

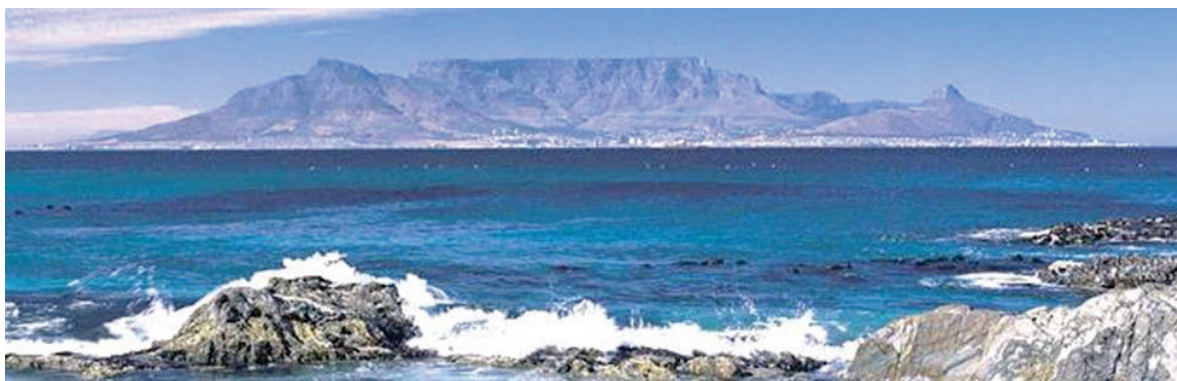
AUDITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016



Contents

Reporting entity's mandate	2
Approval of the annual financial statements	3
Report of the Auditor-General	4
General information	8
Financial statements and policy	
Statement of financial position	11
Statement of financial performance	12
Statement of changes in net assets	13
Cash flow statement	14
Statement of comparison of budget and actual amounts	15
Accounting policies	17
Notes to the annual financial statements for the year ended 30 June 2016	26
Annexures	
A: Schedule of external borrowings	61
B: Analysis of property, plant and equipment and other assets	62
C: Disclosure of bank accounts in terms of section 125(2)(a) of the MFMA	64
D: Segmental statement of financial performance	65
E: Disclosure of grants and subsidies in terms of section 123 of the MFMA	66
F: Appropriation statement (reconciliation: budget and in-year performance)	71
G: Bids awarded to family of employees in service of the State – 2015	72
Glossary of abbreviations	74



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 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 2016, as set out on pages 11 to 72 in terms of section 126(1) of the 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, 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***31** August 2016

Report of the auditor-general to the Western Cape Provincial Parliament and the council on the City of Cape Town

Report on the financial statements

Introduction

1. I have audited the financial statements of the City of Cape Town set out on pages 8 to 57, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2015 (Act No. 1 of 2015) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the City of Cape Town as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Material losses/impairments

8. As disclosed in note 10 to the financial statements, material losses of R690,7 million were incurred as a result of a write-off of irrecoverable receivables.
9. As disclosed in note 10 to the financial statements, receivables have significantly been impaired. The impairment allowance amounts to R4,7 billion, of which R3,2 billion relates to service debtors.
10. As disclosed in note 11 to the financial statements, other receivables have also significantly been impaired. The impairment allowance amounts to R2,0 billion.
11. As disclosed in note 44.1.2.3 to the financial statements, electricity losses of R370,6 million (11,4%) were incurred as a result of normal system operations, theft and vandalism.

Material underspending of the budget

12. As disclosed in the statement of comparison of budget and actual amounts, the municipality has materially underspent the capital budget by R639,3 million (10,4%).

Additional matters

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

Unaudited supplementary schedules

14. The supplementary information set out on pages 58 to 71 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Unaudited disclosure notes

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

Report on other legal and regulatory requirements

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

Predetermined objectives

17. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected strategic focus areas presented in the annual performance report of the municipality for the year ended 30 June 2016:

- Strategic focus area 1: the opportunity city on pages 30 to 79
- Strategic focus area 3: the caring city on pages 89 to 107

18. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned strategic focus areas. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information.

19. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

20. I did not identify material findings on the usefulness and reliability of the reported performance information for the selected strategic focus areas:

- Strategic focus area 1: the opportunity city
- Strategic focus area 3: the caring city

Additional matter

21. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected strategic focus areas, I draw attention to the following matter:

Achievement of planned targets

22. Refer to the annual performance report on pages 30 to 79 and 89 to 107 for information on the achievement of planned targets for the year.

Compliance with legislation

23. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other

related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

24. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Other reports

25. I draw attention to the following engagements that could potentially impact on the municipality's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

Investigations

26. A total of 168 open cases (2014-15: 129) relevant to the municipality appeared in the forensics, ethics and integrity department's register at the end of the financial year under review. The movement in the cases is as follows:

- A total of 152 new cases relating to alleged fraud, corruption, other criminal activity, maladministration and negligence were investigated by the forensics, ethics and integrity department during the year under review.
- In total, 270 cases were concluded during the year, of which 40 related to the current year and 230 to prior years.

Auditor-General

Cape Town

30 November 2016



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



Executive Mayor
Alderman De Lille, P



Executive Deputy Mayor
Alderman Neilson, ID

Speaker
Alderman Smit, JD

Chief Whip
Alderman Serritslev, AM

Members of the Mayoral Committee

- | | |
|-------------------------------|--|
| • Alderman Neilson, ID | Finance |
| • Alderman Limberg, XT | Corporate Services |
| • Alderman Smith, J | Safety and Security Services |
| • Alderman Walker, B | Community Services and Special Projects |
| • Councillor Bloor, GM | Tourism, Events and Economic Development |
| • Councillor Herron, BN | Transport for Cape Town |
| • Councillor Little, SA | Social Development and Early Childhood Development |
| • Councillor Mamkeli, S | Health |
| • Councillor Sonnenberg, EJ | Utility Services |
| • Councillor Van der Merwe, J | Energy, Environmental and Spatial Planning |
| • Councillor Van Minnen, B | Human Settlements |

Members of the Audit Committee

- | | |
|--------------|------------------------------------|
| • Harris, G | Chairperson |
| • Fisher, S | Member (contract ended 31/10/2015) |
| • Gunther, J | Member (contract ended 31/10/2015) |
| • Naidu, S | Member |
| • Rhoda, A | Member (appointed 01/11/2015) |
| • Roos, M | Member |
| • Singh, D | Member (appointed 01/11/2015) |

Auditors

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

Bankers

ABSA Capital	
1 st floor	PO Box 4110
163 Uys Krige Street	Tyger Valley
Platteklouf	7536
7500	

