficit on the insurance operating account is transferred to or from the insurance reserve via the statement of changes in net assets.

A viability valuation report is obtained each year to assess the adequacy of the insurance reserve at year-end.

#### • Compensation for occupational injuries and diseases (COID) reserve

The City has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of section 84 of the COID Act, Act 130 of 1993.

The certificate of exemption issued by the Commissioner and prescribed by the COID Act requires the City to deposit cash and/or securities with the Commissioner, the market values of which in aggregate shall not be less than the capitalised value of the continuing liability of the City as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the City is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds from the reserve to the expense account in the statement of financial performance.

## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where property, plant and equipment are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The City maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value, and is recognised in the statement of financial performance.

## Depreciation rates

Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if not insignificant, are reassessed annually, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years		Years
<b>Infrastructure</b>		<b>Other</b>	
Roads and paving	10-50	Buildings	3-50
Electricity	15-50	Other vehicles	6-15
Water	15-30	Office equipment	5-7
Sewerage	15-20	Watercraft	5
Telecommunications	10-30	Bins and containers	5
		Landfill sites	30
<b>Housing</b>	30	Specialised vehicles	10-20
		Library books	1
<b>Community</b>		Furniture and fittings	10
Community and recreational facilities	20-50	Computer equipment	3-5
Security	5-10	Plant and equipment	5-12
		Service concession	10-30

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management. Freehold land is not depreciable, as it has an indefinite useful life.

## INVESTMENT PROPERTIES

Investment properties are immovable land and/or buildings that are held to earn rental income and/or for capital appreciation. Investment property excludes owner-occupied property that is used in the production or supply of goods or services or for administrative purposes, or property held to provide a social service.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Where investment properties are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Investment property other than vacant land is depreciated on the straight-line basis over the useful lives of the assets, estimated at 20 to 50 years.

An investment property is derecognised upon disposal or when it is permanently withdrawn from use, and when no future economic benefits or service potential are expected from its disposal. Any gain or loss arising from the retirement or disposal of investment property is included in the surplus or deficit in the period of the retirement or disposal.

Direct income and expenses arising from investment property are disclosed as part of general income and expenses, and are thus not disclosed separately, as they are not material.

## HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

Heritage assets are stated at cost less accumulated impairment losses. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition. Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life are capitalised as incurred. Day-to-day costs incurred to maintain a heritage asset are expensed.

Transfers to heritage assets are made only when the asset meets the definition of a heritage asset, and transfers from heritage assets are only made when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred at the date of transfer.

The gain or loss arising from the disposal or retirement of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying value, and is recognised in the statement of financial performance. Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation would be immaterial.

## INTANGIBLE ASSETS

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where intangible assets are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

The City recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the City, and have a probable benefit exceeding one year. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

### Amortisation rates

Intangible assets are amortised on the straight-line basis over the useful lives of the assets. The residual value, amortisation method and useful life, if not insignificant, are reassessed annually, with the effect of any changes in estimate accounted for on a prospective basis.

The amortised rates are based on the following estimated useful lives:

	Years
Acquisition of rights	8
Computer software	5-10

## IMPAIRMENT OF NON-CASH-GENERATING ASSETS

All assets are classified as non-cash-generating assets.

At the end of each reporting period, carrying amounts of non-cash-generating assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable service amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives as well as intangible assets not yet available for use are tested for impairment annually at the same time every year, as well as whenever there is an indication that the asset may be impaired.

The recoverable service amount of a non-cash-generating asset is the higher of fair value less costs to sell and the value-in-use. The value-in-use is the present value of the remaining service potential of the asset, and is determined using the most appropriate of the depreciated replacement cost, restoration cost or service units approach.

The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. An impairment loss is recognised immediately in surplus or deficit.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable service amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

## INVENTORIES

Inventories consist of raw materials, work in progress, consumables and finished goods and are valued at the lower of cost (determined on the weighted-average basis) and net realisable value, except for plants and compost, which are valued at the tariffs charged. Where they are held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

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 to their estimated net realisable values, and are recognised as an expense in the period in which the write-down or loss occurs. Consumables are written down according to their age, condition and utility.

## VALUE-ADDED TAX

The City accounts for value-added tax (VAT) on the payment basis.

## GRANTS AND TRANSFERS

Grants and transfers received or receivable are recognised as assets when the resources that have been transferred to the City meet the definition and criteria for recognition of an asset.

A corresponding liability is recognised to the extent that the grant and transfer recognised as an asset, is subject to conditions which require that the entity either consumes the future economic benefits or service potential of the asset as specified or that in the event that the conditions are breached the entity returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants and transfers are met. Grants and transfers that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Interest earned on the investment of grants and transfers received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant and transfer invested, or where management has decided that interest must be capitalised. Where interest applies it is included in the opening and closing balances.

## PROVISIONS

A provision is recognised when the City has a present legal or constructive obligation as a result of a past event, and it is 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 can be reliably estimated.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance.

## ENVIRONMENTAL REHABILITATION PROVISIONS

Estimated long-term environmental provisions, comprising rehabilitation of environmental damage and landfill site closure costs, are based on the City's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises in terms of legislation. Changes in the measurement of existing environmental liabilities resulting from changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate, shall be added to, or deducted from, the cost of the related asset in the current period. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit. Any unwinding of discount is charged to the statement of financial performance as a finance cost.

## EMPLOYEE BENEFITS

### Retirement benefit plans

The City provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit 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. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against income in the year during which they become payable.

The municipality do not apply defined benefit accounting to the defined benefit plans that are classified as multi-employer plans, as sufficient information is not available to apply the principles involved. As a result, such plans are accounted for as defined contribution plans.

### Post-retirement pension funds

Pensions paid to employees who had not been members of any of the official pension funds, but who are entitled to a revenue pension, are recognised as an expense when incurred. Such pension payments are funded from a staff provident fund maintained for this purpose. Entitlement to these ex-gratia pension payments is subject to compliance with an acceptable pre-condition for non-membership of any of the pension funds associated with the City.

The City makes the fund contributions on a monthly basis, which are charged to the operating account when employees have rendered the service entitling them to the contributions. Actuarial valuation of the liability is performed on an annual basis. The projected unit credit method has been used to value the obligations.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year that they occur.

## Medical aid: Continued members

The City provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the City is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the City will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the City's decision on protected rights. Post-retirement medical contributions paid by the City, depending on the employee's contract, could be 70% or a subsidy indicated on a sliding scale. In each case the employee is responsible for the balance of post-retirement medical contributions. External appointments after 15 December 2000 do not qualify for a post-retirement medical aid subsidy.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur. The projected unit credit method has been used to value the obligation.

## Short-term and long-term employee benefits

The cost of all short-term employee benefits is recognised in the period during which the employee renders the related service. The City recognises the expected cost of performance bonuses only when the City has a present legal or constructive obligation to make such payment, and if a reliable estimate can be made.

The City provides long-service leave to eligible employees, payable on completion of years of employment. The City's liability is based on an actuarial valuation. Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance. The projected unit credit method has been used to value the obligation.

## REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National Government and Western Cape Provincial Government ('Province'), service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the City, and when these benefits can be reliably measured. Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff. This includes the issuing of licences and permits.

### Revenue from exchange transactions

Exchange transactions are transactions in which the City receives assets or services, or has liabilities extinguished and directly gives approximately equal value to another entity in exchange.

Service charges relating to solid waste, sanitation and sewerage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. Credit meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every other month based on consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted every following month that the meter is read. An accrual on the basis of a determined consumption factor is made for consumption not measured as at the end of the financial year.

Electricity services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on the average consumption history.

Income in respect of housing rental and instalment sale agreements is accrued monthly.

Interest earned on investments is recognised in the statement of financial performance on a time-proportionate basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the housing development fund or the insurance reserve.

Interest earned on the following investments is not recognised in the statement of financial performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor 'Unutilised conditional grants' if the grant conditions indicate, or where management has determined that interest is payable to the funder.

Dividends are recognised when the City's right to receive payment is established.

Income for agency services, whereby the City acts as an agent, is recognised on a monthly basis once the income collected on behalf of principals is earned. The income is recognised in terms of the agency agreement.

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

- The City has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The City 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 reliably measured.
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.
- Prepaid electricity sold is only recognised as income once the related units are consumed.

## Revenue from non-exchange transactions

Non-exchange transactions are transactions where the City received revenue from another entity without giving approximately equal value in exchange.

Revenue from rates is recognised when the legal entitlement to this revenue arises and ratepayers have been duly notified. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time-proportionate basis with reference to the principal amount receivable and effective interest rate applicable.

A composite rating system, charging different rate tariffs, is used. Rebates are granted to certain categories of ratepayers, and are deducted from revenue.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when the fine is issued.

Donations are recognised on a cash receipt basis, or, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the City. Donations are measured at fair value.

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act, Act 56 of 2003, and is recognised when recovered from the responsible party.

## LEASES

### The City as lessee

Assets subject to finance lease agreements are capitalised at their cash cost equivalent, and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment, using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

Currently the City has no finance lease agreements.

### The City as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

## GRANTS-IN-AID

The City transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the City 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 statement of financial performance as expenses in the period in which the events giving rise to the transfer occurred.

## FINANCIAL INSTRUMENTS

Financial instruments are recognised when the City becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value through the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to or deducted from the fair value as appropriate on initial recognition.

### Non-derivative financial assets

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition.

- **Investments at fair value**

Non-derivative investments held without the positive intent or ability to hold to maturity. Subsequent to initial recognition, all changes to fair value are recognised through the statement of financial performance.

- **Investments at amortised cost**

Non-derivative investments with fixed or determinable payments and fixed maturity dates, which the City has the positive intent and ability to hold to maturity. Subsequent to initial recognition, such investments are measured at amortised cost using the effective interest method less any impairment.

- **Investments at cost**

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably measured. Subsequent to initial recognition, such investments are measured at cost less any impairment.

Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the City has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

### Non-derivative financial liabilities

After initial recognition, the City measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables (excluding provisions). Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

### Derivative financial instruments

The City holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

## PAYABLES

Payables are initially measured at fair value plus transactional cost, and are subsequently measured at amortised cost, using the effective interest rate method.

## RECEIVABLES

Receivables are recognised initially at fair value plus transactional cost, which approximates amortised cost, less provision for impairment. Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the City will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year end.

## UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted-for; expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, or expenditure in the form of a grant that is not permitted in terms of the MFMA, Act 56 of 2003.

Unauthorised expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue.



## IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is in contravention of, or that is not in accordance with, a requirement of the MFMA, Act 56 of 2003, Municipal Systems Act, (MSA), Act 32 of 2000, Remuneration of Public Office Bearers Act, Act 20 of 1998 or the municipality's supply chain management (SCM) policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue.

## FRUITLESS AND WASTEFUL EXPENDITURE

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

## FOREIGN-CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the ruling exchange rate on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period in which they arise.

## BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP Standards on an accrual basis, and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements.

The approved budget covers the fiscal period from 1 July 2016 to 30 June 2017. The approved budget is the most recent adjustments budget approved by Council. The final budget is the most recently approved budget, adjusted for changes made to the budget in terms of legislation that may not be formally approved again by Council. Where entities are required to have the budget(s) approved again for any subsequent adjustments, the most recently approved budget becomes the final budget for purposes of disclosure.

The amounts are presented as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments to material differences are provided in the notes to the annual financial statements

These figures are those approved by Council both at the before and during the year following a period of consultation with the public as part of the Integrated Development Plan (IDP) process.

Comparative information is not required and has not been presented for the statement of comparison of budget and actual amounts.

## OFFSETTING

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to off-set the recognised amount, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## BORROWING COSTS

Borrowing costs that are incurred by the City are expensed in the statement of financial performance in the period during which they are incurred, regardless of how the borrowings are applied.

## SERVICES IN KIND

The City does not recognise services in kind as revenue or as an asset, but included in note 26 the nature and type of major classes of services in kind.

## COMPARATIVE INFORMATION

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

## RELATED PARTIES

The City regards a related party as a person or an entity with the ability to control the Entity either individually or jointly, or the ability to exercise significant influence over the City, or vice versa.

Management is regarded as a related party, and comprises the councillors, Executive Mayor, Mayoral Committee (Mayco) members, City Manager and executive directors.

## 1. FINANCIAL RISK MANAGEMENT

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the City's operations. This note presents information about the City's exposure to each of the above risks, policies and processes for measuring and managing risk, and the City's management of capital. Further quantitative disclosures are included throughout these financial statements.

The City's Risk Management Committee, is responsible for oversight over the City's integrated risk management (IRM) policies and the risk management activities. The IRM's policies were established to ensure a structured approach to the identifying and mitigating of risks across the City, to an acceptable level. The IRM policies and systems are reviewed regularly to ensure it keeps abreast with best practises and regulatory requirements. To enable the Audit and Performance Audit Committee to comply with their role and responsibilities with regards to risk management, all documentation and reports of Risk Management Committee meetings are supplied to the Audit and Performance Audit Committee and Speaker on a quarterly basis.

The accounting policy for financial instruments was applied to the following statement of financial position items:

	Amortised cost R'000	Fair value R'000	Cost R'000	Total carrying amount R'000	Fair value R'000
<b>Financial assets</b>					
<b>2017</b>					
Investments	2 136 131	3 812 199	588 766	6 537 096	6 552 469
Long-term receivables	55 174	-	-	55 174	55 174
Receivables	5 724 863	-	-	5 724 863	5 724 863
Other receivables	989 034	-	-	989 034	989 034
Cash and cash equivalents	2 546 223	898 651	-	3 444 874	3 444 874
<b>TOTAL</b>	<b>11 451 425</b>	<b>4 710 850</b>	<b>588 766</b>	<b>16 751 041</b>	<b>16 766 414</b>

<b>Derivative financial assets</b>					
Forward exchange contracts	190	-	-	190	190

<b>Financial assets</b>					
<b>2016</b>					
Investments	2 042 944	3 652 655	425 766	6 121 365	6 123 559
Long-term receivables	68 788	-	-	68 788	68 788
Receivables	5 106 634	-	-	5 106 634	5 106 634
Other receivables	825 802	-	-	825 802	825 802
Cash and cash equivalents	2 504 227	828 242	-	3 332 469	3 327 907
<b>TOTAL</b>	<b>10 548 395</b>	<b>4 480 897</b>	<b>425 766</b>	<b>15 455 058</b>	<b>15 452 690</b>

<b>Derivative financial assets</b>					
Forward exchange contracts	-	-	-	-	-

	Amortised cost R'000	Total carrying amount R'000	Fair value R'000
<b>2017</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	6 123 801	6 123 801	6 320 013
Payables	4 598 724	4 598 724	4 598 724
<b>TOTAL</b>	<b>10 722 525</b>	<b>10 722 525</b>	<b>10 918 737</b>

<b>Derivative financial liabilities</b>			
Forward exchange contracts	-	-	-

<b>2016</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	6 506 842	6 506 842	6 817 537
Payables	4 485 296	4 485 296	4 485 296
<b>TOTAL</b>	<b>10 992 138</b>	<b>10 992 138</b>	<b>11 302 833</b>

<b>Derivative financial liabilities</b>			
Forward exchange contracts	152	152	152

## 1. FINANCIAL RISK MANAGEMENT (continued)

### 1.1 Fair values

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>2017</b>				
<b>Financial assets</b>				
Investments	2 059 923	1 752 276	-	3 812 199
Cash and cash equivalents	-	898 651	-	898 651
<b>TOTAL</b>	<b>2 059 923</b>	<b>2 650 927</b>	<b>-</b>	<b>4 710 850</b>
<b>Derivative financial assets</b>				
Forward exchange contracts	190	-	-	190
<b>Derivative financial liabilities</b>				
Forward exchange contracts	-	-	-	-
<b>2016</b>				
<b>Financial assets</b>				
Investments	2 179 527	1 473 128	-	3 652 655
Cash and cash equivalents	-	828 242	-	828 242
<b>TOTAL</b>	<b>2 179 527</b>	<b>2 301 370</b>	<b>-</b>	<b>4 480 897</b>
<b>Derivative financial assets</b>				
Forward exchange contracts	-	-	-	-
<b>Derivative financial liabilities</b>				
Forward exchange contracts	152	-	-	152

### 1.2 Liquidity risk

Liquidity risk is the risk of the City not being able to meet its obligations as they fall due. The City's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the City's reputation.

The City ensures that it has sufficient cash on demand to meet expected operating expenses through the use of cash flow forecasts.

The following are contractual liabilities of which interest is included in borrowings:

	Up to 1 year R'000	1-5 years R'000	>5 years R'000	Total R'000
<b>2017</b>				
<b>Non-derivative financial liabilities</b>	<b>5 606 767</b>	<b>3 088 823</b>	<b>6 443 659</b>	<b>15 139 249</b>
Borrowings	1 008 043	3 088 823	6 443 659	10 540 525
Capital repayments	334 185	682 025	5 107 591	6 123 801
Interest	673 858	2 406 798	1 336 068	4 416 724
Payables	4 598 724	-	-	4 598 724
Trade payables	4 201 011	-	-	4 201 011
Sundry creditors	397 713	-	-	397 713
<b>Derivative financial liabilities</b>				
Forward exchange contracts	-	-	-	-
<b>TOTAL</b>	<b>5 606 767</b>	<b>3 088 823</b>	<b>6 443 659</b>	<b>15 139 249</b>

## 1. FINANCIAL RISK MANAGEMENT (continued)

### 1.3 Credit risk

Credit risk is the risk of financial loss to the City if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from the City's investments, receivables, and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June was as follows:

	2017 R'000	2016 R'000
Investments	5 948 330	5 695 599
Long-term receivables – see note 8	55 174	68 788
Receivables and other receivables	6 713 897	5 932 436
Cash and cash equivalents	3 444 874	3 332 469
<b>TOTAL</b>	<b>16 162 275</b>	<b>15 029 292</b>

#### Investments and cash and cash equivalents

The City limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the City does not consider there to be any significant exposure to credit risk.

#### Long-term receivables

Loans were granted and are managed in accordance with policies and regulations as set out in note 8. The associated interest rates and repayments are clearly defined and, where appropriate, the City obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances. No further loans have been awarded.

#### Receivables

Receivables are amounts owing by consumers, and are presented net of impairment losses. The City has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The City is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The City's strategy for managing its risk includes encouraging residents to install water demand management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections, serving as a guarantee.

The City's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The City has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographic area. The City establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest debtors represent 0,89% (2016: 1,00%) of the total outstanding balance. The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after the due date. The City has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in note 10 and 11.

Payment of accounts of consumer debtors who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer. Traffic fines can be contested in writing and can lead to a renegotiated fine.

### 1.4 Capital management

The primary objective of managing the City's capital is to ensure that there is sufficient cash available to support the City's funding requirements, including capital expenditure, to ensure that the City remains financially sound.

The City monitors capital using a gearing ratio, which is net debt, divided by total capital, plus net debt. In a capital-intensive industry, a gearing ratio of 50% or less can be considered reasonable. Included in net debt are interest-bearing loans and borrowings, payables, less investments.

### 1.5 Price risk

The City is exposed to equity-securities price risk because of investments held by the City and classified as financial instruments carried at fair value. The City is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the City diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the City. The exposure to price risk is not material to the City and, consequently, is not elaborated on any further.

## 1. FINANCIAL RISK MANAGEMENT (continued)

### 1.6 Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign-exchange rates affecting the City's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

#### 1.6.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The City's exposure to the risk of changes in market rates relates primarily to the City's investments with floating interest rates.

The effective rates on financial instruments as at 30 June 2017 were as follows:

	Maturity of interest-bearing assets/liabilities				Total R'000
	Weighted average interest rate %	1 year or less R'000	1-5 years R'000	>5 years R'000	
<b>Financial assets</b>					
Investments	8,48	2 552 765	2 164 945	2 129 271	6 846 981
Cash and cash equivalents	7,43	2 546 223	-	-	2 546 223
<b>TOTAL</b>		<b>5 098 988</b>	<b>2 164 945</b>	<b>2 129 271</b>	<b>9 393 204</b>
<b>Financial liabilities</b>					
Borrowings	9,95	334 185	682 025	5 107 591	6 123 801
<b>TOTAL</b>		<b>334 185</b>	<b>682 025</b>	<b>5 107 591</b>	<b>6 123 801</b>

#### Interest rate sensitivity analysis

##### Financial assets

As at 30 June 2017, if the weighted average interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R100,14 million with the opposite effect if the interest rate had been 100 basis points lower.

The sensitivity analysis is performed by dividing the total investment interest earned for the year by the average interest rate earned to give the effect of a one percent movement in interest rates.

##### Financial liabilities

Changes in the interest rate as at 30 June 2017 would have no impact on the statement of financial performance as all borrowings are at a fixed interest rate.

#### 1.6.2 Currency risk

The City is exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The City manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The City manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement, in order to predetermine the rand value of the contracted goods or services.

#### Currency risk sensitivity analysis

As at 30 June 2017, if the foreign exchange rate at that date had been 5% higher, with all other variables held constant, the surplus for the year would have increased with R208 576 due to the changes in the carrying value of the monetary liability at the reporting date, with the opposite effect if the foreign exchange rate had been 5% lower.

## 2. PROPERTY, PLANT AND EQUIPMENT

	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment R'000	Carrying value R'000
<b>As at 30 June 2017</b>							
Land and buildings	2 154 183	122 598	350 711	(6 651)	22 909	(98 495)	2 545 255
Infrastructure	21 590 520	27 875	4 054 039	(425)	(1 023 678)	-	24 648 331
Community	6 227 840	116 283	438 885	(114)	(348 997)	-	6 433 897
Other	3 852 572	(579 070)	935 437	(7 392)	(537 858)	(1 180)	3 662 509
Service concession	1 073 461	(1 085)	-	-	(116 835)	-	955 541
Housing rental stock	1 993 968	169 490	62 596	(4 700)	(89 302)	-	2 132 052
<b>TOTAL</b>	<b>36 892 544</b>	<b>(143 909)</b>	<b>5 841 668</b>	<b>(19 282)</b>	<b>(2 093 761)</b>	<b>(99 675)</b>	<b>40 377 585</b>

(See annexure B for more details)

<b>As at 30 June 2016</b>							
Land and buildings	2 067 847	50 810	79 493	(75)	(38 714)	(5 178)	2 154 183
Infrastructure	19 003 078	(228 369)	3 703 860	-	(888 049)	-	21 590 520
Community	6 308 880	21 114	228 507	-	(330 661)	-	6 227 840
Other	3 132 459	(129 617)	1 402 182	(8 663)	(543 789)	-	3 852 572
Service concession	1 193 978	492	-	(112)	(117 250)	(3 647)	1 073 461
Housing rental stock	1 736 862	225 753	114 305	(2 951)	(80 001)	-	1 993 968
<b>TOTAL</b>	<b>33 443 104</b>	<b>(59 817)</b>	<b>5 528 347</b>	<b>(11 801)</b>	<b>(1 998 464)</b>	<b>(8 825)</b>	<b>36 892 544</b>

	2017 R'000	2016 R'000
<b>Assets under construction – Carrying value</b>		
Infrastructure	3 441 462	2 772 766
Community	123 887	64 318
Other	375 499	803 072

PPE consisting of projects significantly delayed amounting to R186,97 million is included in the Asset under construction (infrastructure) carrying value. The significant delays are due to delays in the roll-out of certain sections of the IRT network (R104,18 million) and contractor problems in the completion of a new major substation (R82,79 million).

Included in the Asset under construction (infrastructure) carrying value is a halted project amounting to R19,20 million. This is a water project which has halted due to low dam levels.

The repairs and maintenance for the City amounts to R2,36 billion for the reporting financial year. In determining the repairs and maintenance amount the City has exclusively disclosed amounts paid to service providers.

The City is required to measure the residual value of all items of property, plant and equipment. Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their lives would therefore be insignificant. During the current financial year, the City reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate (see note 42.3).

The recoverable amount of impaired assets is R65,82 million (2016: R0,15 million). Impairment losses arise mainly from land purchased that is earmarked for low cost housing where the cost of land will not be recovered. The value in use of impaired land is based on an estimation of the percentage of that land that will generate future cash flows or value in use.

Provision has been made for the estimated cost of rehabilitation of waste landfill sites, included in other assets, as described in note 15.2.

The City entered into long-term agreements with three operators to run a high-quality bus-based urban transit or IRT system known as MyCiTi. In terms of these agreements, the City has made available to the operators buses (and related depots) purchased by the City for the purposes of rendering the MyCiTi services. The agreements are for an initial period of 12 years, after which a new tender process will be followed. In terms of the agreements, the City has full control over the nature, timing and extent of the services that the operators have to perform, and the fees for the services rendered are determined as per the operator-specific schedules and annexes that form part of the signed agreements.

## 3. HERITAGE ASSETS

	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Carrying value R'000
<b>As at 30 June 2017</b>					
Paintings and museum items	9 049	(144)	-	(1)	8 904

(See annexure B for more details)

<b>As at 30 June 2016</b>					
Paintings and museum items	9 062	(8)	-	(5)	9 049

Heritage assets are held at cost as it is impractical to determine their fair value.

## 4. INVESTMENT PROPERTY

	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Depreciation R'000	Disposals R'000	Carrying value R'000
<b>As at 30 June 2017</b>						
Land and buildings	588 191	-	-	(1 713)	(51)	586 427

(See annexure B for more details)

<b>As at 30 June 2016</b>						
Land and buildings	589 382	-	1 044	(2 235)	-	588 191

## 5. INTANGIBLE ASSETS

	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	Carrying value R'000
<b>As at 30 June 2017</b>					
Acquisition of rights	430 754	(13 780)	-	(69 925)	347 049
Computer software	198 408	102 343	79 468	(48 397)	331 822
<b>TOTAL</b>	<b>629 162</b>	<b>88 563</b>	<b>79 468</b>	<b>(118 322)</b>	<b>678 871</b>

(See annexure B for more details)

<b>As at 30 June 2016</b>					
Acquisition of rights	552 185	(55 887)	-	(65 544)	430 754
Computer software	156 198	59 825	24 652	(42 267)	198 408
<b>TOTAL</b>	<b>708 383</b>	<b>3 938</b>	<b>24 652</b>	<b>(107 811)</b>	<b>629 162</b>

## 6. CAPITAL COMMITMENTS

Approved and contracted for capital expenditure

	2017 R'000	2016 R'000
Infrastructure	2 485 029	3 054 751
Community	96 163	35 754
Other	211 731	300 984
<b>TOTAL</b>	<b>2 792 923</b>	<b>3 391 489</b>

Capital commitments represent future capital expenditure exclusive of VAT. The City has the obligation to spend these amounts due to signed contracts with suppliers.

## 7. INVESTMENTS

	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
<b>As at 30 June 2017</b>				
RSA Government stock	84 240	-	-	84 240
Sinking-fund deposits – see note 13	2 051 869	-	-	2 051 869
Other fixed deposits	2 050 825	-	-	2 050 825
Deposits held with fund managers	-	4 710 850	-	4 710 850
Shares in CTICC	-	-	833 998	833 998
	4 186 934	4 710 850	833 998	9 731 782
Provision for impairment	(5 319)	-	(245 232)	(250 551)
<b>Net investments</b>	4 181 615	4 710 850	588 766	9 481 231
Transferred to current investments	-	(1 654 114)	-	(1 654 114)
Transferred to cash and cash equivalents – see note 12	(2 050 803)	(898 651)	-	(2 949 454)
<b>TOTAL</b>	<b>2 130 812</b>	<b>2 158 085</b>	<b>588 766</b>	<b>4 877 663</b>

<b>As at 30 June 2016</b>				
RSA Government stock	75 384	-	-	75 384
Sinking-fund deposits – see note 13	1 968 583	-	-	1 968 583
Other fixed deposits	2 415 521	-	-	2 415 521
Deposits held with fund managers	-	4 480 897	-	4 480 897
Shares in CTICC	-	-	670 998	670 998
	4 459 488	4 480 897	670 998	9 611 383
Provision for impairment	(5 319)	-	(245 232)	(250 551)
<b>Net investments</b>	4 454 169	4 480 897	425 766	9 360 832
Transferred to current investments	(106 420)	(2 048 757)	-	(2 155 177)
Transferred to cash and cash equivalents – see note 12	(2 411 225)	(828 242)	-	(3 239 467)
<b>TOTAL</b>	<b>1 936 524</b>	<b>1 603 898</b>	<b>425 766</b>	<b>3 966 188</b>

### Collateral deposits for staff housing loans

Included in other fixed deposits are fixed deposits with a carrying value of R0,04 million (2016: R0,04 million), which were pledged as security deposits for securing staff home loans with financial institutions.

These pledges are repaid as soon as the employees' outstanding home loan balance is below 80% of the approved loan amount. The City has not issued fixed deposits as security since 2000, however, interest earned on certain deposits are still being capitalised. The City's exposure to risk is minimised by an insurance policy taken out by the employee and ceded to the City to cover the guaranteed deposit.

### Cape Town International Convention Centre (Pty) Ltd (CTICC)

The cost of the City's investment in CTICC at 30 June 2017 is R833,99 million (2016: R670,99 million) and the impairment loss provision is R245,23 million (2016: R245,23 million). At year end no objective evidence exists to indicate that this investment should be further impaired.

### Compensation for occupational injuries and diseases (COID investments)

The RSA Government stock (bonds) was purchased at the request of the Department of Labour in terms of the Occupational Injuries and Diseases Act, Act 130 of 1993. The Compensation Commissioner is required to hold the physical scrip as security for the City's liabilities under the Act.



## 8. LONG-TERM RECEIVABLES

Sporting bodies  
Housing land sales

Public organisations  
Provision for impairment

Housing selling developments  
Provision for impairment

Transferred to current receivables

### TOTAL

### Reconciliation of impairment provision

Balance at beginning of the year  
Contribution from provisions

### Balance as at 30 June

	2017 R'000	2016 R'000
	473	609
	631	710
	1 422	2 355
	4 526	5 023
	(3 104)	(2 668)
	52 648	65 114
	62 602	82 621
	(9 954)	(17 507)
	55 174	68 788
	(14 201)	(17 093)
<b>TOTAL</b>	<b>40 973</b>	<b>51 695</b>
	20 175	20 291
	(7 117)	(116)
<b>Balance as at 30 June</b>	<b>13 058</b>	<b>20 175</b>

### 8.1 Sporting bodies

To facilitate the development of sporting facilities, loans were historically made to provide the necessary financial assistance. These loans attract interest at a rate of 3,63% to 12% per annum, and are repayable over a maximum period of 20-40 years.

### 8.2 Housing land sale

The long-term loan to the Khayelitsha Community Trust (KCT) (sale of portion 1 to 3, erf 58856) is repayable over 18 years. Annual payments are received, with the final payment due in 2024.

### 8.3 Public organisations

Loans to public organisations were granted in terms of the National Housing Policy. At present, these loans attract interest at 1%, and are repayable over 30 years. With the implementation of new legislation (the MFMA and the Housing Act), no further loans have been awarded, and the final loan repayments are scheduled for 2032. Examples of public organisations that were granted loans are the Salvation Army and the Alta du Toit School.

### 8.4 Housing selling development loans

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 10,50% (2016: 9,75%) per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

## 9. INVENTORY

Consumable stock  
Spare parts and meters  
Water  
Other goods held for use/resale

### TOTAL

	247 307	201 191
	30 595	21 528
	21 849	17 264
	24 785	17 290
<b>TOTAL</b>	<b>324 536</b>	<b>257 273</b>

Inventory to the value of R0,91 million (2016: R0,56 million) was scrapped during the year.

## 10. RECEIVABLES

	As at 30 June 2017			As at 30 June 2016		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>From exchange transactions</b>	<b>7 933 258</b>	<b>(4 435 527)</b>	<b>3 497 731</b>	<b>7 263 260</b>	<b>(4 016 260)</b>	<b>3 247 000</b>
Service debtors	6 887 079	(3 585 255)	3 301 824	6 263 870	(3 203 425)	3 060 445
Housing rental stock	702 237	(633 917)	68 320	658 361	(597 988)	60 373
Housing selling stock	195 470	(164 278)	31 192	189 320	(159 903)	29 417
Other exchange debtors	148 472	(52 077)	96 395	151 709	(54 944)	96 765
<b>From non-exchange transactions</b>	<b>2 953 606</b>	<b>(726 474)</b>	<b>2 227 132</b>	<b>2 547 315</b>	<b>(687 681)</b>	<b>1 859 634</b>
Rates debtors	2 910 955	(721 024)	2 189 931	2 507 662	(682 254)	1 825 408
Other non-exchange debtors	42 651	(5 450)	37 201	39 653	(5 427)	34 226
<b>TOTAL</b>	<b>10 886 864</b>	<b>(5 162 001)</b>	<b>5 724 863</b>	<b>9 810 575</b>	<b>(4 703 941)</b>	<b>5 106 634</b>

As at 30 June 2017, the City's receivables balance included an amount of approximately R227,52 million (2016: R227,31 million), owed by National Government and Province.

	2017 R'000	2016 R'000
<b>Reconciliation of impairment provision</b>		
Balance at beginning of the year	4 703 941	4 336 628
Contributions to provisions	1 434 760	1 062 848
Transfers from provisions	(5 051)	(4 823)
Bad debts written off	(971 649)	(690 712)
<b>Balance as at 30 June</b>	<b>5 162 001</b>	<b>4 703 941</b>

The write off of irrecoverable debt is accompanied by the installation of water demand management devices as well as prepaid electricity meters, in order to reduce the City's credit risk for these defaulting customers going forward.

10. RECEIVABLES (continued)

	Analysis of receivables' age in days					
	As at 30 June 2017			As at 30 June 2016		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>7 933 258</b>	<b>(4 435 527)</b>	<b>3 497 731</b>	<b>7 263 260</b>	<b>(4 016 260)</b>	<b>3 247 000</b>
<b>Service debtors</b>	<b>6 887 079</b>	<b>(3 585 255)</b>	<b>3 301 824</b>	<b>6 263 870</b>	<b>(3 203 425)</b>	<b>3 060 445</b>
Not due	1 904 685	(216 259)	1 688 426	1 535 556	(124 058)	1 411 498
Past due						
1-90	626 411	(117 911)	508 500	851 025	(115 504)	735 521
91-365	1 403 910	(299 012)	1 104 898	1 084 876	(171 450)	913 426
365+	2 952 073	(2 952 073)	-	2 792 413	(2 792 413)	-
<b>Electricity</b>	1 569 272	(232 768)	1 336 504	1 522 554	(228 842)	1 293 712
Not due	971 132	(4 943)	966 189	945 595	(16 453)	929 142
Past due						
1-90	201 999	(1 028)	200 971	232 535	(4 046)	228 489
91-365	170 210	(866)	169 344	138 491	(2 410)	136 081
365+	225 931	(225 931)	-	205 933	(205 933)	-
<b>Water</b>	3 419 076	(2 208 466)	1 210 610	2 944 277	(1 883 538)	1 060 739
Not due	536 026	(161 053)	374 973	377 151	(81 012)	296 139
Past due						
1-90	369 167	(110 920)	258 247	390 447	(83 868)	306 579
91-365	825 384	(247 994)	577 390	583 317	(125 296)	458 021
365+	1 688 499	(1 688 499)	-	1 593 362	(1 593 362)	-
<b>Waste management</b>	555 420	(326 505)	228 915	509 293	(302 520)	206 773
Not due	94 255	(8 015)	86 240	46 951	(3 953)	42 998
Past due						
1-90	31 935	(2 716)	29 219	67 666	(5 698)	61 968
91-365	124 001	(10 545)	113 456	111 167	(9 360)	101 807
365+	305 229	(305 229)	-	283 509	(283 509)	-
<b>Wastewater management</b>	1 343 311	(817 516)	525 795	1 287 746	(788 525)	499 221
Not due	303 272	(42 248)	261 024	165 859	(22 640)	143 219
Past due						
1-90	23 310	(3 247)	20 063	160 377	(21 892)	138 485
91-365	284 315	(39 607)	244 708	251 901	(34 384)	217 517
365+	732 414	(732 414)	-	709 609	(709 609)	-
<b>Housing rental stock</b>	<b>702 237</b>	<b>(633 917)</b>	<b>68 320</b>	<b>658 361</b>	<b>(597 988)</b>	<b>60 373</b>
Not due	53 359	(34 358)	19 001	39 142	(25 372)	13 770
Past due						
1-90	52 146	(33 577)	18 569	50 135	(32 497)	17 638
91-365	86 352	(55 602)	30 750	82 334	(53 369)	28 965
365+	510 380	(510 380)	-	486 750	(486 750)	-

10. RECEIVABLES (continued)

	Analysis of receivables' age in days - continued					
	As at 30 June 2017			As at 30 June 2016		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>Housing selling stock</b>	<b>195 470</b>	<b>(164 278)</b>	<b>31 192</b>	<b>189 320</b>	<b>(159 903)</b>	<b>29 417</b>
Not due	11 985	(2 019)	9 966	12 181	(2 556)	9 625
Past due						
1-90	10 049	(1 693)	8 356	11 142	(2 308)	8 834
91-365	15 479	(2 609)	12 870	13 878	(2 920)	10 958
365+	157 957	(157 957)	-	152 119	(152 119)	-
<b>Other exchange debtors</b>	<b>148 472</b>	<b>(52 077)</b>	<b>96 395</b>	<b>151 709</b>	<b>(54 944)</b>	<b>96 765</b>
Not due	72 082	-	72 082	75 489	(1 744)	73 745
Past due						
1-90	9 690	-	9 690	11 550	(267)	11 283
91-365	14 623	-	14 623	12 015	(278)	11 737
365+	52 077	(52 077)	-	52 655	(52 655)	-
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>2 953 606</b>	<b>(726 474)</b>	<b>2 227 132</b>	<b>2 547 315</b>	<b>(687 681)</b>	<b>1 859 634</b>
<b>Rates debtors</b>	<b>2 910 955</b>	<b>(721 024)</b>	<b>2 189 931</b>	<b>2 507 662</b>	<b>(682 254)</b>	<b>1 825 408</b>
Not due	1 974 533	(110 406)	1 864 127	1 639 778	(77 100)	1 562 678
Past due						
1-90	87 147	(4 873)	82 274	60 800	(2 834)	57 966
91-365	257 953	(14 423)	243 530	214 772	(10 008)	204 764
365+	591 322	(591 322)	-	592 312	(592 312)	-
<b>Other non-exchange debtors</b>	<b>42 651</b>	<b>(5 450)</b>	<b>37 201</b>	<b>39 653</b>	<b>(5 427)</b>	<b>34 226</b>
Not due	30 293	-	30 293	21 398	-	21 398
Past due						
1-90	6 637	(1 198)	5 439	7 425	-	7 425
91-365	1 793	(324)	1 469	5 403	-	5 403
365+	3 928	(3 928)	-	5 427	(5 427)	-
<b>TOTAL</b>	<b>10 886 864</b>	<b>(5 162 001)</b>	<b>5 724 863</b>	<b>9 810 575</b>	<b>(4 703 941)</b>	<b>5 106 634</b>

The 'Not due' category represents customers that has not exceeded the 30 day credit period granted by the City to pay their invoices. It also includes debtors to the value of R142,01 million (2016: R743,08 million) who have made arrangements to repay their outstanding arrear debt over a renegotiated period.