Registered office

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



City Manager
Ebrahim, A



Chief Financial Officer
Jacoby, K

Council members of the City of Cape Town

Councillor/Alderman

Abrahams, AN	Fourie, A	Limberg, XT	Nikelo, M
Abrahams, A	Fourie, GD	Little, SA	Nkuzana, FM
Abrahams, FL	Francke, P	Mabandla, M	Nonkeyizana, S
Abrahams, MM	Gabriel, PJ	Maci, L	Notana, E
Adams, A	Gabuza, A	Madikane, BC	Nqulwana, M
Adams, Y	Green, AM	Majingo, BM	Ntotoviyane, C
Akim, WJ	Griesel, AJ	Makanda, MN	Ntsodo, A
Amira, D	Grose, NE	Makasi, N	Nykatya, NC
Andrews, EP	Gwangxu, X	Makeleni, LC	Oliver, MJ
Arendse, MT	Gympies, SC	Malong, BC	Pakela-Mapasa, XB
Arendse, P	Hadebe, B	Mamba, KC	Peter, XG
Arendse, R	Hansen, B	Mamkeli, S	Petersen, MJ
Arendse, SWP	Hassiem, W	Mangali, T	Philander, S
August, SN	Haywood, M	March, GW	Pienaar, S
Badela, DE	Hebe, LA	Marman, PI	Pietersen, MP
Basson, JA	Hendricks, MGE	Martlow, J	Pretorius, IJ
Bazier, R	Herron, BN	Matanzima, V	Pringle, SB
Beneke, R	Heynes, PC	Matha, MS	Pupa, T
Bew, CB	Honono, TT	Maxheke, JJ	Purchase, F
Bloor, GM	Hoorn, RM	Maxiti, P	Qoba, ZL
Brady, WE	Hoosain, J	Mbele, LM	Qually, DL
Bredenhand, JC	Isaacs, LI	Mbonde, ME	Rass, B
Brenner, HI	Isaacs, VR	McBride, LVP	Rau, R
Britz, MT	Iversen, I	McCarthy, J	Raymond, FHL
Brunette, EN	Jacobs, BM	Mfusi, VN	Rossouw, SJ
Bryant, DW	Jacobs, J	Middleton, JH	Sakathi, T
Brynard, CA	Jaffer, L	Mkutswana, MA	Scheepers, CJ
Carstens, H	Jafftha, WD	Mngxuneni, PM	Serritslev, AM
Cavanagh, GV	Janse van Rensburg, C	Mofoko, NM	Sikhakhane, N
Cerfontein, C	Jansen, E	Moolman, GA	Siljeur, GR
Chapple, PH	Jefferies, IK	Morkel, KH	Simons, RS
Christians, DJ	Jordaan, C	Moses, AC	Slabbert, JD
Claasen, CPV	Jordaan, LD	Moshani, NA	Smit, JD
Clayton, CC	Justus, CR	Mphila, D	Smith, J
Cottee, DG	Kannenbergh, ACK	Mpondwana, M	Sonnenberg, EJ
Crous, AC	Kempthorne, ML	Msindwana, ME	Sono, NP
D'Alton, DJ	Khatshwa, DM	Mxolose, WS	Sopaqa, MM
Davids, MM	Kleinschmidt, MRH	Mzalisi, MN	Sotashe, X
De Lille, P	Kleinsmith, ME	Ndamase, T	Southgate, KG
Diamond, SP	Komeni, AL	Ndongeni, AX	Taylor, MJ
Dube, AJ	Kopman, NF	Ndzulwana, N	Thomas, CR
Dudley, DK	Krynauw, J	Neilson, ID	Thomas, GHJ
Dyantyi, VD	Landingwe, NJ	Ngqame, YA	Thompson, TB
East, PA	Lategan, KH	Ngqose, NS	Thuynsma, J
Ehrenreich, AJ	Leputhing, CN	Ngqu, PM	Timm, G
Else, D	Le Roux, B	Nguzo, M	Toko, MS
Esau, CJ	Liell-Cock, SP	Nieuwoudt, MJ	Twigg, GG

Council members of the City of Cape Town - continued

Councillor/Alderman

Uys, TA	Van der Walt, ML	Visser, J	Williams, A
Van Dalen, B	Van Minnen, BM	Vokwana, PP	Yalezo, S
Van der Merwe, B	Van Reenen, B	Vuba, ST	Yozi, SK
Van der Merwe, CG	Van Wyk, CHS	Walker, B	Zondani, LG
Van der Merwe, JFH	Velem, M	Watkins, BRW	
Van der Rhee, A	Venter, JD	Weavers, M	
Van der Ross, PE	Viljoen, R	Weber, JD	

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

Alexander, B	06/10/2015	Anstey, E	13/04/2016
Mack, C	09/10/2015	Nqavashe, M	15/04/2016
Mbandezi, S	27/10/2015	O'Connell, R	15/05/2016
Heuvel, J	14/12/2015	Gabier, A	31/05/2016
Makelini, K	28/02/2016	Haskins, G	01/06/2016
		Bent, N	28/06/2016

	Note	2016 R'000	Restated ¹ 2015 R'000
ASSETS			
Non-current assets		42 136 829	38 578 872
Property, plant and equipment	2	36 892 544	33 443 104
Heritage assets	3	9 049	9 062
Investment property	4	588 191	589 382
Intangible assets	5	629 162	708 383
Investments	7	3 966 188	3 753 617
Long-term receivables	8	51 695	75 324
Current assets		11 726 952	10 679 240
Inventory	9	257 273	280 316
Receivables	10	5 106 634	4 618 497
Receivables from exchange transactions		3 247 000	3 032 457
Receivables from non-exchange transactions		1 859 634	1 586 040
Other receivables	11	858 306	815 094
Other receivables from exchange transactions		215 393	213 481
Other receivables from non-exchange transactions		642 913	601 613
Investments	7	2 155 177	1 746 347
Current portion of long-term receivables	8	17 093	19 838
Cash and cash equivalents	12	3 332 469	3 199 148
TOTAL ASSETS		53 863 781	49 258 112
LIABILITIES			
Non-current liabilities		12 153 259	12 040 207
Borrowings	13	6 036 906	6 415 499
Provisions	15	6 116 353	5 624 708
Current liabilities		8 859 316	8 656 354
Deposits	16	324 633	272 258
Provisions	17	1 069 277	1 127 282
Payables from exchange transactions	18	5 720 744	5 297 880
Unspent conditional grants and receipts	19	1 199 955	1 527 445
Value-added tax	20	74 771	85 807
Current portion of borrowings	13	469 936	345 682
TOTAL LIABILITIES		21 012 575	20 696 561
NET ASSETS			
Total net assets		32 851 206	28 561 551
Housing development fund	21	340 096	396 385
Reserves	22	2 664 339	2 393 879
Accumulated surplus		29 846 771	25 771 287
TOTAL NET ASSETS AND LIABILITIES		53 863 781	49 258 112

¹ Comparative restated: see note 42 for more details.