## 11. OTHER RECEIVABLES

	As at 30 June 2017			As at 30 June 2016		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>From exchange transactions</b>	<b>382 679</b>	<b>(55 240)</b>	<b>327 439</b>	<b>271 448</b>	<b>(56 055)</b>	<b>215 393</b>
Payments made in advance	88 421	-	88 421	32 504	-	32 504
Property rentals	59 966	(34 369)	25 597	58 234	(35 164)	23 070
Other exchange debtors	234 292	(20 871)	213 421	180 710	(20 891)	159 819
<b>From non-exchange transactions</b>	<b>3 168 199</b>	<b>(2 418 183)</b>	<b>750 016</b>	<b>2 546 271</b>	<b>(1 903 358)</b>	<b>642 913</b>
Government subsidies	33 294	-	33 294	37 251	-	37 251
Traffic fines	2 927 760	(2 418 183)	509 577	2 288 756	(1 903 358)	385 398
Other non-exchange debtors	207 145	-	207 145	220 264	-	220 264
<b>TOTAL</b>	<b>3 550 878</b>	<b>(2 473 423)</b>	<b>1 077 455</b>	<b>2 817 719</b>	<b>(1 959 413)</b>	<b>858 306</b>

	2017 R'000	2016 R'000
<b>Reconciliation of impairment provision</b>		
Balance at beginning of the year	1 959 413	1 291 155
Contributions to provisions	830 007	757 622
Transfers from provisions	(313 998)	-
Bad debt written off	(1 999)	(89 364)
<b>Balance as at 30 June</b>	<b>2 473 423</b>	<b>1 959 413</b>

The impairment allowance consists mainly of outstanding traffic fines due to the City. The write off of these irrecoverable traffic fines may span several years due to protracted administrative and court procedures not entirely within the City's control.

11. OTHER RECEIVABLES (continued)

	Analysis of receivables' age in days					
	As at 30 June 2017			As at 30 June 2016		
	Gross balance R'000	Allowance for impairment R'000	Net balance R'000	Gross balance R'000	Allowance for impairment R'000	Net balance R'000
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>382 679</b>	<b>(55 240)</b>	<b>327 439</b>	<b>271 448</b>	<b>(56 055)</b>	<b>215 393</b>
<b>Payment made in advance</b>	<b>88 421</b>	<b>-</b>	<b>88 421</b>	<b>32 504</b>	<b>-</b>	<b>32 504</b>
Not due	88 421	-	88 421	32 504	-	32 504
<b>Property rentals</b>	<b>59 966</b>	<b>(34 369)</b>	<b>25 597</b>	<b>58 234</b>	<b>(35 164)</b>	<b>23 070</b>
Not due	(2 251)	10	(2 241)	8 565	-	8 565
Past due						
1-90	21 169	(93)	21 076	10 788	-	10 788
91-365	6 792	(30)	6 762	3 717	-	3 717
365+	34 256	(34 256)	-	35 164	(35 164)	-
<b>Other exchange debtors</b>	<b>234 292</b>	<b>(20 871)</b>	<b>213 421</b>	<b>180 710</b>	<b>(20 891)</b>	<b>159 819</b>
Not due	174 515	(60)	174 455	131 117	(375)	130 742
Past due						
1-90	39 025	(15)	39 010	25 251	(289)	24 962
91-365	17	(61)	(44)	4 787	(672)	4 115
365+	20 735	(20 735)	-	19 555	(19 555)	-
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>3 168 199</b>	<b>(2 418 183)</b>	<b>750 016</b>	<b>2 546 271</b>	<b>(1 903 358)</b>	<b>642 913</b>
<b>Government subsidies</b>	<b>33 294</b>	<b>-</b>	<b>33 294</b>	<b>37 251</b>	<b>-</b>	<b>37 251</b>
Not due	33 294	-	33 294	37 251	-	37 251
<b>Traffic fines</b>	<b>2 927 760</b>	<b>(2 418 183)</b>	<b>509 577</b>	<b>2 288 756</b>	<b>(1 903 358)</b>	<b>385 398</b>
Not due	-	-	-	-	-	-
Past due						
1-90	300 571	(248 257)	52 314	250 675	(208 464)	42 211
91-365	924 675	(763 735)	160 940	659 654	(548 577)	111 077
365+	1 702 514	(1 406 191)	296 323	1 378 427	(1 146 317)	232 110
<b>Other non-exchange debtors</b>	<b>207 145</b>	<b>-</b>	<b>207 145</b>	<b>220 264</b>	<b>-</b>	<b>220 264</b>
Not due	207 145	-	207 145	220 264	-	220 264
<b>TOTAL</b>	<b>3 550 878</b>	<b>(2 473 423)</b>	<b>1 077 455</b>	<b>2 817 719</b>	<b>(1 959 413)</b>	<b>858 306</b>

**12. CASH AND CASH EQUIVALENTS (BANK AND CASH)**

**Amortised cost**

Bank balance \*

Year-end accruals

Interest accrual

Bank charges accrual

Cash on hand and in transit

Call and short-term deposits – see note 7

**Fair value – see note 7**

Call and short-term deposits

Bank accounts managed by fund managers \*

Bank overdraft \*

**TOTAL**

\*See annexure C for more details.

	2017 R'000	2016 R'000
	2 551 542	2 504 227
	469 968	61 936
	6	182
	831	607
	(825)	(425)
	30 765	30 884
	2 050 803	2 411 225
	903 949	828 242
	894 897	820 366
	9 052	7 876
	3 455 491	3 332 469
	(5 298)	-
<b>TOTAL</b>	<b>3 450 193</b>	<b>3 332 469</b>

**13. BORROWINGS**

Marketable bonds

Concessionary loans

Other loans

Subtotal – see annexure A for more details

Transferred to current liabilities

**TOTAL**

A total of R2,05 billion (2016: R1,97 billion) has been ring-fenced for the repayment of the long-term liabilities – see note 7 for more details.

	4 275 489	4 275 489
	1 564 795	1 693 550
	283 517	537 803
	6 123 801	6 506 842
	(334 185)	(469 936)
<b>TOTAL</b>	<b>5 789 616</b>	<b>6 036 906</b>

**MARKETABLE BONDS**

4 275 489

4 275 489

**Marketable bonds**

In terms of the City's domestic medium-term note (DMTN) programme registered on the Johannesburg Stock Exchange (JSE) Limited, unsecured bonds totalling R4,20 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 11,16% and 12,57% per annum. Interest is payable semi-annually, while capital will be redeemed by way of a bullet repayment on the final redemption date. The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02) and 15 March 2025 (CCT03). Guaranteed sinking funds have been established for the repayment of the bonds by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).

4 275 489

4 275 489

**CONCESSIONARY LOANS**

1 564 795

1 693 550

**Agence Française de Développement (AFD)**

An unsecured loan of R2,38 billion, bearing interest at an average fixed rate of 5,76% per annum. The sum is repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028. Nominal value as at 30 June 2017 is R1,75 billion (2016: R1,91 billion).

1 553 579

1 678 888

**Nedcor Bank**

An unsecured loan, bearing interest at a fixed rate of 1% per annum, payable annually, and loan capital repayable on 31 August 2019. Nominal value as at 30 June 2017 is R50 000 (2016: R50 000).

35

29

**Development Bank of Southern Africa (DBSA)**

An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 5% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 30 June 2020. Nominal value as at 30 June 2017 is R12 million (2016: R16 million).

11 181

14 633

## 13. BORROWINGS (continued)

	2017 R'000	2016 R'000
<b>OTHER LOANS</b>	<b>283 517</b>	<b>537 803</b>
<b>FirstRand Bank</b>	-	135 005
A structured 15-year loan to the value of R220 million, of which R200 million was repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R20 million was payable in one instalment together with fixed interest on 30 June 2017. The loan bore interest at a fixed rate of 12,63% per annum. The bullet repayment of the R20 million capital and interest was made out of the guaranteed investment portfolio of two 15-year sinking-fund investment policies purchased from Momentum Group.		
As part of the loan structure, the City purchased two 15-year sinking-fund policies from Momentum Group for an upfront premium of R220 million. R20 million of the premium was invested in the guaranteed investment portfolio referred to above. The balance of the premium, i.e. R200 million, was invested in a linked investment (unguaranteed) portfolio. The maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for R200 million on the acceptance of the policies. The City ceded and pledged the sinking-fund policies to FirstRand Bank as security for its obligations to FirstRand Bank under the policies and any other debt liability.		
<b>Development Bank of Southern Africa</b>	208 582	278 499
Unsecured loans, bearing interest at fixed rates ranging between 9,42% and 10,59% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. These loans have various final redemption dates, ranging from 30 June 2018 to 31 December 2022.		
<b>ABSA Bank</b>	20 000	40 000
An unsecured loan, bearing interest at a fixed rate of 10,90% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. Final redemption on 30 June 2018.		
<b>FirstRand Bank</b>	54 935	84 299
A structured 15-year loan to the value of R300 million, bearing interest at a fixed rate of 12,05% per annum, of which R74,30 million is repayable semi-annually in equal instalments of capital and fixed interest over 15 years, and the balance of R225,70 million is payable in one instalment together with capitalised fixed-rate interest on 30 June 2018. The bullet repayment of the R225,70 million capital and interest will be made out of a 15-year sinking-fund investment policy purchased from Momentum Group.		
As part of the loan structure, the City purchased a 15-year sinking-fund policy from Momentum Group for a premium of R228,40 million, which was invested in an unguaranteed investment portfolio. The premium is payable semi-annually over 15 years through a series of promissory notes issued by the City to Momentum, later sold on to FirstRand Bank and Future Growth. In terms of a put-option agreement, the maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for a fixed-option price of R894,60 million, payable on 30 June 2018. The City has ceded and pledged the sinking-fund policy to FirstRand Bank as security for its obligations to FirstRand Bank under the put-option agreement and any other debt liability.		
<b>TOTAL</b> - see annexure A for more details	<b>6 123 801</b>	<b>6 506 842</b>

The rates of interest payable on the abovementioned structured loans are based on certain underlying assumptions relating to the lenders' statutory costs, and the admissibility of deductions by the lenders for income tax purposes in connection with these loans. In the event of amendments to, or interpretations of, the Income Tax Act, Act 58 of 1962 or any other relevant legislation that affect the loan structure costs, the lenders have the right to increase or decrease the future rates of interest payable on the loans over their remaining lives, in order to absorb the increase or decrease in costs.

See annexure C for more details on the Short-term debt facilities available to the City.



## 14. RETIREMENT BENEFIT INFORMATION

The City makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act, Act 24 of 1956, and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R1,03 billion (2016: R952,54 million) to the DB and DC schemes are expensed as incurred during the year under review.

These schemes are subject to a triennial, biennial or annual actuarial valuation, as set out below.

### 14.1 Defined-benefit schemes

#### **LA Retirement Fund formerly known as Cape Joint Pension Fund (multi-employer fund)**

The last actuarial valuation of the fund was performed at 30 June 2016, at which stage the fund found the Pensioners and DB Deferred Members account to be in a sound financial condition. Since the previous valuation date, the valuation indicates a R116,9 million surplus with an overall funding level of 106,1% for the defined benefit section and pensioners account respectively at the financial year-end.

#### **South African Local Authorities (SALA) Pension Fund (multi-employer fund)**

The fund is a DB plan and is financially sound. It was 100% funded as at 1 July 2016, and had remained stable since the previous statutory valuation date.

### 14.2 Defined-contribution schemes

#### **LA Retirement Fund formerly known as Cape Joint Pension Fund (multi-employer fund)**

The active members of the DB section were transferred to the DC section. This scheme was established to accommodate the unique characteristics of contract employees and cost-to-company employees. All existing members were given the option to transfer to the DC plan before 1 July 2003. The last actuarial valuation of the fund was performed at 30 June 2016 at which stage the actuary certified the fund as being in a sound financial condition. The valuation disclosed funding of 103%.

#### **Cape Retirement Fund for Local Authorities (multi-employer fund)**

The contribution rate paid by the members (9%) and their councils (18%) is sufficient to fund the benefits accruing from the fund in future. The actuary certified the fund, a DC plan, as being in a sound financial position as at 30 June 2015.

#### **Municipal Councillors' Pension Fund (multi-employer fund)**

The Municipal Councillors' Pension Fund operates as a DC scheme. The contribution rate paid by the members (13,75%) and their councils (15%) is divided between the costs of risk benefits deriving from the administration of the fund, and members' retirement benefits.

The last actuarial valuation of the fund was performed at 30 June 2015, at which stage when the fund was certified by the actuary as being financially sound, in that the assets of the fund were adequate to cover the accrued service liabilities including the recommended contingency reserves in full, with a funding level of 100%.

#### **National Fund for Municipal Workers (multi-employer fund)**

The retirement and pension funds are both DC schemes. According to the actuary's certification, the assets of the fund are sufficient to cover its liabilities. As at 30 June 2015, the valuation disclosed a funding level fluctuating around 100% due to timing differences, a slight mismatch of assets and liabilities, and processing errors.

#### **Municipal Workers' Retirement Fund formerly known as the South African Municipal Workers Union (SAMWU) National Provident Fund (multi-employer fund)**

The Municipal Workers' Retirement Fund is a DC scheme. The last actuarial valuation of the fund was performed at 30 June 2015, at which stage the fund was certified as being in a financial sound position.

## 14. RETIREMENT BENEFIT INFORMATION (continued)

### 14.3 Defined-benefit and defined-contribution scheme

#### Cape Municipal Pension Fund

The Cape Municipal Pension Fund operates as both a DB and DC scheme. An actuarial valuation of the fund was performed at 30 June 2016, which certified it as being in a financially sound position.

	DB section	DC section	Total
In-service members	224	9 649	9 873
Pensioners	3 081	1 850	4 931
Membership as at 30 June 2016	<b>3 305</b>	<b>11 499</b>	<b>14 804</b>

	2017 R'million	2016 R'million
Past-service position – DB section	9 996	9 165
Past-service position – DC section	4 475	4 402
Total liabilities	14 471	13 567
Assets valued at market value	14 484	13 575
Actuarial surplus	-	-

#### Key financial assumptions

	2017 %	2016 %
Actual employer contribution – DB section	20,25	20,25
Actual employer contribution – DC section	18,00	18,00
Net discount rate: Pre-retirement	0,50	0,50
Post-retirement	1,40	1,50
Normal retirement age	60 years	60 years

## 15. PROVISIONS (NON-CURRENT)

	Long-service leave benefits R'000	Environmental rehabilitation R'000	Post- retirement health-care benefits R'000	Post-retirement pension benefits R'000	Total R'000
<b>As at 30 June 2017</b>					
Balance at the beginning of the year	510 085	336 787	5 247 547	21 934	6 116 353
Interest costs	55 108	40 818	536 439	2 266	634 631
Service costs	43 571	-	96 600	571	140 742
Benefit/rehabilitation payments	(47 275)	(2 507)	(209 256)	(1 070)	(260 108)
Actuarial gains	(28 057)	-	(402 398)	(4 176)	(434 631)
Change in estimate	-	(40 466)	-	-	(40 466)
Transferred from current provisions (prior-year)	51 078	4 500	205 497	2 139	263 214
	584 510	339 132	5 474 429	21 664	6 419 735
Transferred to current provision	(68 288)	(10 570)	(229 590)	(1 958)	(310 406)
<b>TOTAL</b>	<b>516 222</b>	<b>328 562</b>	<b>5 244 839</b>	<b>19 706</b>	<b>6 109 329</b>

### 15.1 Long-service leave benefits

An actuarial valuation has been performed of the City's liability for vested long-service leave benefits to which employees may become entitled upon completion of 10 years' service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

#### Discount rate

The fund benefit liability as at 30 June 2017 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. The nominal and zero curves as at 30 June 2017 supplied by the JSE were used to determine the discount rates and consumer price index (CPI) assumptions at each relevant time period (2016: nominal and zero curves).

#### Key financial assumptions

	2017	2016
Discount rate	Yield curve	Yield curve
Consumer price inflation	Difference between nominal and real yield curve	Difference between nominal and real yield curve
Salary increase	Equal to CPI + 1%	Equal to CPI + 1%

## 15. PROVISIONS (NON-CURRENT) (continued)

### 15.2 Environmental rehabilitation

Provision is made in terms of the City's licensing stipulations on the waste landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent valuation performed by a firm of consulting engineers.

The key cost parameters upon which the valuation is based for the present and previous financial years are briefly as follows:

- Annual inflation rate of 6,21% (2016: 5,70%).
- Discount rate at the average borrowing cost of 11,00% (2016: 11,01%).
- Scheduled dates of total closure and rehabilitation are anticipated to be between 2021 and 2034.

### 15.3 Post-retirement health-care defined benefits

An actuarial valuation has been performed of the City's liability in respect of health-care benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the City, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary, and actual contributions paid to members by the City.

For past service of in-service and retired employees, the City recognises and provides for the actuarially determined present value of post-retirement medical-aid employer contributions on an accrual basis, using the projected unit credit method.

The members of medical aid schemes entitled to a post-employment medical scheme subsidy as at 30 June 2017 constituted 7 782 (2016: 8 312) in-service members and 6 813 (2016: 6 750) pensioners.

It was assumed that the employer's health-care arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits and contributions would remain unchanged, with the exception of inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidisation from in-service members to retiree members within the medical scheme are sustainable and will continue.

It is further assumed that the subsidy will continue until the last survivor's death for eligible members and their spouses.

#### Continuation of membership

It is assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the City of Cape Town will remain on the employer's health-care arrangements.

#### Family profile

Family profile was based on actual data and, therefore, no assumptions had to be made.

#### Plan assets

Currently, no long-term assets are set aside off-balance sheet in respect of the employer's post-employment health-care liability.

#### Discount rate

The fund benefit liability to the City of Cape Town as at 30 June 2017 has been discounted at a rate determined on the basis of the yield curve (2016: yield curve) per annum on government bonds.