	Note	Actual	
		2016 R'000	Restated ¹ 2015 R'000
REVENUE			
Exchange revenue		19 053 721	16 785 807
Service charges	23	17 363 596	15 197 370
Rental of letting stock and facilities	24	350 954	369 121
Finance income	25	792 666	672 838
Licences and permits		41 494	43 110
Agency services		183 259	168 519
Other income	26	195 251	247 040
Gains on disposal of property, plant and equipment		126 501	87 809
Non-exchange revenue		15 927 195	14 949 231
Finance income	25	71 571	68 747
City improvement districts (CIDs)	26	150 645	134 172
Property rates	27	6 745 047	6 018 735
Fuel levy		2 060 211	2 002 938
Fines		1 087 339	988 017
Government grants and subsidies	28	5 721 468	5 674 639
Public contributions	29	90 914	61 983
Total revenue		34 980 916	31 735 038
EXPENDITURE			
Employee-related costs	30	9 357 740	8 124 734
Remuneration of councillors	31	134 637	128 411
Impairment costs	32	1 907 301	1 540 200
Collection costs		187 398	172 518
Depreciation and amortisation expenses	33	2 108 510	1 900 718
Finance costs	34	747 256	774 895
Bulk purchases	35	8 073 336	7 108 843
Contracted services		3 718 716	3 536 355
Grants and subsidies paid	36	148 246	136 487
General expenses	37	4 300 003	3 929 167
Losses on disposal of property, plant and equipment		8 118	3 096
Total expenditure		30 691 261	27 355 424
Surplus from operations		4 289 655	4 379 614
SURPLUS FOR THE YEAR		4 289 655	4 379 614

¹ Comparative restated: see note 42 for more details.

Statement of changes in net assets for the year ended 30 June 2016

	Housing development fund R'000	Capital replacement reserve R'000	Insurance reserve R'000	Accumulated surplus R'000	Total R'000
2014					
Balance as at 30 June 2014	468 419	1 187 993	563 504	21 893 987	24 113 903
Correction of error	-	-	-	68 034	68 034
Restated balance as at 30 June 2014 ¹	468 419	1 187 993	563 504	21 962 021	24 181 937
2015					
Restated surplus ¹	-	-	-	4 379 614	4 379 614
Surplus as previously reported	-	-	-	4 339 771	-
Correction of error	-	-	-	39 843	-
Transfer (from)/to	(3 503)	1 122 870	(34 744)	(1 084 623)	-
Property, plant and equipment purchased	(68 531)	(445 744)	-	514 275	-
Restated balance as at 30 June 2015 ¹	396 385	1 865 119	528 760	25 771 287	28 561 551
2016					
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	-
Balance as at 30 June 2016	340 096	2 119 182	545 157	29 846 771	32 851 206

¹ Comparative restated: see note 42 for more details.

	Note	2016 R'000	Restated ¹ 2015 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		31 191 624	28 773 498
Cash paid to suppliers and employees		(25 024 565)	(22 745 650)
Cash generated from operations	38	6 167 059	6 027 848
Finance income		841 417	735 298
Finance costs		(687 263)	(709 455)
NET CASH FROM OPERATING ACTIVITIES		6 321 213	6 053 691
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and other		(5 489 832)	(5 251 742)
Adjustment to property, plant and equipment		-	51 249
Proceeds on disposal of assets		130 189	91 419
Decrease in long-term receivables		26 374	28 800
(Increase)/decrease in investments		(621 401)	366 983
NET CASH FROM INVESTING ACTIVITIES		(5 954 670)	(4 713 291)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		(285 597)	(309 852)
Increase/(decrease) in deposits		52 375	(97 959)
NET CASH FROM FINANCING ACTIVITIES		(233 222)	(407 811)
NET INCREASE IN CASH AND CASH EQUIVALENTS	39	133 321	932 589
Cash and cash equivalents at the beginning of the year		3 199 148	2 266 559
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		3 332 469	3 199 148

¹ Comparative restated: See note 42 for more details.

City of Cape Town

Statement of comparison of budget and actual amounts for the year ended 30 June 2016

Audited

Note	Original budget R'000	Final budget R'000	Actual per statement of performance classification R'000	Reconciliation of classification R'000	Actual per budget classification R'000	Variance: Final budget and actual amounts R'000	Variance %
STATEMENT OF FINANCIAL POSITION							
43.2.1	42 929 513	42 456 974	42 136 829	-	42 136 829	320 145	0,75
i	9 183 356	8 714 796	11 726 952	-	11 726 952	(3 012 156)	(34,56)
Total assets	52 112 869	51 171 770	53 863 781	-	53 863 781	(2 692 011)	(5,26)
	14 391 843	12 010 095	12 153 259	-	12 153 259	(143 164)	(1,19)
Total non-current liabilities	8 829 527	8 341 577	8 859 316	-	8 859 316	(517 739)	(6,21)
Total current liabilities	23 221 370	20 351 672	21 012 575	-	21 012 575	(660 903)	(3,25)
Total liabilities	28 891 499	30 820 098	32 851 206	-	32 851 206	(2 031 108)	(6,59)
Total net assets	52 112 869	51 171 770	53 863 781	-	53 863 781	(2 692 011)	(5,26)
FINANCIAL PERFORMANCE							
43.2.2	6 546 155	6 578 912	6 745 047	-	6 745 047	(166 135)	(2,53)
Property rates	17 002 759	16 997 225	17 363 596	-	17 363 596	(366 371)	(2,16)
Service charges	271 687	580 766	864 237	(221 609)	642 628	(61 862)	(10,65)
i Investment revenue	3 579 752	4 106 009	3 589 931	29 326	3 619 257	486 752	11,85
ii Transfers recognised - operational	4 269 728	4 200 321	4 195 654	221 608	4 417 262	(216 941)	(5,16)
Other own revenue	31 670 081	32 463 233	32 758 465	29 325	32 787 790	(324 557)	(1,00)
Total revenue (excluding capital transfers and contributions)	9 847 508	9 922 787	9 357 740	-	9 357 740	565 047	5,69
Employee costs	139 311	139 311	134 637	-	134 637	4 674	3,36
Remuneration of councillors	2 089 827	2 127 123	2 108 510	8 826	2 117 336	9 787	0,46
Depreciation and asset impairment	971 133	762 538	747 256	4 358	751 614	10 924	1,43
Finance charges	8 326 560	8 378 697	8 073 336	300 405	8 373 741	4 956	0,06
Materials and bulk purchases	120 402	311 809	148 246	-	148 246	163 563	52,46
Transfers and grants	10 595 504	10 970 070	10 121 536	(313 589)	9 807 947	1 162 123	10,59
Other expenditure	32 090 245	32 612 335	30 691 261	-	30 691 261	1 921 074	5,89
Total expenditure	(420 164)	(149 102)	2 067 204	29 325	2 096 529	(2 245 631)	12,88
Surplus/(deficit)	2 223 813	2 446 794	2 131 537	-	2 131 537	315 257	10,40
v Transfers recognised - capital	53 761	68 734	90 914	(29 325)	61 589	7 145	10,40
vi Contributions recognised - capital and contributed assets	1 857 410	2 366 426	4 289 655	-	4 289 655	(1 923 229)	(81,27)
Surplus/(deficit) after capital transfers and contributions							

City of Cape Town

Statement of comparison of budget and actual amounts for the year ended 30 June 2016

Audited

	Note	Original budget R'000	Final budget R'000	Actual per statement of performance classification R'000	Reconciliation of classification R'000	Actual per budget classification ¹ R'000	Variance: Final budget and actual amounts R'000	Variance %
CASH FLOW STATEMENT								
Net cash from (used) operating	43.2.3	4 184 203	4 406 629	6 321 213	-	6 321 213	(1 914 584)	(42,45)
Net cash from (used) investing	i	(6 046 623)	(6 149 483)	(5 954 670)	-	(5 954 670)	(194 813)	3,17
Net cash from (used) financing		1 671 793	(258 372)	(233 222)	-	(233 222)	(25 150)	9,73
Net (decrease)/increase in cash and cash equivalents		(190 627)	(2 001 226)	133 321	-	133 321	(2 134 547)	106,66
CAPITAL EXPENDITURE								
City Health	43.3.1	15 673	21 288	17 122	-	17 122	4 166	19,57
City Manager		14 954	19 274	18 925	-	18 925	349	1,81
Corporate Services and Compliance ²		425 013	463 779	448 054	-	448 054	15 725	3,39
Community Services	ii	160 331	221 715	193 009	-	193 009	28 706	12,95
Energy, Environmental and Spatial Planning		80 064	64 169	62 977	-	62 977	1 192	1,86
Finance		141 379	40 186	39 080	-	39 080	1 106	2,75
Safety and Security		105 163	149 957	149 895	-	149 895	62	0,04
Social Development and Early Childhood Development		11 971	15 760	15 660	-	15 660	100	0,63
Tourism, Events and Economic Development		41 098	41 403	40 824	-	40 824	579	1,40
Transport for Cape Town	iii	1 399 805	1 651 077	1 424 448	-	1 424 448	226 629	13,73
Human Settlements	iv	420 835	430 993	336 606	-	336 606	94 387	21,90
Solid Waste Management	v	297 856	270 245	252 601	-	252 601	17 644	6,53
Water and Sanitation	vi	1 512 625	1 545 493	1 399 778	-	1 399 778	145 715	9,43
Cape Town Electricity	vii	1 417 218	1 193 755	1 090 855	-	1 090 855	102 900	8,62
Total³		6 043 985	6 129 094	5 489 834	-	5 489 834	639 260	10,43

¹ The format and classification schemes adopted for presentation of the approved budget for the 2015/16 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. A reconciliation has been provided to explain these differences in classification between the final budget and Statement of Financial Performance.

² 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.

³ The actual capital expenditure amount does not include the contributed assets amount of R64,21 million. See annexure B.

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 2 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'.

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:

- **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.

- **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, using actuarial valuations.

- **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 City has not adopted any GRAP standard that is not yet effective, but has based its accounting policies on such standards, except for GRAP 18. Effective dates have been given for some of the standards, while for others, no effective dates have yet been determined. At the date of submission of these financial statements for the year ended 30 June 2016, the following approved Standards of GRAP 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 108 - Statutory receivables
- GRAP 109 - Accounting by principals and agents
- IGRAP 17 - Service concession arrangements where a grantor controls a significant residual interest in an asset

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 from internal sources, cash amounts are transferred from the accumulated surplus to the CRR.

The following provisions 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 a 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
Infrastructure		Other	
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
Housing	30	Specialised vehicles	10-20
		Library books	1
Community		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.

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 RECEIPTS

Grants, transfers and donations 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, transfer or donation 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, transfers or donations are met. Grants, transfers or donations that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Interest earned on the investment of grants, transfers and donations received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant, transfer or donation 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 as a finance cost.

ENVIRONMENTAL REHABILITATION PROVISIONS

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, 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 so far as the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any unwinding of discount is charged to the statement of financial performance.

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.

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.

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.

Actuarial gains or losses are fully accounted for in the statement of financial performance in full in the year that 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. The projected unit credit method has been used to value the obligation. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance.

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. 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.

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 is recognised on a monthly basis once the income collected on behalf of agents 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 relevant 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 contrary to the MFMA, Act 56 of 2003, Municipal Systems Act, (MSA), Act 32 of 2000, and Remuneration of Public Office Bearers Act, Act 20 of 1998 or that is in contravention of 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 2015 to 30 June 2016. The amounts are scheduled 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 beginning 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 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

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results, as set out in the affected notes to the financial statements.

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 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 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
Financial assets					
2016					
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
	10 548 395	4 480 897	425 766	15 455 058	15 452 690
Financial assets					
2015					
Investments	1 863 861	3 277 337	358 766	5 499 964	5 497 042
Long-term receivables	95 162	-	-	95 162	95 162
Receivables	4 618 497	-	-	4 618 497	4 618 497
Other receivables	758 968	-	-	758 968	758 968
Cash and cash equivalents	1 985 114	1 214 034	-	3 199 148	3 195 436
	9 321 602	4 491 371	358 766	14 171 739	14 165 105

The 'Other receivables' 2015 comparative amount of R758,97 million has been restated from R651,09 million (see note 42).

	Amortised cost R'000	Total carrying amount R'000	Fair value R'000
2016			
Non-derivative financial liabilities			
Borrowings	6 506 842	6 506 842	6 817 537
Payables	4 485 296	4 485 296	4 485 296
	10 992 138	10 992 138	11 302 833
Derivative financial liabilities			
Forward exchange contracts	152	152	152
2015			
Non-derivative financial liabilities			
Borrowings	6 761 181	6 761 181	7 113 302
Payables	4 152 612	4 152 612	4 152 612
	10 913 793	10 913 793	11 265 914
Derivative financial liabilities			
Forward exchange contracts	-	-	-

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
2016				
Financial assets				
Investments	2 179 527	1 473 128	-	3 652 655
Cash and cash equivalents	-	828 242	-	828 242
	2 179 527	2 301 370	-	4 480 897
Derivative financial liabilities				
Forward exchange contracts	152	-	-	152
2015				
Financial assets				
Investments	2 832 054	445 283	-	3 277 337
Cash and cash equivalents	-	1 214 034	-	1 214 034
	2 832 054	1 659 317	-	4 491 371
Derivative financial liabilities				
Forward exchange contracts	-	-	-	-

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
2016				
Non-derivative financial liabilities	5 658 728	3 267 333	7 186 298	16 112 359
Borrowings	1 173 432	3 267 333	7 186 298	11 627 063
Capital repayments	469 936	765 789	5 271 117	6 506 842
Interest	703 496	2 501 544	1 915 181	5 120 221
Payables	4 485 296	-	-	4 485 296
Trade payables	3 685 512	-	-	3 685 512
Sundry creditors	799 784	-	-	799 784
Derivative financial liabilities	152	-	-	152
Forward exchange contracts	152	-	-	152
	5 658 880	3 267 333	7 186 298	16 112 511

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:

	2016 R'000	2015 R'000
Investments	5 695 599	5 141 198
Long-term receivables – see note 8	68 788	95 162
Receivables and other receivables – see note 10 and 11	5 932 436	5 377 465
Cash and cash equivalents – see note 12	3 332 469	3 199 148
TOTAL	15 029 292	13 812 973

The 'Receivables and other receivables' 2015 comparative amount of R5,38 billion has been restated from R4,72 billion (see note 42).