	2017	2016
<b>Key financial assumptions</b>		
Discount rate	Yield curve	Yield curve
Consumer price inflation	Difference between nominal and yield curves	Difference between nominal and yield curves
	CPI + 1%	CPI + 1%
Health-care cost inflation rate	Yield curve-based	Yield curve-based
Net effective discount rate		

Sensitivity analysis	Change in assumption	Liability R'000	Service costs R'000	Interest costs R'000
Assumptions used		5 474 429	92 020	541 387
Health-care inflation	1% decrease	4 840 957	75 415	478 225
	1% increase	6 306 812	109 862	626 995
Post-retirement mortality	20% decrease	6 057 716	100 462	601 539
	20% increase	5 066 166	82 862	501 187

## 15. PROVISIONS (NON-CURRENT) (continued)

### 15.4 Retirement pension defined benefits

An actuarial valuation has been performed of the City's liability in respect of retirement pension benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the City, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary, and actual contributions paid to members by the City.

For past service of employees and retired employees, the City recognises and provides for the actuarially determined present value of post-retirement revenue pensions on an accrual basis, using the projected unit credit method.

The number of employees who were eligible for a post-retirement pension as at 30 June 2017 was 21 (2016: 22) in-service employees and 81 (2016: 89) pensioners.

#### Plan assets

Currently, no long-term assets are set aside off-balance sheet in respect of the employer's post-employment retirement pension liability.

#### Discount rate

The fund benefit liability to the City as at 30 June 2017 has been discounted at the yield curve (2016: yield curve) per annum rate determined on the basis of the market yields on government bonds.

#### Key financial assumptions

Discount rate

Consumer price inflation

General salary inflation rate

Net effective discount rate

	2017	2016
Yield curve	Yield curve	Yield curve
Difference between nominal and real yield curve	Difference between nominal and real yield curve	Difference between nominal and real yield curve
CPI + 2%	CPI + 2%	CPI + 2%
Curve-dependent	Curve-dependent	Curve-dependent

## 16. DEPOSITS

Electricity and water

Other deposits

**TOTAL**

	2017 R'000	2016 R'000
Electricity and water	336 264	313 996
Other deposits	15 446	10 637
<b>TOTAL</b>	<b>351 710</b>	<b>324 633</b>

Guarantees held in lieu of electricity and water deposits were R114,26 million (2016: R88,81 million). Deposits are released when the owner/occupant of a property terminates the contract with the City to supply water and electricity to the property, or when certain contractual services are delivered.

## 17. PROVISIONS (CURRENT)

	Opening balance 2017 R'000	Raised R'000	Utilised/ reversed R'000	Transfers from non-current R'000	Closing balance 2017 R'000
Long-service leave benefits	51 078	-	-	17 210	68 288
Environmental rehabilitation	4 500	-	(2 507)	8 577	10 570
Post-retirement benefits	207 636	-	(207 636)	231 548	231 548
Insurance and COID claims	11 265	8 224	(11 265)	-	8 224
Leave benefits	562 661	31 094	-	-	593 755
Other provisions	232 137	97 160	(277 390)	-	51 907
<b>TOTAL</b>	<b>1 069 277</b>	<b>136 478</b>	<b>(498 798)</b>	<b>257 335</b>	<b>964 292</b>

#### Insurance and COID claims

Provision has been made for outstanding insurance claims as at 30 June 2017, funded out of the insurance reserve. The assessment of claims is based on the assessed quantum of claims received.

#### Leave benefits

Annual leave accrues to employees on a monthly basis, subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

## 18. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors	
Payments received in advance	
Cape Metropolitan Transfer Fund advances	
Third-party payments	
Other creditors	

### TOTAL

Payables are non-interest-bearing and are normally settled on 30-day terms, except for retentions, which are settled in terms of the contract agreement.

Payments received in advance are non-interest-bearing and normally settled on 30-day terms.

2017 R'000	2016 R'000
4 201 011	3 685 512
1 364 355	1 235 448
15 141	20 735
340 463	364 464
42 109	414 585
<b>5 963 079</b>	<b>5 720 744</b>

## 19. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

### Conditional grants from other spheres of government

National Government	
Province	

### Other conditional receipts

Public contributions	
----------------------	--

### TOTAL

See note 28, 29 and annexure E for more details of grants from National Government and Province as well as public contributions.

974 631	1 119 324
446 587	650 929
528 044	468 395
79 743	80 631
79 743	80 631
<b>1 054 374</b>	<b>1 199 955</b>

## 20. VALUE-ADDED TAX (VAT)

VAT payable	
Impairment adjustment	
Total VAT payable	
VAT receivable	

### TOTAL

The City is registered for VAT on the payment basis. The VAT liability was impaired as a result of impairment against debtors.

176 983	211 315
277 030	211 196
454 013	422 511
(360 647)	(347 740)
<b>93 366</b>	<b>74 771</b>

## 21. HOUSING DEVELOPMENT FUND

### Realised housing proceeds

Balance at beginning of the year	
Income	
Land sales	
Repayments	
Long-term debtors	
Public organisations	
Service contributions	
Recoveries from Province	
Subsidy refunds and other	

### Interest

### Expenditure

Funding capital projects	
Funding operating projects	

Non-cash transfer to provision for impairment

### Balance at end of the year

### Unrealised housing proceeds

Balance at beginning of the year	
Long-term loans realised	

Housing	
Public organisations	

Transfer to impairment provision – selling schemes

Transfer (from) to impairment provision – public organisations

### Balance at end of the year

### TOTAL

Unrealised housing proceeds represent loan repayments not yet due in terms of the debtors' loan agreement.

272 628	302 771
63 301	59 277
21 253	3 618
35 112	38 180
34 567	37 620
545	560
3 117	3 233
-	10 051
3 819	4 195
17 699	16 275
(70 286)	(102 423)
(18 050)	(19 677)
(52 236)	(82 746)
(5 844)	(3 272)
277 498	272 628
67 468	93 614
(20 516)	(26 261)
(20 020)	(25 753)
(496)	(508)
7 553	352
(435)	(237)
54 070	67 468
<b>331 568</b>	<b>340 096</b>

	2017 R'000	2016 R'000
<b>22. RESERVES</b>		
Capital replacement reserve	2 880 321	2 119 182
Insurance reserves	561 296	545 157
Self-insurance reserve	484 203	474 870
COVID reserve	77 093	70 287
<b>TOTAL</b>	<b>3 441 617</b>	<b>2 664 339</b>
<b>23. SERVICE CHARGES</b>		
Electricity	11 755 862	11 198 441
Water and sanitation	5 053 641	4 519 840
Water	3 443 725	2 984 859
Wastewater	1 609 916	1 534 981
Solid waste	1 081 307	991 556
Other	728 295	653 759
<b>TOTAL</b>	<b>18 619 105</b>	<b>17 363 596</b>
<b>24. RENTAL OF LETTING STOCK AND FACILITIES</b>		
Rental agreements	384 440	374 052
Income forgone*	(25 943)	(23 098)
<b>TOTAL</b>	<b>358 497</b>	<b>350 954</b>
<b>25. FINANCE INCOME</b>		
<b>Exchange transactions</b>	965 283	792 666
External investments	822 097	707 017
Outstanding debtors	197 058	150 038
Interest transferred	(53 872)	(64 389)
<b>Non-exchange transactions</b>		
Outstanding debtors	81 005	71 571
<b>TOTAL</b>	<b>1 046 288</b>	<b>864 237</b>
<b>26. OTHER INCOME</b>		
<b>Exchange revenue</b>	242 040	169 634
Bulk infrastructure levies	146 522	91 730
Other income	90 568	47 346
Gains on foreign-exchange transactions	709	321
Fair-value adjustments	4 241	30 237
<b>Non-exchange revenue</b>		
City improvement Districts (CIDs)	169 260	150 645
<b>TOTAL</b>	<b>411 300</b>	<b>320 279</b>

The City received services in kind to an estimated value of R8,83 million (2016: R14,16 million) in the form of volunteers.

The 2016 comparative amount of R320,28 million has been restated from R345,89 million (see note 42).

\*Income forgone can be defined as any income that the City is entitled by law to levy, but which has subsequently been forgone by way of remission

## 27. PROPERTY RATES

### Actual

Residential, commercial and other  
Income forgone\*

### TOTAL

### Valuations per category

Residential  
Commercial  
Agriculture  
Public service infrastructure  
Other

### TOTAL property valuations at commencement of financial year

The 2016 opening figures are based on the applicable General Valuation Roll (GV2012) which came into effect on 1 July 2013 and is based on market-related valuations as at 1 July 2012. The new General Valuation Roll, General Valuation 2015 (GV2015), came into effect on 1 July 2016 and thus creates the opening figures for the 2017 financial year. The values are based on market-related valuations as at 1 August 2015. This General Valuation Roll (GV2015) remains valid until 30 June 2019. Property valuation adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions are processed continuously. Municipal rates are levied on a daily basis in terms of the provisions of the Rates policy, which makes provision for rebates and exemptions.

## 28. GOVERNMENT GRANTS AND SUBSIDIES

### Unconditional grants

### Conditional grants

National Government  
Province

### TOTAL

### Analysis of government grants and subsidies

Operating  
Capital

### TOTAL

The City does not foresee a significant decrease in the level of grant funding. Unconditional grants are used to subsidise the provision of basic services to indigent communities. Conditional grants are for operating and capital expenditure. Other than the amounts unspent, the conditions of the grants have been met.

The 2016 comparative amount of R5,72 billion has been restated from R5,72 billion (see note 42).

## 29. PUBLIC CONTRIBUTIONS

### Unconditional

### Conditional

Consumer connections  
Other

### TOTAL

The City receives grants from various private donors for operating and capital projects. Included in these funds are monies held on behalf of third parties. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.

The 2016 comparative amount of R91,26 million has been restated from R90,91 million (see note 42).

	2017 R'000	2016 R'000
	9 264 744	7 843 988
	(1 159 618)	(1 098 941)
<b>TOTAL</b>	<b>8 105 126</b>	<b>6 745 047</b>

	763 170 944	613 539 222
	235 675 407	178 265 374
	6 509 956	4 670 480
	4 997 347	5 611 750
	145 406 044	119 200 195
<b>TOTAL</b>	<b>1 155 759 698</b>	<b>921 287 021</b>

	2 288 187	2 054 664
	3 360 565	3 666 464
	2 322 216	2 569 132
	1 038 349	1 097 332
<b>TOTAL</b>	<b>5 648 752</b>	<b>5 721 128</b>

	3 633 883	3 589 591
	2 014 869	2 131 537
<b>TOTAL</b>	<b>5 648 752</b>	<b>5 721 128</b>

	6 944	100
	104 703	91 154
	54 162	52 563
	50 541	38 591
<b>TOTAL</b>	<b>111 647</b>	<b>91 254</b>

\*Income forgone can be defined as any income that the City is entitled by law to levy, but which has subsequently been forgone by way of remission.

	2017 R'000	2016 R'000
<b>30. EMPLOYEE-RELATED COSTS</b>		
Salaries and wages	7 303 517	6 194 483
Social contributions – Unemployment Insurance Fund (UIF), pensions and medical aid	1 796 527	1 650 710
Travel, car, accommodation, subsistence and other allowances	363 602	350 802
Housing benefits and allowances	56 862	53 086
Overtime payments	546 810	463 125
Contributions and benefits paid: current provisions	(681 466)	(9 510)
Contribution: post-retirement and long-service benefits	299 924	688 356
Current service cost	140 742	132 317
Interest cost	593 813	507 853
Actuarial (gains)/losses	(434 631)	48 186
	<b>9 685 776</b>	<b>9 391 052</b>
Expenditure recharged to capital projects	(26 476)	(33 312)
<b>TOTAL</b>	<b>9 659 300</b>	<b>9 357 740</b>
<b>31. REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	1 280	1 284
Deputy Executive Mayor	929	936
Speaker	929	936
Chief Whip	952	859
Mayoral Committee Members	9 358	9 226
Subcouncil Chairpersons	16 079	21 172
Portfolio chairpersons	12 688	13 041
Councillors	85 819	74 823
Councillors' pension contributions	4 115	5 051
	<b>132 149</b>	<b>127 328</b>
Reimbursed travel claims	6 224	7 309
<b>TOTAL</b>	<b>138 373</b>	<b>134 637</b>
<b>32. IMPAIRMENT COSTS</b>		
Impairment for receivables and other	2 323 482	1 898 476
Impairment of property, plant and equipment	99 675	8 825
<b>TOTAL</b>	<b>2 423 157</b>	<b>1 907 301</b>
<b>33. DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation of property, plant and equipment	2 093 761	1 998 464
Depreciation of investment property	1 713	2 235
Amortisation of intangible assets	118 322	107 811
<b>TOTAL</b> – see note 2, 4, 5 and annexure B	<b>2 213 796</b>	<b>2 108 510</b>
<b>34. FINANCE COSTS</b>		
Borrowings	691 005	718 521
Unwinding of discount	40 818	28 735
<b>TOTAL</b>	<b>731 823</b>	<b>747 256</b>
<b>35. BULK PURCHASES</b>		
Electricity	8 069 460	7 656 073
Water	368 642	417 263
<b>TOTAL</b>	<b>8 438 102</b>	<b>8 073 336</b>



## 36. GRANTS AND SUBSIDIES PAID

Events and charitable contributions
Community development and upliftment
Economic development and promotion of tourism
Education institutions
Health forum/health, HIV/Aids and tuberculosis programmes
Senior citizens – facilities for the aged
Social development and arts and culture
Sporting bodies
<b>TOTAL</b>

2017 R'000	2016 R'000
37 905	60 471
16 064	16 088
54 112	63 152
45	370
1 015	3 931
90	90
1 500	2 462
1 098	1 682
<b>111 829</b>	<b>148 246</b>

## 37. GENERAL EXPENSES

Auditor remuneration
CIDs levies
Consultants
Free basic electricity (FBE) – Eskom service areas
Realised fair-value adjustments
Indigent relief
Inventory: scrapping
Loss on foreign-exchange transactions
Materials general and consumables
Security services
Telecommunications
Other expenditure

13 183	13 554
164 182	146 126
199 871	169 724
133 515	124 035
2 220	4 358
662 165	542 740
911	557
1 028	3 751
476 050	300 405
460 855	398 579
398 153	378 330
2 302 824	2 207 110
4 814 957	4 289 269
(45 703)	(33 491)
4 769 254	4 255 778
(4 693)	(3 333)
<b>4 764 561</b>	<b>4 252 445</b>

Contributions from provisions

Expenditure recharged to capital projects

### TOTAL

The 2016 comparative amount of R4,25 billion has been restated from R4,30 billion (see note 42).

## 38. CASH GENERATED FROM OPERATIONS

Surplus for the year
Adjustment for:
Depreciation
Contributed assets
Impairment
Unrealised foreign exchange loss
Indigent relief
Gains and losses on disposal of assets
Contribution to provisions
Contribution to impairment provision
Finance income
Cash transactions
Non-cash transactions
Finance costs
Cash transactions
Non-cash transactions

5 304 628	4 289 655
3 340 199	3 857 015
2 213 796	2 108 510
(16 516)	(64 211)
99 675	8 825
219	152
662 165	542 740
(179 408)	(118 383)
(97 337)	460 792
972 070	1 035 571
(1 046 288)	(864 237)
(999 822)	(841 417)
(46 466)	(22 820)
731 823	747 256
666 163	687 263
65 660	59 993
<b>8 644 827</b>	<b>8 146 670</b>
(67 263)	23 043
(1 691 988)	(1 375 370)
(733 159)	(711 470)
(145 581)	(327 490)
242 116	422 712
18 595	(11 036)
<b>6 267 547</b>	<b>6 167 059</b>

### Operating surplus before working capital changes

(Increase)/decrease in inventories
Increase in receivables
Increase in other receivables
Decrease in unspent conditional grants and receipts
Increase in payables
Increase/(decrease) in net VAT

### CASH GENERATED FROM OPERATIONS

## 39. CASH AND CASH EQUIVALENTS

Balance at the end of the year  
Balance at the beginning of the year  
**NET INCREASE**

2017 R'000	2016 R'000
3 450 193	3 332 469
3 332 469	3 199 148
<b>117 724</b>	<b>133 321</b>

## 40. OPERATING LEASE COMMITMENTS

### 40.1 The City as lessee

Future minimum lease payments under non-cancellable operating leases

#### Land and buildings

Payable within one year  
Payable within two to five years

55 650	106 726
55 119	54 262
531	52 464

#### Radio masts

Payable within one year

88	324
88	324

#### TOTAL

<b>55 738</b>	<b>107 050</b>
---------------	----------------

Minimum lease payments recognised as an expense during the period amount to R55,39 million (2016: R50,18 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

### 40.2 The City as lessor

Future minimum lease income under non-cancellable operating leases

#### Buildings

Receivable within one year  
Receivable within two to five years  
Receivable after five years

36 494	33 676
132 700	127 192
292 120	178 530
<b>461 314</b>	<b>339 398</b>

#### TOTAL

The City lets properties under operating leases. Property rental income earned during the year was R31,48 million (2016: R33,68 million). The tenants maintain the properties at their cost. No investment properties have been disposed of since the date of the statement of financial performance.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been a decrease of R7,04 million in current-year income.

## 41. CONTINGENT LIABILITIES

### 41.1 Contractual disputes

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation, but a provisional estimate based on management assessment is R158,20 million (2016: R141,00 million).

### 41.2 Outstanding insurance claims

The estimated liability for insurance claims amounts to R180,60 million (2016: R148,82 million). The estimated amount was based on quotations, medical reports and letters of demand received. The merits must still be determined and could result in a lesser or greater amount.

## 42. PRIOR-YEAR ADJUSTMENTS

### 42.1 Correction of error

Indigent relief was identified a non-cash item. The cash received from customers as well as the cash paid to suppliers have been adjusted accordingly in the cash flow statement.

### 42.2 Reclassification

The City of Cape Town has implemented and necessitated the restatement of the mSCOA classification framework on 1 July 2015, which entails the implementation of new general ledger accounts with mSCOA specific definitions. GRAP 3 requires the City to retrospectively apply any classification changes in the prior year comparative figures.

The 'Grants and Subsidies: Other unconditional' amount was reclassified from Government grants and subsidies to Public contributions, as indicated below.

Presented below are those items contained in the statement of financial performance and cash flow statement that have been affected by the prior-year adjustment and reclassification.