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. 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 performance. 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 1,23% (2015: 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.

1.6 Market risk

Market risk is the risk that changes in market prices such as interest rates (see note 1.6.1) and foreign-exchange rates (see note 1.6.2) 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 2016 were as follows:

	Weighted interest rate %	Maturity of interest-bearing assets/liabilities			Total R'000
		1 year or less R'000	1-5 years R'000	>5 years R'000	
Financial assets					
Investments	7,48	2 983 419	1 588 408	1 952 014	6 523 841
Cash and cash equivalents	7,06	2 504 227	-	-	2 504 227
Total financial assets		5 487 646	1 588 408	1 952 014	9 028 068
Financial liabilities					
Borrowings	9,91	469 936	765 789	5 271 117	6 506 842
Total financial liabilities		469 936	765 789	5 271 117	6 506 842

Interest rate sensitivity analysis**Financial assets**

As at 30 June 2016, if the weighted 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 R94,54 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 2016 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 2016, 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 R242 236 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
As at 30 June 2016							
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
TOTAL	33 443 104	(59 817)	5 528 347	(11 801)	(1 998 464)	(8 825)	36 892 544

(See annexure B for more details)

As at 30 June 2015

Land and buildings	1 997 599	70 176	46 023	-	(36 020)	(9 931)	2 067 847
Infrastructure	16 829 950	(170 918)	3 139 878	-	(795 832)	-	19 003 078
Community	6 279 252	56 825	285 534	-	(312 440)	(291)	6 308 880
Other	3 180 530	(461 058)	922 241	(5 453)	(497 607)	(6 194)	3 132 459
Service concession	878 412	150 892	257 956	-	(93 282)	-	1 193 978
Housing rental stock	1 373 115	273 347	162 955	(1 242)	(71 313)	-	1 736 862
TOTAL	30 538 858	(80 736)	4 814 587	(6 695)	(1 806 494)	(16 416)	33 443 104

Assets under construction

	2016 R'000	2015 R'000
Infrastructure	2 772 766	2 398 210
Community	64 318	112 611
Other	803 072	512 781

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 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 nil or 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).

Fully depreciated assets at an original cost of R539,79 million (2015: R581,50 million) are still in use.

The recoverable amount of impaired assets is R0,15 million (2015: R7,12 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.

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
As at 30 June 2016					
Paintings and museum items	9 062	(8)	-	(5)	9 049
TOTAL	9 062	(8)	-	(5)	9 049

(See annexure B for more details)

As at 30 June 2015

Paintings and museum items	9 111	(38)	-	(11)	9 062
TOTAL	9 111	(38)	-	(11)	9 062

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

4. INVESTMENT PROPERTY

As at 30 June 2016

Land and buildings

(See annexure B for more details)

Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Depreciation R'000	Carrying value R'000
589 382	-	1 044	(2 235)	588 191

As at 30 June 2015

Land and buildings

190 849	(1)	400 175	(1 641)	589 382
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5. INTANGIBLE ASSETS

As at 30 June 2016

Acquisition of rights

Computer software

TOTAL

(See annexure B for more details)

Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Amortisation R'000	Carrying value R'000
552 185	(55 887)	-	(65 544)	430 754
156 198	59 825	24 652	(42 267)	198 408
708 383	3 938	24 652	(107 811)	629 162

As at 30 June 2015

Acquisition of rights

Computer software

TOTAL

611 090	-	-	(58 905)	552 185
118 417	29 526	41 933	(33 678)	156 198
729 507	29 526	41 933	(92 583)	708 383

6. CAPITAL COMMITMENTS

Approved and contracted for capital expenditure

Infrastructure

Community

Other

TOTAL

2016 R'000	2015 R'000
3 054 751	1 863 298
35 754	33 564
300 984	696 472
3 391 489	2 593 334

Capital commitments represent future capital expenditure. The City has the obligation to spend these amounts due to signed contracts with suppliers and approval per the Medium Term Revenue and Expenditure Framework. The R3,39 billion (2015: R2,59 billion) are exclusive of VAT.

7. INVESTMENTS

As at 30 June 2016

RSA Government stock

Sinking-fund deposits – see note 13

Other fixed deposits

Deposits held with fund managers

Shares in CTICC

Provision for impairment

Net investments

Transferred to current investments

Transferred to cash and cash equivalents – see note 12

TOTAL

Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
75 384	-	-	75 384
1 968 583	-	-	1 968 583
2 415 521	-	-	2 415 521
-	4 480 897	-	4 480 897
-	-	670 998	670 998
4 459 488	4 480 897	670 998	9 611 383
(5 319)	-	(245 232)	(250 551)
4 454 169	4 480 897	425 766	9 360 832
(106 420)	(2 048 757)	-	(2 155 177)
(2 411 225)	(828 242)	-	(3 239 467)
1 936 524	1 603 898	425 766	3 966 188

	Amortised cost R'000	Fair value R'000	Cost R'000	Total R'000
As at 30 June 2015				
RSA Government stock	76 655	-	-	76 655
Sinking-fund deposits – see note 13	1 788 233	-	-	1 788 233
Other fixed deposits	1 846 459	-	-	1 846 459
Deposits held with fund managers	-	4 491 371	-	4 491 371
Shares in CTICC	-	-	603 998	603 998
	3 711 347	4 491 371	603 998	8 806 716
Provision for impairment	(5 319)	-	(245 232)	(250 551)
Net investments	3 706 028	4 491 371	358 766	8 556 165
Transferred to current investments	-	(1 746 347)	-	(1 746 347)
Transferred to cash and cash equivalents – see note 12	(1 842 167)	(1 214 034)	-	(3 056 201)
TOTAL	1 863 861	1 530 990	358 766	3 753 617

Collateral deposits for staff housing loans

Included in other fixed deposits are fixed deposits with a carrying value of R0,04 million (2015: 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 2016 is R670,99 million (2015: R604,00 million) and the impairment loss provision is R245,23 million (2015: 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, 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)/to provisions

Balance as at 30 June

	2016 R'000	2015 R'000
	609	758
	710	789
	2 355	3 100
	5 023	5 531
	(2 668)	(2 431)
	65 114	90 515
	82 621	108 375
	(17 507)	(17 860)
	68 788	95 162
	(17 093)	(19 838)
TOTAL	51 695	75 324
	20 291	15 684
	(116)	4 607
Balance as at 30 June	20 175	20 291

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 19% 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 9,75% (2015: 9,25%) 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

2016 R'000	2015 R'000
201 191	218 054
21 528	29 643
17 264	20 168
17 290	12 451
257 273	280 316

Inventory to the value of R0,56 million (2015: R1,17 million) was scrapped during the year.

10. RECEIVABLES

	As at 30 June 2016			As at 30 June 2015		
	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
From exchange transactions	7 263 260	(4 016 260)	3 247 000	6 659 768	(3 627 311)	3 032 457
Service debtors	6 263 870	(3 203 425)	3 060 445	5 708 766	(2 888 362)	2 820 404
Housing rental stock	658 361	(597 988)	60 373	615 069	(550 292)	64 777
Housing selling stock	189 320	(159 903)	29 417	183 524	(144 147)	39 377
Other exchange debtors	151 709	(54 944)	96 765	152 409	(44 510)	107 899
From non-exchange transactions	2 547 315	(687 681)	1 859 634	2 295 357	(709 317)	1 586 040
Rates debtors	2 507 662	(682 254)	1 825 408	2 263 491	(703 586)	1 559 905
Other non-exchange debtors	39 653	(5 427)	34 226	31 866	(5 731)	26 135
TOTAL	9 810 575	(4 703 941)	5 106 634	8 955 125	(4 336 628)	4 618 497

As at 30 June 2016, the City's receivables balance included an amount of approximately R227,31 million (2015: R130,73 million), owed by National Government and Province.

Reconciliation of impairment provision

Balance at beginning of the year
Contributions to provisions
Transfers from provisions
Bad debts written off
Balance as at 30 June

2016 R'000	2015 R'000
4 336 628	4 230 967
1 062 848	802 097
(4 823)	(4 584)
(690 712)	(691 852)
4 703 941	4 336 628

The impairment allowance mainly represents the outstanding amounts due to the City by indigent consumers. This accumulative total was fully provided for in the annual budgets. The write off of irrecoverable debt will be processed upon the installation of credit metres.

	Analysis of receivables' age in days					
	As at 30 June 2016			As at 30 June 2015		
	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
FROM EXCHANGE TRANSACTIONS	7 263 260	(4 016 260)	3 247 000	6 659 768	(3 627 311)	3 032 457
Service debtors	6 263 870	(3 203 425)	3 060 445	5 708 766	(2 888 362)	2 820 404
Electricity	1 522 554	(228 842)	1 293 712	1 388 686	(194 865)	1 193 821
Not due	945 595	(16 453)	929 142	841 519	(9 341)	832 178
Past due						
1-90	232 535	(4 046)	228 489	224 588	(2 493)	222 095
91-365	138 491	(2 410)	136 081	141 114	(1 566)	139 548
365+	205 933	(205 933)	-	181 465	(181 465)	-
Water	2 944 277	(1 883 538)	1 060 739	2 654 722	(1 698 479)	956 243
Not due	377 151	(81 012)	296 139	322 145	(39 012)	283 133
Past due						
1-90	390 447	(83 868)	306 579	293 787	(35 578)	258 209
91-365	583 317	(125 296)	458 021	472 068	(57 167)	414 901
365+	1 593 362	(1 593 362)	-	1 566 722	(1 566 722)	-
Waste management	509 293	(302 520)	206 773	457 590	(266 015)	191 575
Not due	46 951	(3 953)	42 998	45 577	(1 832)	43 745
Past due						
1-90	67 666	(5 698)	61 968	59 690	(2 400)	57 290
91-365	111 167	(9 360)	101 807	94 332	(3 792)	90 540
365+	283 509	(283 509)	-	257 991	(257 991)	-
Wastewater management	1 287 746	(788 525)	499 221	1 207 768	(729 003)	478 765
Not due	165 859	(22 640)	143 219	154 217	(13 787)	140 430
Past due						
1-90	160 377	(21 892)	138 485	145 245	(12 985)	132 260
91-365	251 901	(34 384)	217 517	226 307	(20 232)	206 075
365+	709 609	(709 609)	-	681 999	(681 999)	-
Housing rental stock	658 361	(597 988)	60 373	615 069	(550 292)	64 777
Not due	39 142	(25 372)	13 770	40 760	(25 577)	15 183
Past due						
1-90	50 135	(32 497)	17 638	39 987	(25 091)	14 896
91-365	82 334	(53 369)	28 965	93 150	(58 452)	34 698
365+	486 750	(486 750)	-	441 172	(441 172)	-

	Analysis of receivables' age in days - continued					
	As at 30 June 2016			As at 30 June 2015		
	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
Housing selling stock	189 320	(159 903)	29 417	183 524	(144 147)	39 377
Not due	12 181	(2 556)	9 625	13 818	(2 282)	11 536
Past due						
1-90	11 142	(2 308)	8 834	12 340	(2 043)	10 297
91-365	13 878	(2 920)	10 958	21 010	(3 466)	17 544
365+	152 119	(152 119)	-	136 356	(136 356)	-
Other exchange debtors	151 709	(54 944)	96 765	152 409	(44 510)	107 899
Not due	75 489	(1 744)	73 745	77 210	-	77 210
Past due						
1-90	11 550	(267)	11 283	15 596	-	15 596
91-365	12 015	(278)	11 737	15 093	-	15 093
365+	52 655	(52 655)	-	44 510	(44 510)	-
FROM NON-EXCHANGE TRANSACTIONS	2 547 315	(687 681)	1 859 634	2 295 357	(709 317)	1 586 040
Rates debtors	2 507 662	(682 254)	1 825 408	2 263 491	(703 586)	1 559 905
Not due	1 639 778	(77 100)	1 562 678	1 375 960	(72 925)	1 303 035
Past due						
1-90	60 800	(2 834)	57 966	66 040	(3 500)	62 540
91-365	214 772	(10 008)	2 04 764	205 206	(10 876)	194 330
365+	592 312	(592 312)	-	616 285	(616 285)	-
Other non-exchange debtors	39 653	(5 427)	34 226	31 866	(5 731)	26 135
Not due	21 398	-	21 398	16 776	-	16 776
Past due						
1-90	7 425	-	7 425	6 635	-	6 635
91-365	5 403	-	5 403	2 724	-	2 724
365+	5 427	(5 427)	-	5 731	(5 731)	-
TOTAL	9 810 575	(4 703 941)	5 106 634	8 955 125	(4 336 628)	4 618 497

Included in the column 'Not due' are debtors to the value of R743,08 million (2015: R800,44 million) who have made arrangements to repay their outstanding arrear debt over a renegotiated period, as well as amounts billed that were only invoiced after year-end.