	Note	As previously reported R'000	Correction of error R'000	Reclassification R'000	Restated R'000
<b>2016</b>					
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>					
<b>Revenue</b>					
<b>Exchange revenue</b>					
Other income	26	19 053 721	-	(25 617)	19 028 104
		195 251	-	(25 617)	169 634
<b>Non-exchange revenue</b>					
Fines		15 927 195	-	25 617	15 952 812
Government grants and subsidies	28	1 087 339	-	25 617	1 112 956
Public contributions	29	5 721 468	-	(340)	5 721 128
		90 914	-	340	91 254
<b>Total revenue</b>		<b>34 980 916</b>	<b>-</b>	<b>-</b>	<b>34 980 916</b>
<b>Expenditure</b>					
Collection costs		187 398	-	19	187 417
Contracted services		3 718 716	-	47 539	3 766 255
General expenses	37	4 300 003	-	(47 558)	4 252 445
<b>Total expenditure</b>		<b>30 691 261</b>	<b>-</b>	<b>-</b>	<b>30 691 261</b>
<b>Surplus for the year</b>		<b>4 289 655</b>	<b>-</b>	<b>-</b>	<b>4 289 655</b>
<b>Cash flow statement</b>					
<b>Cash flow from operating activities</b>					
Cash receipts from ratepayers, government and other		31 191 624	(542 740)	-	30 648 884
Cash paid to suppliers and employees		(25 024 565)	542 740	-	(24 481 825)
<b>Cash generated from operations</b>		<b>6 167 059</b>	<b>-</b>	<b>-</b>	<b>6 167 059</b>
<b>Net cash from operating activities</b>	38	<b>6 321 213</b>	<b>-</b>	<b>-</b>	<b>6 321 213</b>

### 42.3 Changes in accounting estimates

The annual review of the useful lives and residual values of assets resulted in a decrease of R111,86 million (2016: R0,57 million) in the depreciation charge to the statement of financial performance. It is impracticable to estimate the effect of these changes in estimate on future periods.

## 43. BUDGET INFORMATION

### 43.1 Explanation of variances between approved final adjustment budget and final budget amounts

#### 43.1 Explanation of variances between approved final adjustment and final budget amounts

The reasons for the variances between the approved final adjustment budget and final budget are due to virements in terms of council approved policy.

### 43.2 Explanation of variances greater than 10%: approved final budget and actual amounts

#### 43.2.1 Statement of financial position

##### Total liabilities

##### i) Non-current liabilities

The variance is due to the budgeted amount for external funding of R2,50 billion that never occurred.

#### 43.2.2 Statement of financial performance

##### Revenue

##### i) Investment revenue

The variance is largely due to interest earned on investments being higher than planned for the year under review, due to more favourable investment and cash balances.

##### ii) Transfers recognised – operational

The variance is a combined result of a number of factors, the main one being a fall in revenue due to delays in income generating projects as a result of cost containment measures, delays in awarding tenders, termination of contracts due to poor performance, slower than planned maintenance activities, community dynamics and influences, changes in contract scope, contract award objection processes, environmental issues and delays in delivery of materials/goods. The funding of such underspending was rolled over for continuation of projects in the new financial year.

##### iii) Other own revenue

The variance is the combined result of a number of revenue types within the category. The variance is due to property developments in the City; increased vehicle licences tariffs and the number of licences processed; higher-than estimated fines issued and paid; and the sale of PPE being higher-than estimated for the year.

##### Expenditure

##### iv) Finance charges

The variance is as a result of savings realised due to the related loan not being taken up as originally planned which is due to the City's cash on hand position.

##### v) Other expenditure

The variance is the combined result on a number of expenditure types within the category. The main reason for the variance are, cost containment measures, delays in awarding tenders, termination of contracts due to poor performance, slower than planned maintenance activities, community dynamics and influences, changes in contract scope, contract award objection processes, environmental issues and delays in delivery of materials/goods. The funding of such underspending was rolled over for continuation of projects in the new financial year.

#### 43.2.3 Cash flow statement

##### i) Net cash from operating

The variance is due to a combination of increased service charge income than originally budgeted for as well as an underspending on operating costs.

##### ii) Net cash from financing

The variance is due to the budgeted amount for external funding of R2,50 billion that never occurred.

### 43.3 Explanation of variances greater than 5%: approved final budget and actual amounts

#### 43.3.1 Capital expenditure

##### i) Assets and Facilities Management

The variance in the implementation of the projects is a result of delay in the import of equipment and delays in building construction.

##### ii) Energy

The variance in the implementation of the projects is a result of delays due to amendments in the SCM regulations regarding local content resulting in procedural changes, late delivery of materials and unforeseen construction delays.

##### iii) Management: Informal Settlements, Water and Waste

The variance in the implementation of the projects is a result of delays due to administrative processes not in place.

##### iv) Informal Settlements and Backyarders

The variance in the implementation of the projects is a result of delays due to appeals against the award of tenders, poor contractor performance, protracted tender processes, community dynamics and gang-related disruptions on site.

## 43. BUDGET INFORMATION (continued)

### 43.3 Explanation of variances greater than 5%: approved final budget and actual amounts (continued)

#### 43.3.1 Capital expenditure (continued)

- v) Water and Sanitation  
The variance in the implementation of the projects is a result of resource limitations, delay in delivery of imported equipment, poor performance, community dynamics, environmental impact assessment processes and resource challenges experienced by contractors.
- vi) Social Services  
The variance in the implementation of the projects is a result of administrative delays, cost savings with the completion of projects and termination of tenders due to poor contractor's performance.
- vii) Transport and Urban Development Authority  
The variance in the implementation of the projects is a result of delays due to administrative processes not in place, community dynamics, poor performance, labour related disruptions and the ever changing business environment.

## 44. ADDITIONAL DISCLOSURES

### 44.1 Municipal Finance Management Act

#### 44.1.1 Section 124(1)(b)

##### Disclosure concerning councillors' municipal accounts in arrears

##### 2017

As at **30 June 2017**, no councillor was more than 90 days in arrears for rates or services.

During the **reporting period**, the below councillors were more than 90 days in arrears for rates or services.

KR Carls	BT Mobhuli
NS Patience	B Nokuthula
MN Eliot	A Sheval
GG Ethel	M Templeton
OS Francis	HM Wendy

##### 2016

As at **30 June 2016**, the below councillor was more than 90 days in arrears for rates or services.

W Hassiem

During the **2016 reporting period**, the below councillor was more than 90 days in arrears for rates or services.

S August

#### 44.1.2 Section 125

##### 44.1.2.1 Irregular expenditure

Opening balance  
Expenditure – SCM regulations (see incident below)  
Regularised and ratified  
**Closing balance**

2017	2016
R'000	R'000

2	956
-	2
(2)	(956)
<b>-</b>	<b>2</b>

Incident
▪ Non-compliance with SCM regulations
<b>Incident for the year</b>

-	2
<b>-</b>	<b>2</b>

##### 44.1.2.2 Fruitless and wasteful expenditure

Opening balance  
Adjustment of opening balance – prior year expenditure  
Expenditure – current year  
Regularised and ratified  
**Closing balance**

86	-
-	86
-	-
(86)	-
<b>-</b>	<b>86</b>

## 44. ADDITIONAL DISCLOSURES (continued)

### 44.1 Municipal Finance Management Act (continued)

#### 44.1.2 Section 125 (continued)

##### 44.1.2.3 Material losses

###### Water losses

In the current year, the material losses were 9,29% (2016: 11,65%). These are made up of 9,29% reticulation losses and zero percentage abnormal production losses (2016: 8,54% reticulation losses and 3,11% abnormal production losses). These losses are predominantly due to apparent losses which include unauthorised usage and metering inaccuracies. The production losses amounted to R204,8 million (2016: R112,41 million).

The 2016 comparative amounts have been restated due to an updated Infrastructure Leakage Index resulting in the following corrections:

###### Water losses

Production losses  
Subscriptions/fees

Material losses  
Reticulation losses  
Abnormal production losses

These corrections had no effect on the statements of financial position and the statements of financial performance.

2017 R'000	2016 R'000
---------------	---------------

112 898	135 431
---------	---------

As previously reported R'000	Restated R'000
---------------------------------	-------------------

148 981	
98 860	

%	%
---	---

12,81	11,65
9,72	8,54
3,09	3,11

2017 R'000	2016 R'000
---------------	---------------

353 550	370 578
---------	---------

###### Electricity losses

In the current year the energy losses were 10,89% (2016: 11,42%). These losses are the result of normal system operation, theft and vandalism. The production losses amounted to R524,05 million (2016: R496,20 million).

##### 44.1.2.4 Other compulsory disclosures

###### As at 30 June 2017

Opening balance  
Subscriptions/fees  
Amount paid – current year  
Amount paid – previous years  
**Balance unpaid (included in payables)**

###### As at 30 June 2016

Opening balance  
Subscriptions/fees  
Amount paid – current year  
Amount paid – previous years  
**Balance unpaid (included in payables)**

SALGA contributions R'000	Audit fees R'000	PAYE and UIF R'000	Pension and medical aid R'000
-	61	103 016	228 711
12 300	14 850	1 405 032	2 925 874
(12 300)	(14 839)	(1 290 316)	(2 674 585)
-	(61)	(103 016)	(228 711)
<b>-</b>	<b>11</b>	<b>114 716</b>	<b>251 289</b>
-	305	93 765	209 760
11 210	15 204	1 272 824	2 693 261
(11 210)	(15 143)	(1 169 808)	(2 464 550)
-	(305)	(93 765)	(209 760)
<b>-</b>	<b>61</b>	<b>103 016</b>	<b>228 711</b>

## 44. ADDITIONAL DISCLOSURES (continued)

2017 R'000	2016 R'000
---------------	---------------

### 44.2 Supply Chain Management Regulations

#### 44.2.1 Deviations

In terms of section 36 of the municipal SCM regulations, any deviation from SCM policy needs to be approved by the Accounting Officer and noted by Council. The awards listed below, have been approved by the Accounting Officer and noted by Council.

#### Incidents

Appointment of consultants  
 Information technology upgrade  
 Upgrading of electricity services  
 Extension of contract period/sums  
 Upgrading of road infrastructure  
 Supply and delivery of plant and equipment  
 Other  
 Deviations less than R200 000

4 589	16 725
69 660	92 924
-	69 001
144 433	96 282
71 531	20 410
38 126	33 317
57 406	154 902
403 689	345 124
<b>789 434</b>	<b>828 685</b>

#### **TOTAL amount approved by the Accounting Officer and noted by Council**

All deviations considered by the Accounting Officer are processed in terms of the SCM regulations and the SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria of emergency procurements, availability from only one provider, art-historical objects, circumstances where it is impractical or impossible to follow the official procedure, or correction of minor technical breaches.

## 44. ADDITIONAL DISCLOSURES (continued)

### 44.2 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

#### 44.2.2 Bids awarded to family of employees in service of the state

In terms of section 45 of the municipal SCM regulation, any award above R2 000 to family of employees in the service of the state must be disclosed in the annual financial statements. The following is a list as recorded in the declaration-of-interest form.

Connected person	Position held in State	2017 R'000
N Abyocate	Department of Justice	63
L Arries; J Willemse	Teacher; Nurse	2 249
M Barnard	Deputy Director: Health Department	689
M Basson	Principal Facility Officer	244
J Bodma	Metro Paramedics	281
V Botto; K Botto	Chief: Forensics; Finance: Principal Profession Officer	1 118
RT Bowers	Social worker	210
C Brown	SABC	34
C Brynard	Councillor	3 003
G Buitendag	Principal Professional Officer	6 608
D Burgess	Senior Clerk	234
C Carr	Administrative Officer	228
P Christopher	Manager: Operations	639
JP Cilliers	Special Advisor to the Premier	327
M Daniels	Project Administrator	119
F Davids	Clerk	1
J Davids	Department of Health	11
M Davids	Operational Supervisor: Driver	381
SFA Davids	Department of Education	2 109
W De Kock	Stellenbosch municipality	254
N Dolf	Clerk	634
A Dolff	Senior Clerk	974
Y Ebrahim	Head: District 5	1 180
A Elloker	Senior Professional Officer	286
C Gordon	Clerk	42
A Harding	Administrative Officer	1
C Hector	NHRB	2 323
C Henderson	Teacher	336
F Hendricks	Administrative Officer	988
E Hlongwane	Manager: Cleansing	26
E Ishmail	Manager: Valuation Data and Systems	683
E Jacobs	Senior Clerk	13 804
R Jacob; E Samaai	Foreman; Province	1 073
Y Jacobs; O Khan; Y Jacobs	Department of Health; Department of Defence	1 038
Z Jawoodien	Prosecutor	99
M Johannes	Clerk	85
J Lategan	Clerk	75
T Lebesana	Transnet	81
E Lewis	Professional Officer	155
L Malcolm	Fire Fighter	1
R Marais	Teacher	9 510
M Mazaza	Director: Transport planning	605
S Mbolompo	Councillor	117
SS Merile	Operator: Small Plant	62
G Meyer; A Meyer; G Wyngaard	Manager: Support; Assistant Professional Officer; Assistant Buyer: SCM	984
A Mokupo	Administrative Officer	17
FJ Monk	Subcouncil Manager	948
MC Mshweshwe	Statutory Compliance Specialist	792
B Muller; D Muller	Department Education; Correctional Services	26
I Olifant	Forensic Pathology Services	87
C Olivier	Senior Operational Supervisor	8
B Paul	DCAS	692
NG Payne	Principal Professional Officer	2
Y Phosa	Member of Parliament	58



44. ADDITIONAL DISCLOSURES (continued)

44.2 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

44.2.2 Bids awarded to family of employees in service of the state (continued)

Connected person	Position held in State	2017 R'000
C Rhoda	Head: Invasive Species Management	728
M Rhodes	Teacher	123
A Richards	Senior Professional Officer	156
L Ritter	Administrative Officer	1
D Rose	Call Centre Agent	898
T Salomons	Specialist Engineering	149
MN Sammy	Administrative Officer	4
C September	Administrative Officer	176
W Siebritz	Firefighter	38
Y Skunyana	Light Machine Operator	2 265
Y Spencer	National Health Laboratory Services	23
T Steyn	Senior Professional Officer	1 804
L Stolworthy	Principal Professional Officer	633
N Taylor	Administrative Officer	39
F Trom	Senior Worker	201
V van Der Heever	Teacher	3 469
C van der Vendt	Senior Worker	195
J van Zyl	WCED	21
J Villet	Assistant Buyer: SCM	24
N Vlotman	Department of Health Bishop	14
MF Votersen	Head: Finance Parks	2 287
B Wasserfall	Senior Forensics Officer	975
G Willemse	Station Commander	52
S Willemse; A Bell	Administrative Officer; Senior Clerk	1 842
B Williams	Prison Warden	141
R Wyngaard	Administrative Officer - Tender: SCM	815
CCT and state awards	Members as per schedule below*	5 002
<b>TOTAL</b>		<b>78 669</b>

\*Names of members (CCT and state awards)

HC Ahlschlager	Special Investigation Unit
CJ Barry	Head: Finance (CCT)
T Botha	Oudtshoorn Municipality
M Dr Skead	Nelson Mandela Bay Metropolitan University
WZ Erasmus	Cape Nature
HG Esterhuysen	West Coast District Municipality
T Govender	Umngeni Water
SM Grobbelaar	Northern Cape Department of Cooperative Governance
E Herholdt	Limpopo Department of Economic Development
A Heyns	Stellenbosch Municipality
JH Higgs	SARS
A Hougaard	Department of Correctional Services
J Jacobs	Eastern Cape Department of Education
B Kleynhans	Hasequa Municipality
BJ Kriegler	Cape Winelands District Municipality
M Marques	Department of Home Affairs
M Mayekiso,	Department of Local Government and Traditional Affairs
AJ Moore	Department of Water Affairs
K Nadasen	National Department of Public Works
R Reddy-Maduray	Development Bank Southern Africa
S Seegers	Head: Security Architecture(CCT)
M van Rensburg	Eskom

See annexure G for the 2016 list.

## 45. RELATED-PARTY DISCLOSURES

### 45.1 Municipal entities and special areas

During the year, in the ordinary course of business, transactions between the City of Cape Town and the following entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's-length transactions.

#### CTICC

The Convention Centre was established for Cape Town to become host to international conferences, with the objective of promoting Cape Town as a tourism city.

#### Percentage owned

Arm's-length transactions for the year

Receivables

Payables

Service charges

2017  
R'000

2016  
R'000

71,4%

67,8%

3 126

1 379

-

4 036

20 680

20 864

#### CIDs

These entities were established to enable projects, at the initiative of local communities, to provide services over and above the services provided by the City of Cape Town.

#### Special rating areas

Arm's-length transactions for the year

Receivables

Service charges

Levies

-

4

2

41

164 182

146 126

#### CMTF

The fund was established to pool funds for road networks and maintenance in the metropolitan area.

#### Administrator

Arm's-length transactions for the year

Funds held on behalf of CMTF

Grants and transfers – conditions met

Interest paid

Revenue collected

15 141

20 735

1 811

1 528

1 096

1 215

2 989

2 752

### 45.2 Executive management

No members of the City of Cape Town's management have significant influence over the financial or operating policies of the municipal entities and special rating areas.

No business transactions took place between the City of Cape Town and key management personnel.

## 45. RELATED-PARTY DISCLOSURES (continued)

### 45.2 Executive management (continued)

#### 45.2.1 Mayoral Committee members/Councillors

	Annual salary R'000	Car allowance R'000	Social contribution R'000	Total R'000
<b>2017</b>				
Mayoral committee members	11 041	60	309	<b>11 410</b>
Councillors	116 708	225	3 806	<b>120 739</b>
<b>TOTAL</b>	<b>127 749</b>	<b>285</b>	<b>4 115</b>	<b>132 149</b>
<b>2016</b>				
Mayoral committee members	11 386	60	497	<b>11 943</b>
Councillors	110 741	90	4 554	<b>115 385</b>
<b>TOTAL</b>	<b>122 127</b>	<b>150</b>	<b>5 051</b>	<b>127 328</b>

Councillors are remunerated according to the Remuneration of Public Office Bearers Act, Act 20 of 1998 and are not disclosed individually but in aggregate, and only have collective executive powers for planning, directing and controlling the activities of the City of Cape Town. There are 231 councillor positions, whose aggregated remuneration amounted to R132,15 million for the period under review. The average remuneration per councillor is R0,572 million per annum. The Mayo members have such individual executive powers as granted by their delegation, and are therefore disclosed in the below table. A full list of the councillors is disclosed on pages 9 and 10 as part of the 'General information'.