11. OTHER RECEIVABLES

	As at 30 June 2016			As at 30 June 2015		
	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
From exchange transactions	271 448	(56 055)	215 393	279 441	(65 960)	213 481
Payments made in advance	32 504	-	32 504	56 126	-	56 126
Property rentals	58 234	(35 164)	23 070	80 773	(48 102)	32 671
Other exchange debtors	180 710	(20 891)	159 819	142 542	(17 858)	124 684
From non-exchange transactions	2 546 271	(1 903 358)	642 913	1 826 808	(1 225 195)	601 613
Government subsidies	37 251	-	37 251	164 141	-	164 141
Traffic fines	2 288 756	(1 903 358)	385 398	1 539 573	(1 225 195)	314 378
Other non-exchange debtors	220 264	-	220 264	123 094	-	123 094
TOTAL	2 817 719	(1 959 413)	858 306	2 106 249	(1 291 155)	815 094

The 'Net balance' 2015 comparative amount of R815,09 million has been restated from R707,22 million (see note 42).

	2016 R'000	2015 R'000
Reconciliation of impairment provision		
Balance at beginning of the year	1 291 155	893 450
Contributions to provisions	757 622	626 863
Transfers from provisions	-	(218 706)
Bad debt written off	(89 364)	(10 452)
Balance as at 30 June	1 959 413	1 291 155

The impairment allowance consists mainly of outstanding traffic fines due to the City. The accumulative total is fully provided for in the annual budgets. The recovery of traffic fines is a protracted process due to administrative and court procedures.

	Analysis of receivables' age in days					
	As at 30 June 2016			As at 30 June 2015		
	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
FROM EXCHANGE TRANSACTIONS	271 448	(56 055)	215 393	279 441	(65 960)	213 481
Payment made in advance	32 504	-	32 504	56 126	-	56 126
Not due	32 504	-	32 504	56 126	-	56 126
Property rentals	58 234	(35 164)	23 070	80 773	(48 102)	32 671
Not due	8 565	-	8 565	7 705	(1 047)	6 658
Past due						
1-90	10 788	-	10 788	30 722	(4 175)	26 547
91-365	3 717	-	3 717	(618)	84	(534)
365+	35 164	(35 164)	-	42 964	(42 964)	-
Other exchange debtors	180 710	(20 891)	159 819	142 542	(17 858)	124 684
Not due	131 117	(375)	130 742	116 093	(109)	115 984
Past due						
1-90	25 251	(289)	24 962	9 175	(52)	9 123
91-365	4 787	(672)	4 115	(313)	(110)	(423)
365+	19 555	(19 555)	-	17 587	(17 587)	-
FROM NON-EXCHANGE TRANSACTIONS	2 546 271	(1 903 358)	642 913	1 826 808	(1 225 195)	601 613
Government subsidies	37 251	-	37 251	164 141	-	164 141
Not due	37 251	-	37 251	164 141	-	164 141
Traffic fines	2 288 756	(1 903 358)	385 398	1 539 573	(1 225 195)	314 378
Not due	-	-	-	-	-	-
Past due						
1-90	250 675	(208 464)	42 211	208 401	(164 340)	44 061
91-365	659 654	(548 577)	111 077	593 748	(468 217)	125 531
365+	1 378 427	(1 146 317)	232 110	737 424	(592 638)	144 786
Other non-exchange debtors	220 264	-	220 264	123 094	-	123 094
Not due	220 264	-	220 264	123 094	-	123 094
TOTAL	2 817 719	(1 959 413)	858 306	2 106 249	(1 291 155)	815 094

12. CASH AND CASH EQUIVALENTS (BANK AND CASH)

Bank balance *	
Year-end accruals	
Interest accrual	
Bank charges accrual	
Cash on hand and in transit	
Call and short-term deposits – see note 7	
Amortised cost	

Call and short-term deposits	
Bank accounts managed by fund managers *	
Fair value – see note 7	

TOTAL

2016 R'000	2015 R'000
61 936	108 447
182	(71)
607	367
(425)	(438)
30 884	34 571
2 411 225	1 842 167
2 504 227	1 985 114
820 366	1 206 089
7 876	7 945
828 242	1 214 034
3 332 469	3 199 148

*See annexure C for more details.

13. BORROWINGS

Marketable bonds	
Concessionary loans	
Other loans	
Subtotal – see annexure A for more details	
Transferred to current liabilities	
TOTAL	

4 275 489	4 275 489
1 693 550	1 820 337
537 803	665 355
6 506 842	6 761 181
(469 936)	(345 682)
6 036 906	6 415 499

A total of R1,97 billion (2015: R1,79 billion) has been ring-fenced for the repayment of the long-term liabilities – see note 7 for more details.

MARKETABLE BONDS**4 275 489****4 275 489****Marketable bonds**

4 275 489

4 275 489

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).

CONCESSIONARY LOANS**1 693 550****1 820 337****Agence Française de Développement (AFD)**

1 678 888

1 802 341

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 2016 is R1,91 billion (2015: R2,07 billion).

Nedcor Bank

29

25

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 2016 is R50 000 (2015: R50 000).

Development Bank of Southern Africa (DBSA)

14 633

17 971

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 2016 is R16 million (2015: R20 million).

	2016 R'000	2015 R'000
OTHER LOANS	537 803	665 355
FirstRand Bank A structured 15-year loan to the value of R220 million, of which R200 million is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R20 million is payable in one instalment together with fixed interest on 30 June 2017. The loan bears interest at a fixed rate of 12,63% per annum. The bullet repayment of the R20 million capital and interest will be 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 has 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.	135 005	147 725
Development Bank of Southern Africa 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.	278 499	348 415
ABSA Bank 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.	40 000	60 000
FirstRand Bank 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.	84 299	109 215
TOTAL - see annexure A for more details	6 506 842	6 761 181

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.

SHORT-TERM DEBT FACILITIES

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

	2016 R'000	2015 R'000
Performance guarantee	25 000	15 000
Letter of credit	10 500	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.

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 R952,54 million (2015: R874,92 million) to the DB and DC structures 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**Cape Joint Pension Fund (multi-employer fund)**

The DB section is a multi-employer plan, and the contribution rate payable is 27%, i.e. 9% by the members and 18% by their councils. The last actuarial valuation of the fund was performed at 30 June 2015, at which stage the fund was certified by the actuary as being in a sound financial condition. Since the previous valuation date, the valuation indicates a R28 million surplus and was 101,4% funded and a R21,9 million surplus and was 153,1% funded for the pensioners account and defined benefit active members respectively at the financial year-end. The City of Cape Town is included among the local authorities that contribute to the Cape Joint Pension Fund. Included in the rules of the fund is a proviso that the assets provide a minimum return of 5,5% per annum, failing which the local authorities associated with the fund are required to fund the shortfall in direct proportion to the level of contributions made. There have been significant amendments to the pension fund regulations, notably rule 17(5), in terms of which the fund is managing its sustainability risk. The same applies to the DC schemes.