#### 45.2.2 Mayoral Committee members

	Analysis of remuneration benefits			
	Annual salary R'000	Car allowance R'000	Social contribution R'000	Total R'000
<b>2017</b>				
<b>Executive Mayor</b>				
Ald P de Lille	1 238	42	-	<b>1 280</b>
<b>1 JANUARY 2017 TO 30 JUNE 2017</b>				
<b>Executive Finance</b>				
Clr J van der Merwe	429	-	53	<b>482</b>
<b>Safety and Security Services</b>				
Ald JP Smith	430	9	43	<b>482</b>
<b>Informal Settlements, Water and Waste Services, Energy</b>				
Clr X Limberg	482	-	-	<b>482</b>
<b>Corporate Services</b>				
Clr R Arendse	482	-	-	<b>482</b>
<b>Assets and Facilities Management</b>				
Clr S Diamond	482	-	-	<b>482</b>
<b>Transport and Development Authority</b>				
Clr BN Herron	482	-	-	<b>482</b>
<b>Area-Based: South</b>				
Clr E Andrews	482	-	-	<b>482</b>
<b>Area-Based: Central</b>				
Clr S Mamkeli	482	-	-	<b>482</b>
<b>Area-Based: North</b>				
Clr S Little	482	-	-	<b>482</b>
<b>Area-Based: East</b>				
Clr A Ntsodo	482	-	-	<b>482</b>
	<b>5 953</b>	<b>51</b>	<b>96</b>	<b>6 100</b>

## 45. RELATED-PARTY DISCLOSURES (continued)

### 45.2 Executive management (continued)

#### 45.2.2 Mayoral Committee members (continued)

2017

1 JULY 2016 TO 31 DECEMBER 2016

#### Executive Deputy Mayor/Finance

Ald ID Neilson

463 - 56 519

#### Safety and Security Services

Ald JP Smith

428 9 42 479

#### Corporate Services

Cllr X Limberg

479 - - 479

#### Economic, Environmental and Spatial Planning

Cllr J van der Merwe

426 - 53 479

#### Social Development and Early Childhood Development

Cllr S Little

479 - - 479

#### City Health

Cllr S Mamkeli

479 - - 479

#### Community Services and Special Projects

Ald B Walker

95 - 9 104

#### Community Services

Cllr A Ntsodo

375 - - 375

#### Transport for Cape Town

Cllr BN Herron

479 - - 479

#### Tourism, Events and Marketing

Cllr G Bloor (up to 9/8/2016)

104 - - 104

#### Tourism, Events and Economic Development

Cllr E Andrews (as from 11/8/2016)

375 - - 375

#### Utility Services

Cllr EJ Sonnenberg

427 - 53 480

#### Human Settlements

Cllr B van Minnen

479 - - 479

5 088 9 213 5 310

TOTAL

11 041 60 309 11 410

## 45. RELATED-PARTY DISCLOSURES (continued)

### 45.2 Executive management (continued)

#### 45.2.2 Mayoral Committee members (continued)

	Analysis of remuneration benefits			
	Annual salary R'000	Car allowance R'000	Social contribution R'000	Total R'000
<b>2016</b>				
<b>Executive Mayor</b>				
Ald P de Lille	1 242	42	-	1 284
<b>Executive Deputy Mayor/Finance</b>				
Ald ID Neilson	936	-	109	1 045
<b>Safety and Security Services</b>				
Ald JP Smith	862	18	82	962
<b>Corporate Services</b>				
Cllr X Limberg	961	-	-	961
<b>Energy, Environmental and Spatial Planning</b>				
Cllr J van der Merwe	859	-	102	961
<b>Social Development and Early Childhood Development</b>				
Cllr S Little	961	-	-	961
<b>City Health</b>				
Cllr S Mamkeli	961	-	-	961
<b>Community Services and Special Projects</b>				
Ald B Walker	859	-	102	961
<b>Transport for Cape Town</b>				
Cllr BN Herron	962	-	-	962
<b>Tourism, Events and Economic Development</b>				
Cllr G Bloor	962	-	-	962
<b>Utility Services</b>				
Cllr EJ Sonnenberg	859	-	102	961
<b>Human Settlements</b>				
Cllr B van Minnen	962	-	-	962
<b>TOTAL</b>	<b>11 386</b>	<b>60</b>	<b>497</b>	<b>11 943</b>

## 45. RELATED-PARTY DISCLOSURES (continued)

### 45.2 Executive management (continued)

#### 45.2.3 Executive management

Analysis of remuneration benefits						
Annual salary R'000	Relocation allowance R'000	Car allowance R'000	Travel and subsistence R'000	Social Contribution R'000	Total R'000	
<b>2017</b>						
<b>City Manager</b>						
A Ebrahim						
2 763	-	-	-	382	<b>3 145</b>	
<b>1 JANUARY 2017 TO 30 JUNE 2017</b>						
<b>Human Settlement Services</b>						
R Pretorius (has been acting as of 1/1/2017 up to 28/02/2017)						
184	-	-	-	34	<b>218</b>	
<b>Social Services</b>						
E Sass (as from 1/1/2017)						
1 294	-	-	-	164	<b>1 458</b>	
<b>Asset and Facilities Management</b>						
K Le Keur (as from 1/1/2017)						
883	-	-	-	1	<b>884</b>	
<b>Area-based Service Delivery</b>						
L Scheepers (as from 1/1/2017)						
794	40	-	1	90	<b>925</b>	
<b>Directorate of the Mayor</b>						
C Kesson (as from 1/1/2017)						
1 255	-	-	10	1	<b>1 266</b>	
<b>Corporate Services</b>						
L Mbandazayo (as from 1/1/2017)						
1 285	-	-	-	141	<b>1 426</b>	
<b>Financial Management</b>						
K Jacoby (as from 1/1/2017)						
1 260	-	41	4	154	<b>1 459</b>	
<b>Safety and Security</b>						
R Bosman (as from 1/1/2017)						
1 120	-	48	-	140	<b>1 308</b>	
<b>Informal Settlements, Water and Waste Water</b>						
G Kaiser (as from 1/1/2017)						
1 251	-	54	-	20	<b>1 325</b>	
<b>Transport and Urban Development</b>						
M Whitehead (as from 1/1/2017)						
1 413	-	-	19	1	<b>1 433</b>	
<b>13 502</b>	<b>40</b>	<b>143</b>	<b>34</b>	<b>1 128</b>	<b>14 847</b>	

## 45. RELATED-PARTY DISCLOSURES (continued)

### 45.2 Executive management (continued)

#### 45.2.3 Executive management (continued)

2017

#### 1 JULY 2016 TO 31 DECEMBER 2016

##### Corporate Services and Compliance

D Ras (up to 24/8/2016)

Annual salary R'000	Relocation allowance R'000	Car allowance R'000	Travel and subsistence R'000	Social Contribution R'000	Total R'000
3 991	-	-	-	-	3 991

L Mbandazayo (has been acting as of 25/8/2016 up to 31/12/2016)

587	-	-	-	65	652
-----	---	---	---	----	-----

##### Community Services

L Mtwazi (up to 31/12/2016)

889	-	42	-	119	1 050
-----	---	----	---	-----	-------

##### Human Settlement Services

Dr IK Bromfield (up to 24/08/2016)

3 777	-	22	-	46	3 845
-------	---	----	---	----	-------

R Pretorius (has been acting as of 25/8/2016 up to 31/12/2016)

445	-	-	-	71	516
-----	---	---	---	----	-----

##### Social Development and Early Childhood Development

E Sass (has been acting as of 1/7/2016 up to 31/12/2016)

806	-	-	-	101	907
-----	---	---	---	-----	-----

##### Economic, Environment and Spatial Planning

J Hugo (up to 31/12/2016)

1 343	-	-	1	24	1 368
-------	---	---	---	----	-------

##### City Health

Dr W Mahlangu-Mathibela (up to 31/12/2016)

3 584	-	33	-	108	3 725
-------	---	----	---	-----	-------

##### Finance

K Jacoby (as from 1/7/2016 up to 31/12/2016)

849	-	40	-	125	1 014
-----	---	----	---	-----	-------

##### Transport, Roads and Stormwater

M Whitehead (as from 1/7/2016 up to 31/12/2016)

1 014	-	-	10	1	1 025
-------	---	---	----	---	-------

##### Utility Services

G Kaiser (as from 1/7/2016 up to 31/12/2016)

984	-	54	-	15	1 053
-----	---	----	---	----	-------

##### Safety and Security

W Le Roux (has been acting as of 1/7/2016 up to 31/10/2016)

419	-	34	27	64	544
-----	---	----	----	----	-----

G Kaiser (has been acting as of 1/11/2016 up to 30/11/2016)\*

R Bosman (as from 1/12/2016 up to 31/12/2016)

150	-	8	-	20	178
-----	---	---	---	----	-----

18 838	-	233	38	759	19 868
--------	---	-----	----	-----	--------

<b>32 340</b>	<b>40</b>	<b>376</b>	<b>72</b>	<b>1 887</b>	<b>34 715</b>
---------------	-----------	------------	-----------	--------------	---------------

\*G Kaiser acted without any compensation.

## 45. RELATED-PARTY DISCLOSURES (continued)

### 45.2 Executive management (continued)

#### 45.2.3 Executive management (continued)

	Analysis of remuneration benefits				
	Annual salary R'000	Car allowance R'000	Social contribution R'000	Travel and subsistence R'000	Total R'000
<b>2016</b>					
<b>City Manager</b>					
A Ebrahim	2 147	-	326	-	<b>2 473</b>
<b>Community Services</b>					
L Mtwazi	1 583	84	231	-	<b>1 898</b>
<b>Corporate Services and Compliance *</b>					
DG Ras (has been acting as of and up to 8/7/2015 and permanent since)	1 992	-	2	1	<b>1 995</b>
<b>Energy, Environmental and Spatial Planning</b>					
J Hugo	1 865	-	48	-	<b>1 913</b>
<b>Finance</b>					
K Jacoby	1 596	81	236	1	<b>1 914</b>
<b>City Health</b>					
W Mahlangu-Mathibela	1 601	66	204	-	<b>1 871</b>
<b>Human Settlements</b>					
IK Bromfield (has been acting as of and up to 8/7/2015 and permanent since)	1 474	133	263	-	<b>1 870</b>
<b>Safety and Security Services</b>					
R Bosman (up to 31/1/2016)	967	56	128	-	<b>1 151</b>
W le Roux (has been acting as of 1/2/2016)	531	43	73	3	<b>650</b>
<b>Social Development and Early Childhood Development</b>					
E Sass (acting)	1 499	-	188	-	<b>1 687</b>
<b>Tourism, Events and Economic Development</b>					
A Groenewald (up to 30/9/2015)	485	-	1	-	<b>486</b>
<b>Transport for Cape Town</b>					
M Whitehead	1 911	-	2	31	<b>1 944</b>
<b>Utility Services</b>					
G Kaiser	1 761	-	138	-	<b>1 899</b>
	<b>19 412</b>	<b>463</b>	<b>1 840</b>	<b>36</b>	<b>21 751</b>

\*There was an organisational structure change during the 2015/16 financial year. The Compliance and Auxiliary Services and Corporate Services directorates merged to become Corporate Services and Compliance.

## 46. EVENTS AFTER REPORTING DATE

On 12 July 2017 the City's inaugural green bond went on auction and the City raised R1 billion. The R1 billion long-term debt is earmarked to fund the environmental (green) projects.



## Annexure A: Schedule of external borrowings as at 30 June 2017

	Contractual interest rate (NACS) %	Loan ID	Redeemable date	Balance as at 30 June 2016 R'000	Net interest accrual during the year R'000	Concessionary loan adjustment R'000	Redeemed/ written off during year R'000	Balance as at 30 June 2017 R'000
<b>MARKETABLE BONDS</b>								
Municipal Bond CCT01	12,570	830014004	2023	1 002 748	-	-	-	1 002 748
Municipal Bond CCT02	11,615	830016003	2024	1 207 236	-	-	-	1 207 236
Municipal Bond CCT03	11,160	830017007	2025	2 065 505	-	-	-	2 065 505
<b>Total marketable bonds <sup>1</sup></b>				<b>4 275 489</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 275 489</b>
<b>CONCESSIONARY LOANS</b>								
Nedcor Bank	1,000	830000920	2019	29	-	6	-	35
DBSA	5,000	830012028	2020	14 633	-	548	(4 000)	11 181
AFD	5,763	830018500	2028	422 438	(676)	9 137	(40 000)	390 899
AFD	5,730	830018516	2028	421 733	(672)	9 229	(40 000)	390 290
AFD	5,755	830018530	2028	422 454	(675)	9 175	(40 000)	390 954
AFD	5,800	830018523	2028	412 263	(662)	8 796	(38 961)	381 436
<b>Total concessionary loans</b>				<b>1 693 550</b>	<b>(2 685)</b>	<b>36 891</b>	<b>(162 961)</b>	<b>1 564 795</b>
<b>OTHER LOANS</b>								
FirstRand Bank	12,631	830003504	2017	135 005	-	-	(135 005)	-
ABSA Bank	10,900	830007011	2018	40 000	-	-	(20 000)	20 000
DBSA	10,590	83001050	2018	67 832	-	-	(33 916)	33 916
FirstRand Bank	12,046	830009531	2018	84 299	(9 364)	-	(20 000)	54 935
DBSA	9,420	830012035	2020	37 333	-	-	(9 333)	28 000
DBSA	9,639	830013000	2022	86 667	-	-	(13 334)	73 333
DBSA	10,565	830013507	2022	86 667	-	-	(13 334)	73 333
<b>Total other loans</b>				<b>537 803</b>	<b>(9 364)</b>	<b>-</b>	<b>(244 922)</b>	<b>283 517</b>
<b>TOTAL</b>				<b>6 506 842</b>	<b>(12 049)</b>	<b>36 891</b>	<b>(407 883)</b>	<b>6 123 801</b>

<sup>1</sup> Guaranteed sinking funds have been established for the repayment of the bonds by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).

## Annexure B: Analysis of property, plant and equipment and other assets as at 30 June 2017

	COST						ACCUMULATED DEPRECIATION						Carrying value R'000
	Opening balance	Transfers/ adjustments <sup>1</sup>	Additions <sup>2</sup>	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Additions	Impairments	Disposals	Closing balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>Land and buildings</b>													
Vacant land	1 099 363	4 330	250 277	(98 495)	(54)	1 255 421	(325 488)	-	65 147	-	-	(260 341)	995 080
Land and buildings	1 957 131	118 268	100 434	-	(7 429)	2 168 404	(576 823)	-	(42 238)	-	832	(618 229)	1 550 175
	<b>3 056 494</b>	<b>122 598</b>	<b>350 711</b>	<b>(98 495)</b>	<b>(7 483)</b>	<b>3 423 825</b>	<b>(902 311)</b>	<b>-</b>	<b>22 909</b>	<b>-</b>	<b>832</b>	<b>(878 570)</b>	<b>2 545 255</b>
<b>Infrastructure</b>													
Assets under construction	2 772 766	(1 885 170)	2 553 866	-	-	3 441 462	-	-	-	-	-	-	3 441 462
Telecommunications	296 045	117 068	77 446	-	(26)	490 533	(14 737)	-	(24 277)	-	6	(39 008)	451 525
Drains	1 045 698	94 992	5 576	-	-	1 146 266	(372 633)	-	(39 281)	-	-	(411 914)	734 352
Roads	10 147 683	906 690	282 052	-	(133)	11 336 292	(2 990 490)	-	(384 754)	-	89	(3 375 155)	7 961 137
Beach improvements	43 211	126	4 871	-	-	48 208	(23 810)	-	(966)	-	-	(24 776)	23 432
Sewerage mains and purification	3 979 000	324 806	134 894	-	-	4 438 700	(1 349 020)	-	(213 476)	-	-	(1 562 496)	2 876 204
Electricity peak load equipment and mains	8 474 299	246 642	683 248	-	(790)	9 403 399	(2 703 865)	-	(180 140)	-	429	(2 883 576)	6 519 823
Water mains and purification	3 671 782	171 789	269 469	-	-	4 113 040	(1 557 359)	-	(163 716)	-	-	(1 721 075)	2 391 965
Reservoirs - water	539 772	50 932	42 617	-	-	633 321	(367 822)	-	(17 068)	-	-	(384 890)	248 431
	<b>30 970 256</b>	<b>27 875</b>	<b>4 054 039</b>	<b>-</b>	<b>(949)</b>	<b>35 051 221</b>	<b>(9 379 736)</b>	<b>-</b>	<b>(1 023 678)</b>	<b>-</b>	<b>524</b>	<b>(10 402 890)</b>	<b>24 648 331</b>
<b>Community assets</b>													
Assets under construction	64 318	(40 115)	99 684	-	-	123 887	-	-	-	-	-	-	123 887
Parks and gardens	293 602	15 686	39 714	-	-	349 002	(47 124)	-	(10 123)	-	-	(57 247)	291 755
Libraries	286 308	-	13 660	-	-	299 968	(74 875)	-	(5 092)	-	-	(79 967)	220 001
Recreation facilities	5 574 142	15 336	42 561	-	-	5 632 039	(1 620 228)	-	(218 465)	-	-	(1 838 693)	3 793 346
Civic buildings	2 728 970	125 376	243 266	-	(289)	3 097 323	(977 273)	-	(115 317)	-	175	(1 092 415)	2 004 908
	<b>8 947 340</b>	<b>116 283</b>	<b>438 885</b>	<b>-</b>	<b>(289)</b>	<b>9 502 219</b>	<b>(2 719 500)</b>	<b>-</b>	<b>(348 997)</b>	<b>-</b>	<b>175</b>	<b>(3 068 322)</b>	<b>6 433 897</b>
<b>Other assets</b>													
Assets under construction	803 072	(684 782)	257 209	-	-	375 499	-	-	-	-	-	-	375 499
Buildings and land	1 262	-	-	-	-	1 262	(906)	-	(120)	-	-	(1 026)	236
Landfill sites	1 087 234	17 197	4 922	-	-	1 109 353	(531 619)	-	(51 034)	-	-	(582 653)	526 700
Furniture, fittings and equipment	975 887	18 950	86 806	-	(9 334)	1 072 309	(617 550)	-	(96 057)	-	8 058	(705 549)	366 760
Bins and containers	65 351	514	1 997	-	-	67 862	(50 398)	-	(4 589)	-	-	(54 987)	12 875
Emergency equipment	44 776	6 165	5 551	-	(294)	56 198	(38 046)	-	(1 997)	-	289	(39 754)	16 444
Motor vehicles and watercraft	1 850 496	24 947	291 685	-	(28 734)	2 138 394	(1 189 805)	-	(83 974)	(1 180)	25 219	(1 249 740)	888 654
Specialised vehicles	1 407 721	-	133 874	-	(15 405)	1 526 190	(563 473)	-	(74 321)	-	13 934	(623 860)	902 330
Computer equipment	2 058 636	37 939	153 391	-	(29 131)	2 220 835	(1 450 239)	-	(225 708)	-	28 006	(1 647 941)	572 894
Animals	432	-	2	-	-	434	(259)	-	(58)	-	-	(317)	117
	<b>8 294 867</b>	<b>(579 070)</b>	<b>935 437</b>	<b>-</b>	<b>(82 898)</b>	<b>8 568 336</b>	<b>(4 442 295)</b>	<b>-</b>	<b>(537 858)</b>	<b>(1 180)</b>	<b>75 506</b>	<b>(4 905 827)</b>	<b>3 662 509</b>
<b>Service concession assets</b>													
Buses and depots	1 411 752	(1 085)	-	-	-	1 410 667	(338 291)	-	(116 835)	-	-	(455 126)	955 541
<b>Housing rental stock</b>	<b>2 864 677</b>	<b>169 490</b>	<b>62 596</b>	<b>-</b>	<b>(23 010)</b>	<b>3 073 753</b>	<b>(870 709)</b>	<b>-</b>	<b>(89 302)</b>	<b>-</b>	<b>18 310</b>	<b>(941 701)</b>	<b>2 132 052</b>
<b>TOTAL PPE</b>	<b>55 545 386</b>	<b>(143 909)</b>	<b>5 841 668</b>	<b>(98 495)</b>	<b>(114 629)</b>	<b>61 030 021</b>	<b>(18 652 842)</b>	<b>-</b>	<b>(2 093 761)</b>	<b>(1 180)</b>	<b>95 347</b>	<b>(20 652 436)</b>	<b>40 377 585</b>



CITY OF CAPE TOWN  
ISIXEKO SASEKAPA  
STAD KAAPSTAD

## Annexure B: Analysis of property, plant and equipment and other assets as at 30 June 2017 (continued)

	COST						ACCUMULATED DEPRECIATION						Carrying value R'000
	Opening balance R'000	Transfers/ adjustments <sup>1</sup> R'000	Additions <sup>2</sup> R'000	Impairments R'000	Disposals R'000	Closing balance R'000	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Impairments R'000	Disposals R'000	Closing balance R'000	
<b>Heritage assets</b>													
Paintings and museum items	9 049	(144)	-	-	(1)	8 904	-	-	-	-	-	-	8 904
	<b>9 049</b>	<b>(144)</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>8 904</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 904</b>
<b>Investment property</b>													
Vacant land	518 231	-	-	-	(51)	518 180	-	-	-	-	-	-	518 180
Land and buildings	124 501	-	-	-	-	124 501	(54 541)	-	(1 713)	-	-	(56 254)	68 247
	<b>642 732</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51)</b>	<b>642 681</b>	<b>(54 541)</b>	<b>-</b>	<b>(1 713)</b>	<b>-</b>	<b>-</b>	<b>(56 254)</b>	<b>586 427</b>
<b>Intangible assets</b>													
Assets under construction	19 099	(19 099)	-	-	-	-	-	-	-	-	-	-	-
Acquisition of rights	556 122	5 319	-	-	-	561 441	(144 467)	-	(69 925)	-	-	(214 392)	347 049
Computer software	629 828	102 343	79 468	-	-	811 639	(431 420)	-	(48 397)	-	-	(479 817)	331 822
	<b>1 205 049</b>	<b>88 563</b>	<b>79 468</b>	<b>-</b>	<b>-</b>	<b>1 373 080</b>	<b>(575 887)</b>	<b>-</b>	<b>(118 322)</b>	<b>-</b>	<b>-</b>	<b>(694 209)</b>	<b>678 871</b>
<b>TOTAL OTHER</b>	<b>1 856 830</b>	<b>88 419</b>	<b>79 468</b>	<b>-</b>	<b>(52)</b>	<b>2 024 665</b>	<b>(630 428)</b>	<b>-</b>	<b>(120 035)</b>	<b>-</b>	<b>-</b>	<b>(750 463)</b>	<b>1 274 202</b>
<b>GRAND TOTAL PPE AND OTHER</b>	<b>57 402 216</b>	<b>(55 490)</b>	<b>5 921 136</b>	<b>(98 495)</b>	<b>(114 681)</b>	<b>63 054 686</b>	<b>(19 283 270)</b>	<b>-</b>	<b>(2 213 796)</b>	<b>(1 180)</b>	<b>95 347</b>	<b>(21 402 899)</b>	<b>41 651 787</b>

<sup>1</sup> An adjustment of R55,49 million was passed on the acquisition cost of the property, plant and equipment and other assets.

<sup>2</sup> Includes the contributed assets amount of R16,52 million.

# Annexure C: Disclosure of bank accounts in terms of section 125(2)(a) of the MFMA as at 30 June 2017

	Account numbers	2017 R'000	2016 R'000	2015 R'000
<b>Bank accounts held with ABSA</b>				
Main bank account	40-5658-4470	469 968	61 936	108 447
Salary bank account	40-5658-4496	-	-	-
Cashier's bank account	40-5658-4527	-	-	-
General income bank account (primary)	40-5658-4569	-	-	-
Traffic fines bank account	40-7261-8663	-	-	-
IRT bank account	40-8089-5180	-	-	-
<b>Amortised cost - see note 12</b>		<b>469 968</b>	<b>61 936</b>	<b>108 447</b>
<b>Bank accounts managed by fund managers</b>				
City of Cape Town	5500125800	-	502	380
City of Cape Town	5500125801	481	2 431	2 047
City of Cape Town	5500125802	306	237	399
City of Cape Town	5500125804	1 803	1 684	1 466
City of Cape Town	5500125805	4 015	857	260
City of Cape Town	5500125806	574	655	1 618
City of Cape Town	5500125807	598	588	546
City of Cape Town	5500125808	1 081	569	710
City of Cape Town	5500125809	194	258	129
<b>Fair value - see note 12</b>		<b>9 052</b>	<b>7 781</b>	<b>7 555</b>
City of Cape Town - see note 12	5500125803	(5 298)	95	390
<b>Fair value</b>		<b>3 754</b>	<b>7 876</b>	<b>7 945</b>
<b>TOTAL</b>		<b>473 722</b>	<b>69 812</b>	<b>116 392</b>

## SHORT-TERM DEBT FACILITIES

The Municipality of Cape Town had the following short-term debt facilities with the City's main banker:

	2017 R,000	2016 R,000
Performance guarantee	25 000	25 000
Letter of credit	10 500	10 500
Business travel card	2 000	2 000
Daylight limit	2 000 000	2 000 000

The short-term debt facilities are reviewed annually and can be explained as follows:

### Performance guarantee

A bank-issued guarantee is an undertaking that should the City fail to fulfil its obligations in terms of a contract or an agreement; the bank will pay specific amounts as stated on the guarantee. The monies are due and payable on written demand from the beneficiary.

### Letter of credit

A letter of credit is a document issued by the bank, assuring payment to a seller of goods or services, provided that certain documents have been presented to the bank. The documents should prove that the seller has performed the duties specified by an underlying contract, and that the goods/services have been supplied as agreed. In return for these documents, the beneficiary receives payment from the bank that issued the letter.

### Business travel card

A card issued by the bank that enables the City to obtain goods and services on credit. It entails moneys lent and advanced.

### Daylight limit

A daylight limit is a facility that enables the City to transact even if there are insufficient funds during that particular day. It entails moneys lent and advanced during that day, provided it is settled by the end of that business day.

## Annexure D: Segmental statement of financial performance for the year ended 30 June 2017

BUSINESS ACTIVITIES	Actual income R'000	Actual expenditure R'000	(Surplus)/ deficit R'000	Inter- departmental charges R'000	Net (surplus)/ deficit R'000	Grants and donations R'000	Actual net result from operations R'000	Budgeted net result from operations R'000
<b>Municipal Governance and Administration</b>	<b>(17 078 367)</b>	<b>4 887 589</b>	<b>(12 190 778)</b>	<b>(4 487 610)</b>	<b>(7 703 168)</b>	<b>(16 868)</b>	<b>(7 686 300)</b>	<b>(5 339 650)</b>
Executive and Council	(1 574)	43 567	41 993	(315 629)	357 622	(150)	357 772	419 836
Finance and Administration	(17 076 791)	4 841 939	(12 234 852)	(4 136 826)	(8 098 026)	(16 718)	(8 081 308)	(5 800 245)
Internal Audit	(2)	2 083	2 081	(35 155)	37 236	-	37 236	40 759
<b>Community and Public Safety</b>	<b>(1 964 132)</b>	<b>6 858 824</b>	<b>4 894 692</b>	<b>1 836 295</b>	<b>3 058 397</b>	<b>(538 808)</b>	<b>3 597 205</b>	<b>3 859 093</b>
Community and Social Services	(115 763)	1 507 633	1 391 870	524 590	867 280	(43 431)	910 711	893 100
Sport and Recreation	(109 784)	1 646 347	1 536 563	565 435	971 128	(69 093)	1 040 221	1 064 368
Public Safety	(32 818)	647 568	614 750	134 687	480 063	(8 347)	488 410	532 234
Housing	(1 388 767)	1 855 482	466 715	409 446	57 269	(413 789)	471 058	695 941
Health	(317 000)	1 201 794	884 794	202 137	682 657	(4 148)	686 805	673 450
<b>Economic and Environmental Services</b>	<b>(3 070 849)</b>	<b>6 523 522</b>	<b>3 452 673</b>	<b>931 212</b>	<b>2 521 461</b>	<b>(1 027 587)</b>	<b>3 549 048</b>	<b>3 692 029</b>
Planning and Development	(154 238)	812 775	658 537	200 408	458 129	(15 094)	473 223	566 706
Road Transport	(2 899 870)	5 552 002	2 652 132	685 481	1 966 651	(1 002 990)	2 969 641	3 011 911
Environmental Protection	(16 741)	158 745	142 004	45 323	96 681	(9 503)	106 184	113 412
<b>Trading Services</b>	<b>(24 256 468)</b>	<b>22 795 253</b>	<b>(1 461 215)</b>	<b>1 720 103</b>	<b>(3 181 318)</b>	<b>(543 253)</b>	<b>(2 638 065)</b>	<b>(2 211 472)</b>
Energy Sources	(12 790 437)	11 867 215	(923 222)	1 626 686	(2 549 908)	(160 878)	(2 389 030)	(2 183 988)
Water Management	(5 359 018)	4 872 497	(486 521)	2 741	(489 262)	(52 731)	(436 531)	( 493 500)
Waste water management	(3 149 753)	3 369 660	219 907	840 654	(620 747)	(329 644)	(291 103)	( 62 118)
Waste management	(2 957 260)	2 685 881	(271 379)	(749 978)	478 599	-	478 599	528 134
<b>TOTAL</b>	<b>(46 369 816)</b>	<b>41 065 188</b>	<b>(5 304 628)</b>	<b>-</b>	<b>(5 304 628)</b>	<b>(2 126 516)</b>	<b>(3 178 112)</b>	<b>-</b>

# Annexure E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2017

National and Provincial grant funds 2016/17									
Description	Source	Balance unspent at beginning of the year <sup>1</sup> R'000	Current-year receipts R'000	Adjustments R'000	Conditions met - transferred to revenue			Amounts to be claimed R'000	Balance unspent at the end of the year <sup>1</sup> R'000
					Operating R'000	Capital R'000	Interest earned R'000		
<b>National Government</b>									
2014 African Nations Championship	Sport and Recreation	(2)	-	-	-	-	-	-	(2)
Accreditation: Development Support	State Housing	(742)	-	-	-	-	-	-	(742)
Budget Reform Funds	National Treasury	-	-	-	-	-	-	-	-
Department of Environmental Affairs and Tourism	Environmental Affairs	(68)	(220)	-	201	-	-	-	(87)
DME - INEP	Energy	-	-	-	-	-	-	-	-
Energy Efficiency Electricity Demand Side Management	National Treasury	-	(15 000)	32	568	14 400	-	-	-
Expanded Public Works Incentive Grant	National Treasury	-	(31 740)	-	31 340	400	-	-	-
Finance Management Grant	National Treasury	-	(1 050)	-	1 050	-	-	-	-
Health and Hygiene education: Informal Settlements	Water	(11)	-	-	-	-	-	-	(11)
Human Settlements Capacity Grant	State Housing	(26 009)	-	26 009	-	-	-	-	-
Infrastructure Skills Development	National Treasury	(34)	(9 416)	193	7 365	989	-	-	(903)
Integrated City Development Grant	National Treasury	-	(44 805)	2 760	6 289	35 756	-	-	-
LGSETA: Post Graduate Internship Programme	Environmental Affairs	(63)	-	-	(3)	-	-	-	(66)
Municipal Disaster Grant	Corporate Governance and Traditional Affairs	(615)	-	615	-	-	-	-	-
Neighbourhood Development Programme	National Treasury	(6 130)	(25 180)	8 837	-	22 473	-	-	-
Peninsula Wetlands Rehabilitation Project	Environmental Affairs	(29)	(1 905)	-	1 905	-	-	-	(29)
Public Transport Network Grant	Transport	(128 961)	(950 063)	189 817	232 093	639 811	-	-	(17 303)
Restructuring Grant - Seed Funding	National Treasury	(3 377)	-	-	-	-	-	-	(3 377)
Special Projects	Environmental Affairs	(784)	(2 328)	-	3 112	-	-	-	-
Terrestrial Invasive Alien Plants	Environmental Affairs	(22)	(705)	-	599	-	-	-	(128)
Tirelo Boshia Programme	Public Service and Administration	(253)	-	-	190	-	-	-	(63)
Urban Renewal	National Treasury	(2 194)	-	-	-	2 194	-	(678)	(678)
Urban Settlement Development Grant	National Treasury	(149 538)	(1 423 504)	166 281	41 560	1 252 464	-	-	(112 737)
Wolfgat Environmental Educational Centre: Contributed Asset	National Treasury	-	-	(9 500)	-	9 500	-	-	-
<b>Total DoRA allocation</b>		<b>(318 832)</b>	<b>(2 505 916)</b>	<b>385 044</b>	<b>326 269</b>	<b>1 977 987</b>	-	<b>(678)</b>	<b>(136 126)</b>
2010 FIFA World Cup - Green Point: Interest account		(246)	-	-	-	-	-	-	(246)
LGSETA: Post Graduate Internship Programme: Interest account		(102)	-	-	-	-	(13)	-	(115)
Natural Resource Management: Interest account		(8)	-	-	-	-	(1)	-	(9)
Neighbourhood Development Programme: Interest account		(1 432)	-	-	-	1 330	(688)	-	(790)
Peninsula Wetlands Rehabilitation Project: Interest account		(5)	-	-	-	-	(41)	-	(46)

## Annexure E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2017 (continued)

National and Provincial grant funds 2016/2017										
Description	Source	Balance unspent at beginning of the year <sup>1</sup> R'000	Current-year receipts R'000	Adjustments R'000	Conditions met - transferred to revenue			Amounts to be claimed R'000	Balance unspent at the end of the year <sup>1</sup> R'000	
					Operating R'000	Capital R'000	Interest earned R'000			
Public Transport Infrastructure Systems Grant: Interest account		(269 946)	-	4 064	32 413	22 681	(18 727)	-	(229 515)	
Public Transport Infrastructure Grant: Interest account		(30 384)	-	33 255	-	(33 332)	(3 030)	-	(33 491)	
Public Transport Network Grant: Interest account		(16 938)	-	-	-	-	(15 104)	-	(32 042)	
Public Transport Network Operations Grant: Interest account		(12 872)	-	5 128	(5 183)	-	(1 070)	-	(13 997)	
Smart Living Handbook: Interest account		(87)	-	-	-	-	(6)	-	(93)	
Special Projects		(55)	-	-	51	-	(72)	-	(76)	
Terrestrial Invasive Alien Plants: Interest account		(22)	-	-	-	-	(19)	-	(41)	
<b>Total interest earned</b>		<b>(332 097)</b>	<b>-</b>	<b>42 447</b>	<b>27 281</b>	<b>(9 321)</b>	<b>(38 771)</b>	<b>-</b>	<b>(310 461)</b>	
<b>TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS</b>		<b>(650 929)</b>	<b>(2 505 916)</b>	<b>427 491</b>	<b>353 550</b>	<b>1 968 666</b>	<b>(38 771)</b>	<b>(678)</b>	<b>(446 587)</b>	
<b>Province</b>										
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)	
Accreditation Assistance	Human Settlements	(1 264)	(10 000)	-	6 111	-	(330)	-	(5 483)	
Atlantis - Wesfleur Ext 13	Human Settlements	(323)	-	323	-	-	-	-	-	
Belhar Pentech 340 Top Structures	Human Settlements	(5 259)	-	5 259	-	-	-	-	-	
Bokmakierie / Hazendal Infill 3	Human Settlements	(417)	-	-	3	-	-	-	(414)	
Broadband	Department of the Premier	(1 621)	-	-	-	-	-	-	(1 621)	
Browns Farm Phase 3,4,5,6	Human Settlements	(11 656)	-	-	666	-	-	-	(10 990)	
CBH Wallacedene Phase 1,3,4,5,6	Human Settlements	(5 291)	-	5 358	-	-	(67)	-	-	
Chemical Toilets in Wallacedene	Human Settlements	(32)	-	-	-	-	(2)	-	(34)	
Chris Hani Park Housing Project	Human Settlements	(274)	-	274	-	-	-	-	-	
Clinics : HIV/AIDS & TB Programmes	Health	(13)	-	-	-	-	-	-	(13)	
Community Residential Units	Human Settlements	(71 167)	-	3 725	21 380	233	-	-	(45 829)	
Delft Sport field Development	Human Settlements	(20)	-	-	-	20	-	-	-	
Delft Symphony Way TRA	Human Settlements	(2 687)	-	2,687	-	-	-	-	-	
Delft The Hague / Roosendal Eindhoven	Human Settlements	(20 014)	-	(23 893)	19 000	-	-	-	(24 907)	
Disaster Fund - Fire/Flood Kits	Human Settlements	(6 266)	-	(44 662)	44 651	-	-	-	(6 277)	
Du Noon Phase 1,3 : Transfers	Human Settlements	(299)	-	299	-	-	-	-	-	
ECG Machines: Contributed Assets	Health	-	-	(72)	-	72	-	-	-	
Edward Road Energy Efficient Project	Human Settlements	(3 090)	-	-	-	-	(226)	-	(3 316)	
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(10 912)	-	(1 065)	1 530	-	-	-	(10 447)	
Enhanced Extended Discount Benefit Scheme	Human Settlements	-	-	(7 378)	-	-	-	-	(7 378)	

## Annexure E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2017

(continued)

		National and Provincial grant funds 2016/17								
Description	Source	Balance unspent at beginning of the year <sup>1</sup> R'000	Current-year receipts R'000	Adjustments R'000	Conditions met - transferred to revenue			Interest earned R'000	Amounts to be claimed R'000	Balance unspent at the end of the year <sup>1</sup> R'000
					Operating R'000	Capital R'000				
Eradication of Registration Backlog	Human Settlements	-	(11 558)	-	2,021	-	-	-	-	(9 537)
Erf 160: Boys Town	Human Settlements	-	-	-	7,507	-	-	-	(7 507)	-
Establishment Grants	Human Settlements	(1 337)	-	(1 004)	1,000	-	(104)	-	-	(1 445)
Facilitation Grants	Human Settlements	(492)	-	(570)	298	-	(42)	-	-	(806)
False Bay Ecology	Economic Development and Tourism	(49)	-	-	-	-	(4)	-	-	(53)
Finance Management Support Grant	Treasury	(4)	-	-	4	-	-	-	-	-
Financial Management Capacity Building Grant	Treasury	-	(120)	-	-	-	(2)	-	-	(122)
Fire Detection Surveillance Cameras	Human Settlements	(4)	-	-	-	-	(1)	-	-	(5)
Gabriel Square Restitution	Human Settlements	(37)	-	37	-	-	-	-	-	-
Garden Cities/Greenville/Fisantekraal 868	Human Settlements	(57 031)	-	(8 915)	46 139	-	-	-	-	(19 807)
Glenhaven Social Housing Project	Human Settlements	-	-	(9 000)	-	-	-	-	-	(9 000)
Global Fund Anti-Retroviral	Health	-	(2 006)	2 006	-	-	-	-	-	-
Global Fund Community Base Response Project	Health	-	(441)	349	-	-	-	-	-	(92)
Global Fund Community Based Programme	Health	(3 169)	-	-	-	-	(232)	-	-	(3 401)
Government Grant Community Development Workers	Human Settlements	(82)	(1 089)	-	469	150	(26)	-	-	(578)
Green Point Phase 2 Housing	Human Settlements	(797)	-	-	-	-	-	-	-	(797)
Greenland's Housing Project	Human Settlements	(971)	-	971	-	-	-	-	-	-
Gugulethu Housing Infill Project	Human Settlements	-	-	(11 226)	-	-	-	-	-	(11 226)
Happy Valley - Phase 2 Top Structures	Human Settlements	-	-	(442)	377	-	-	-	-	(65)
Hazendal Infill - Top Structures	Human Settlements	(1 275)	-	(333)	1 527	-	-	-	-	(81)
HCE Manuals (Housing Consumer Education)	Human Settlements	(127)	-	-	-	-	(9)	-	-	(136)
Heideveld Housing Infill	Human Settlements	(19 164)	-	(34 253)	44 326	-	-	-	-	(9 091)
HIV/AIDS Community Based Response Projects	Health	-	(203 902)	9 233	179 967	-	-	-	-	(14 702)
Hostels Phase 2 Housing	Human Settlements	(996)	-	996	-	-	-	-	-	-
Housing Settlements Development Grant	Human Settlements	(40 968)	(585 000)	517 474	-	-	-	-	-	(108 494)
IHP Westgate Mall Phase C1 and C2	Human Settlements	(3 055)	-	-	980	-	-	-	-	(2 075)
Imizamo Yethu Phase 2 New Services	Human Settlements	(931)	-	931	-	-	-	-	-	-
Informal Settlements	Human Settlements	(240)	(1 500)	(324)	697	-	-	-	-	(1 367)
Interactive Community Access Network	Economic Development and Tourism	(123)	-	-	-	127	(9)	-	-	(5)
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	-	(10 427)
Kalkfontein Phase 2	Human Settlements	(395)	-	395	-	-	-	-	-	-
Kanonkop Phase 1 Top Structures	Human Settlements	(11 563)	-	(1 343)	2,566	-	-	-	-	(10 340)





# Annexure E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2017

(continued)

		National and Provincial grant funds 2016/17								
Description	Source	Balance unspent at beginning of the year <sup>1</sup> R'000	Current-year receipts R'000	Adjustments R'000	Conditions met - transferred to revenue			Amounts to be claimed R'000	Balance unspent at the end of the year <sup>1</sup> R'000	
					Operating R'000	Capital R'000	Interest earned R'000			
Khayelitsha Khuyasa Phase 2	Human Settlements	(4 608)	-	4 608	-	-	-	-	-	
Khayelitsha Site C Subsidies	Human Settlements	(4 210)	-	-	89	-	(303)	-	(4 424)	
Kleinvllei Phase 2	Human Settlements	(893)	-	(523)	964	-	-	-	(452)	
Kuyasa T3V1 Top Structures	Human Settlements	(202)	-	202	-	-	-	-	-	
Law Enforcement Officers	Community Safety	(463)	(22 340)	-	22 340	-	-	-	(463)	
Law Enforcement Officers	Human Settlements	(2)	(3 278)	-	3 279	-	(69)	-	(70)	
Library Metro Grant	Cultural Affairs and Sport	(1 037)	(7 500)	-	-	8 512	(355)	-	(380)	
Macassar Treatment Works	Human Settlements	(5 500)	-	-	-	5 500	-	-	-	
Marconi Beam	Human Settlements	(9)	-	9	-	-	-	-	-	
Masiphemelele Amakhaya Ngoku	Human Settlements	(16 219)	-	16 219	-	-	-	-	-	
Metropolitan Land Transport Fund	Transport and Public Works	(10 092)	(28 000)	-	15 819	15 476	(853)	-	(7 650)	
Metropolitan Transport Fund	Transport and Public Works	-	-	(1 811)	1 811	-	-	-	-	
Mfuleni Ext 3	Human Settlements	(129)	-	-	-	-	-	-	(129)	
Mfuleni Ext 4 Housing	Human Settlements	(332)	-	332	-	-	-	-	-	
Mfuleni Flood Relief Project	Human Settlements	(3 005)	-	-	429	-	-	-	(2 576)	
Mfuleni MLS Top structure	Human Settlements	(213)	-	213	-	-	-	-	-	
Mitchell's Plain Infill Phase 1	Human Settlements	(4 143)	-	-	-	-	-	-	(4 143)	
Mitchell's Plain TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)	
Morgan Vill3/Western Cape	Human Settlements	(1 244)	-	1 289	-	-	(45)	-	-	
Morningstar Infill IRDP	Human Settlements	-	-	(8 361)	3 569	-	-	-	(4 792)	
New Housing Development Projects	Human Settlements	-	-	5 817	703	-	-	(6 520)	-	
NHBRC Enrollment Fees	Human Settlements	-	-	(3 629)	4 245	-	-	(616)	-	
Nutrition Supplement Programme	Health	(345)	(4 143)	-	4 733	-	-	(245)	-	
Pelican Park 2083 Top Structures	Human Settlements	(9 726)	-	-	777	-	-	-	(8 949)	
Peoples Housing Project	Human Settlements	(76 959)	-	(241 211)	209 386	-	(7 429)	-	(116 213)	
Philippi East Top Structures	Human Settlements	(1)	-	-	-	-	-	-	(1)	
Philippi East Phase 5	Human Settlements	(597)	-	-	-	-	-	-	(597)	
Philippi Park Flooding	Human Settlements	(974)	-	974	-	-	-	-	-	
Phumlani Transfers	Human Settlements	(22)	-	22	-	-	-	-	-	

## Annexure E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2017 (continued)

		National and Provincial grant funds 2016/17							
Description	Source	Balance unspent at beginning of the year <sup>1</sup> R'000	Current-year receipts R'000	Adjustments R'000	Conditions met - transferred to revenue		Interest earned R'000	Amounts to be claimed R'000	Balance unspent at the end of the year <sup>1</sup> R'000
					Operating R'000	Capital R'000			
Provision of Security Improvements at Rail Park and Ride Facilities	Transport and Public Works	(223)	-	-	-	-	(16)	-	(239)
Public Library Fund	Cultural Affairs and Sport	(4 276)	(49 665)	-	37 626	14 078	(1 578)	-	(3 815)
Redhill Informal Settlement	Human Settlements	(322)	-	324	-	-	(2)	-	-
Rondevlei Housing Project	Human Settlements	(33)	-	-	33	-	-	-	-
Scottsdene 350 Top Structures	Human Settlements	(7 527)	-	-	-	2 034	-	-	(5 493)
Scottsdene 550 Top Structures	Human Settlements	-	-	(4 991)	4 991	-	-	-	-
Sercor Park	Human Settlements	(704)	-	704	-	-	-	-	-
Sir Lowry's Pass Village TRA	Human Settlements	(1 389)	-	-	-	-	-	-	(1 389)
Social Economic Facilities Programme	Human Settlements	(1 265)	-	1 265	-	-	-	-	-
Somerset West Housing Project	Human Settlements	(4 164)	-	-	2 316	-	-	-	(1 848)
Spandau Project 384 Houses	Human Settlements	(36)	-	36	-	-	-	-	-
Sweet Homes IDA TRA	Human Settlements	-	-	(21 320)	2 593	-	-	-	(18 727)
Tafelsig Area: Silver City	Human Settlements	(202)	-	202	-	-	-	-	-
Tambo Square	Human Settlements	(286)	-	-	-	-	-	-	(286)
TB Crisis Plan	Health	(118)	(27 148)	289	25 626	-	-	-	(1 351)
Temperance Town	Human Settlements	(55)	-	55	-	-	-	-	-
Vaccines	Health	-	(96 757)	27 807	80 874	-	-	(11 924)	-
Vrygrond	Human Settlements	(33)	-	-	-	-	-	-	(33)
Vrygrond (EPH)	Human Settlements	(253)	-	253	-	-	-	-	-
Wallacedene Phase 3, 4, 5, 6, 7, 8, 9, 10	Human Settlements	(12 462)	-	(997)	76	-	-	-	(13 383)
Witsand Housing Project Phase I, 2	Human Settlements	-	-	-	-	-	-	-	-
<b>TOTAL PROVINCE TRANSFERS AND GRANTS</b>		<b>(468 395)</b>	<b>(1 054 447)</b>	<b>183 614</b>	<b>803 498</b>	<b>46 202</b>	<b>(11 704)</b>	<b>(26 812)</b>	<b>(528 044)</b>
<b>Analysis of grants and subsidies</b>									
Total National Government transfers and grants		<b>(650 929)</b>	<b>(2 505 916)</b>	<b>427 491</b>	<b>353 550</b>	<b>1 968 666</b>	<b>(38 771)</b>	<b>(678)</b>	<b>(446 587)</b>
Total Province transfers and grants		<b>(468 395)</b>	<b>(1 054 447)</b>	<b>183 614</b>	<b>803 498</b>	<b>46 202</b>	<b>(11 704)</b>	<b>(26 812)</b>	<b>(528 044)</b>
		<b>(1 119 324)</b>	<b>(3 560 363)</b>	<b>611 105</b>	<b>1 157 048</b>	<b>2 014 868</b>	<b>(50 475)</b>	<b>(27 490)</b>	<b>(974 631)</b>

<sup>1</sup> The balance unspent at beginning and end of the year excludes VAT.

# Annexure F: Appropriation statement (Reconciliation: Budget and in-year performance) in terms of National Treasury (NT), MFMA circular no. 67 for the year ended 30 June 2017

	2016/17										2015/16				
	Original budget R'000	Budget adjustments (i.i.o. s28 and s31 of the MFMA) R'000	Final adjustments budget R'000	Shifting of funds of the MFMA (i.i.o. s31) R'000	Virement (i.i.o. Council approved policy) R'000	Final budget R'000	Actual outcome R'000	Unauthorised expenditure R'000	Variance R'000	Actual outcome as % of final budget %	Actual outcome as % of original budget %	Reported unauthorised expenditure R'000	Expenditure authorised in terms of section 32 of MFMA R'000	Balance to be recovered R'000	Restated audited outcome R'000
<b>Financial performance</b>															
Property rates	6 959 000	618 601	7 577 601	-	-	7 577 601	8 105 126	-	-	107	116	-	-	-	-
Service charges	18 353 075	240 223	18 593 298	-	-	18 593 298	18 619 105	-	-	100	101	-	-	-	-
Investment revenue	595 694	-	595 694	-	-	595 694	768 224	-	-	129	129	-	-	-	-
Transfers recognised - operational	3 802 940	505 384	4 308 324	-	-	4 308 324	3 666 705	-	-	85	96	-	-	-	-
Other own revenue	4 489 436	(58 205)	4 431 231	-	-	4 431 231	4 909 492	-	-	111	109	-	-	-	-
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>34 200 145</b>	<b>1 306 003</b>	<b>35 506 148</b>	<b>-</b>	<b>-</b>	<b>35 506 148</b>	<b>36 068 652</b>	<b>-</b>	<b>-</b>	<b>102</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Employee costs	10 597 571	(239 957)	10 357 614	-	(16 151)	10 341 463	9 659 300	-	-	93	91	-	-	-	-
Remuneration of councillors	151 063	(5 059)	146 004	-	-	146 004	138 373	-	-	95	92	-	-	-	-
Debt impairment	1 798 371	459 474	2 257 845	-	(459 346)	1 798 499	1 898 476	-	-	106	106	-	-	-	-
Depreciation and asset impairment	2 318 441	114 874	2 433 315	-	-	2 433 315	2 313 474	-	-	95	100	-	-	-	-
Finance charges	895 848	-	895 848	-	-	895 848	734 043	-	-	82	82	-	-	-	-
Materials and bulk purchases	8 853 353	181 035	9 034 388	-	(17 082)	9 017 306	8 914 151	-	-	99	101	-	-	-	-
Transfers and grants	174 833	(53 480)	121 353	-	(3 754)	117 599	111 829	-	-	95	64	-	-	-	-
Other expenditure	9 755 978	503 803	10 259 781	-	496 333	10 756 114	9 088 072	-	-	84	93	-	-	-	-
<b>Total expenditure</b>	<b>34 545 458</b>	<b>960 690</b>	<b>35 506 148</b>	<b>-</b>	<b>-</b>	<b>35 506 148</b>	<b>32 857 718</b>	<b>-</b>	<b>-</b>	<b>93</b>	<b>95</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(deficit)</b>	<b>(345 313)</b>	<b>345 313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 210 934</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(930)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfers recognised - capital	2 177 040	28 031	2 205 071	-	-	2 205 071	2 005 297	-	-	91	92	-	-	-	-
Contributions recognised - capital and contributed assets	87 800	141	87 941	-	-	87 941	88 397	-	-	101	101	-	-	-	-
<b>Surplus/(deficit) after capital transfers and contributions</b>	<b>1 919 527</b>	<b>373 485</b>	<b>2 293 012</b>	<b>-</b>	<b>-</b>	<b>2 293 012</b>	<b>5 304 628</b>	<b>-</b>	<b>-</b>	<b>231</b>	<b>276</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(deficit) for the year</b>	<b>1 919 527</b>	<b>373 485</b>	<b>2 293 012</b>	<b>-</b>	<b>-</b>	<b>2 293 012</b>	<b>5 304 628</b>	<b>-</b>	<b>-</b>	<b>231</b>	<b>276</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital expenditure and funds sources</b>															
Transfers recognised - capital	2 177 040	28 031	2 205 071	-	-	2 205 071	2 055 505	-	-	93	94	-	-	-	-
Public contributions and donations	87 800	(6 459)	81 341	-	-	81 341	71 882	-	-	88	82	-	-	-	-
Borrowing	2 928 696	(11 546)	2 917 150	-	-	2 917 150	2 739 196	-	-	94	94	-	-	-	-
Internally generated funds	1 307 741	(151 896)	1 155 845	-	-	1 155 845	1 038 037	-	-	90	79	-	-	-	-
<b>Total sources of capital funds <sup>1</sup></b>	<b>6 501 277</b>	<b>(141 870)</b>	<b>6 359 407</b>	<b>-</b>	<b>-</b>	<b>6 359 407</b>	<b>5 904 620</b>	<b>-</b>	<b>-</b>	<b>93</b>	<b>91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>															
Net cash from (used) operating	4 161 843	114 943	4 276 786	-	-	4 276 786	6 601 206	-	-	154	159	-	-	-	-
Net cash from (used) investing	(5 857 381)	87 690	(5 769 691)	-	-	(5 769 691)	(6 102 676)	-	-	106	104	-	-	-	-
Net cash from (used) financing	2 038 733	2 515	2 041 248	-	-	2 041 248	(380 806)	-	-	(19)	(19)	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>343 195</b>	<b>205 148</b>	<b>548 343</b>	<b>-</b>	<b>-</b>	<b>548 343</b>	<b>117 724</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> The actual capital outcome amount does not include the contributed assets amount of R16,52 million. See appendix B.

## Annexure G: Bids awarded to family of employees in service of the State - 2016

Connected person	Position held in State	2016 R'000
C Adams	Clerk	33
M Agulhas	Artisan	182
M Barnard	Deputy Director: Health Department	541
M Basson	Principal Facility Officer	465
D Burgess	Senior Clerk	910
C Carr	Administrative Officer	2
S Daniels	Project Administrator	56
F Davids	Clerk	138
G Davids; R Samuals	Clerk; Small Plant Operator	233
J Davids	Administrator Officer	833
M Davids	Operational Supervisor: Driver	557
N Dolf	Clerk	791
A Dolf	Senior Clerk	637
J du Toit	SCM: Assistant Buyer	961
Y Ebrahim	Head: District 5	1 835
A Els	Warrant Officer	288
TN Gaxeni	Deducter Manager	252
C Gordon	Clerk	430
T Hassan	Senior Clerk	279
PM Hattingh	SCM: Administrative Officer	3
C Hector	Quality Assessor	1 995
C Henderson	Teacher	146
F Hendricks	Administrative Officer	756
E Ishmail	Manager: Valuation Data and Systems	6 719
J Jemane	Professional Officer	35
G Kuyk	Principal GIS Technical: Valuations	500
J Lategan	Clerk	438
S Le Vack	Professional Nurse	117
T Lebesana	Security Officer	16
P Leukes	Spokesperson to the Executive Mayor	152
R Marais	Teacher	44
N Mbhalo	Clerk	179
SS Merile	Operator: Small Plant	1 114
FJ Monk	Subcouncil Manager	843
S Moolla	Clinical Psychologist	443
MC Mshweshwe	Statutory Compliance Specialist	845
P Naidoo	Functional Operational Manager: Tourism events	626
GA Nel	Advisory Specialist	59
B Ntlati	Clerk	1 136
B Paul	Manager: Department of Cultural Affairs and Sport	256
G Peters	Manager: Housing	28
Y Phosa	Member of Parliament	10 989
N Poole	Senior Clerk	96
W Quantoi; K Quantoi	Artisan; Maintenance Assistant	23
C Rhoda	Professional Officer	834
T Ritter	Senior Clerk	42
K Roberts	Clerk	763
D Rose	Call Centre Agent	641
L Ryneveldt	Senior Project Administrator	239
T Salomons	Specialist Engineering	6 578
MN Sammy	Administrative Officer	7
F Trom	Senior Worker	121
V van der Heever	Teacher	3 011

## Annexure G: Bids awarded to family of employees in service of the State – 2016 (continued)

Connected person	Position held in State	2016 R'000
C van der Vendt	Senior Worker	222
N Vlotman	Data Capturer	23
MF Votersen	Head: Finance Parks	2 604
B Wasserfall	Senior Forensics Officer	1 394
M Whare	SCM: Manager	593
P Wileman	Operations Manager: Corporate	706
S Willemse; A Bell	Administrative Officer and Senior Clerk	1 559
R Wyngaard	SCM: Administrative Officer - Tenders	1 309
		<b>57 627</b>

## Glossary of Abbreviations

---

AFD	Agence Française de Développement
ASB	Accounting Standards Board
CCT	City of Cape Town
CID(s)	city improvement district
CMTF	Cape Metropolitan Transport Fund
COID	compensation for occupational injuries and diseases
CPI	consumer price index
CRR	capital replacement reserve
CTICC	Cape Town International Convention Centre Company SOC Limited (RF)
DB	defined benefit (scheme)
DBSA	Development Bank of Southern Africa
DC	defined-contributions (scheme)
DCAS	Department of Cultural Affairs and Sport
DMTN	domestic medium-term note
DoRA	Division of Revenue Act
FBE	free basic electricity
GRAP	Generally Recognised Accounting Practice
IDP	Integrated Development Plan
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
IRM	integrated risk management
IRT	integrated rapid transport
JSE	Johannesburg Stock Exchange
KCT	Khayelitsha Community Trust
Mayco	Mayoral Committee
MFMA	Local Government: Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
NACS	nominal annual compounded semi-annually
NHRB	National Health Research Board
PAYE	pay-as-you-earn
PPE	property, plant and equipment
Province	Western Cape Provincial Government
SABC	South African Broadcasting Corporation
SALA	South African Local Authorities (Pension Fund)
SALGA	South African Local Government Association
SAMWU	South African Municipal Workers Union
SARS	South African Revenue Service
SCM	supply chain management
UIF	Unemployment Insurance Fund
VAT	value-added tax
WCED	Western Cape Education Department