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 2015, and had remained stable since the previous valuation date.

14.2 Defined-contribution schemes**Cape Joint Pension Fund (multi-employer fund)**

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 2015 at which stage the actuary certified the fund as being in a sound financial condition. The valuation disclosed funding of 100%.

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 sufficient 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.

South African Municipal Workers Union (SAMWU) National Provident Fund (multi-employer fund)

The SAMWU National Provident Fund is a DC scheme. The last actuarial valuation of the fund was performed at 30 June 2014, at which stage the fund was certified as being in a financial sound position.

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. The fund has been awarded an unqualified audit opinion for the audit of finances for the year ended 30 June 2013. An actuarial valuation of the fund was performed at 30 June 2015, which certified it as being in a financially sound position.

	DB section	DC section	Total
In-service members	245	9 574	9 819
Pensioners	3 271	1 617	4 888
Membership as at 30 June 2015	3 516	11 191	14 707

	2016 R'million	2015 R'million
Past-service position – DB section	9 165	3 739
Past-service position – DC section	4 402	6 357
Total liabilities	13 567	10 096
Assets valued at market value	13 575	10 109
Actuarial surplus	-	-

	2016 %	2015 %
Key financial assumptions		
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	1,50	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
As at 30 June 2016					
Balance at the beginning of the year	463 389	272 485	4 866 055	22 779	5 624 708
Interest costs	46 958	28 735	458 651	2 244	536 588
Service costs	37 940	-	93 689	688	132 317
Benefit/rehabilitation payments	(56 120)	(2 675)	(193 846)	(1 084)	(253 725)
Actuarial losses/(gains)	10 196	-	40 564	(2 574)	48 186
Change in estimate	-	40 400	-	-	40 400
Transferred from current provisions (prior-year)	58 800	2 342	187 931	2 020	251 093
	561 163	341 287	5 453 044	24 073	6 379 567
Transferred to current provision	(51 078)	(4 500)	(205 497)	(2 139)	(263 214)
TOTAL	510 085	336 787	5 247 547	21 934	6 116 353

15.1 Long-service leave benefits

An actuarial valuation has been performed of the City's liability for long-service leave benefits relating to vested 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 2016 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 2016 supplied by the JSE were used to determine the discount rates and consumer price index (CPI) assumptions at each relevant time period (2015: nominal and zero curves).

Key financial assumptions

Discount rate
General inflation rate (consumer price index)

Salary increase

2016	2015
Yield curve Difference between nominal and real yield curve Equal to CPI + 1%	Yield curve Difference between nominal and real yield curve Equal to CPI + 1%

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 5,70% (2015: 5,85%).
- Discount rate at the average borrowing cost of 11,01% (2015: 10,26%).
- Scheduled dates of total closure and rehabilitation are anticipated to be between 2018 and 2033.

15.3 Post-retirement health-care and retirement pension defined benefits

An actuarial valuation has been performed of the City's liability in respect of 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.

15.3.1 Health-care benefits

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 2016 constituted 8 312 (2015: 8 976) in-service members and 6 750 (2015: 6 678) 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 2016 has been discounted at a rate determined on the basis of the yield curve (2015: yield curve) per annum on government bonds.

Key financial assumptions

Discount rate

General inflation rate

Health-care cost inflation rate

Net effective discount rate

2016	2015
Yield curve	Yield curve
Difference between nominal and yield curves	Difference between nominal and yield curves
CPI + 1%	CPI + 1%
Yield curve-based	Yield curve-based

Sensitivity analysis

Assumptions used

Health-care inflation

Post-retirement mortality

Change in assumption	Liability R'000	Service costs R'000	Interest costs R'000
Assumptions used	5 453 044	96 600	536 439
1% decrease	4 768 171	79 805	467 587
1% increase	6 285 775	117 736	620 190
20% decrease	6 020 949	107 380	593 376
20% increase	5 004 464	87 953	491 460

15.3.2 Retirement pension defined benefits

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 2016 was 22 (2015: 23) in-service employees and 89 (2015: 94) 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 2016 has been discounted at the yield curve (2015: yield curve) per annum rate determined on the basis of the market yields on government bonds.

Key financial assumptions

Discount rate

General inflation rate (consumer price index)

General salary inflation rate

Net effective discount rate

2016	2015
Yield curve	Yield curve
Difference between real and yield curve	Difference between real and yield curve
CPI + 2%	CPI + 2%
Curve-dependent	Curve-dependent

16. DEPOSITS

Electricity and water
Other deposits

2016 R'000	2015 R'000
313 996	263 128
10 637	9 130
324 633	272 258

Guarantees held in lieu of electricity and water deposits were R88,81 million (2015: R33,31 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 2016 R'000	Raised R'000	Utilised/ reversed R'000	Transfers from non-current R'000	Closing balance 2016 R'000
Long-service awards	58 800	-	(58 800)	51 078	51 078
Environmental rehabilitation	2 342	-	(2 342)	4 500	4 500
Post-retirement benefits	189 951	-	(189 951)	207 636	207 636
Insurance claims	13 858	11 265	(13 858)	-	11 265
Leave benefits	541 670	20 991	-	-	562 661
Other provisions	320 661	214 519	(303 043)	-	232 137
TOTAL	1 127 282	246 775	(567 994)	263 214	1 069 277

Insurance and COID claims

Provision has been made for outstanding insurance claims as at 30 June 2016, funded out of the insurance reserve. The assessment of claims is based on the assessed quantum of claims received.

Staff leave

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.

Other provisions

Included in 'Other provisions' is R119,02 million for backpay in terms of the tuned assessment of skills and knowledge (TASK) project. The balance consists of various other provisions.

18. PAYABLES FROM EXCHANGE TRANSACTIONS

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

2016 R'000	2015 R'000
3 685 512	3 414 989
1 235 448	1 145 268
20 735	18 513
364 464	335 221
414 585	383 889
5 720 744	5 297 880

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.

19. UNSPENT CONDITIONAL GRANTS AND RECEIPTS**Conditional grants from other spheres of government**

National Government
Province

1 119 324	1 442 652
650 929	996 069
468 395	446 583
80 631	84 793
80 631	84 793
1 199 955	1 527 445

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.

The unspent portion of the conditional grant will be spent over the next two or three years to the conclusion of the projects for which they were intended.

20. VALUE-ADDED TAX (VAT)

VAT payable
Impairment

VAT receivable

TOTAL NET VAT PAYABLE

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

2016 R'000	2015 R'000
422 511	381 428
211 315	248 353
211 196	133 075
(347 740)	(295 621)
74 771	85 807

21. HOUSING DEVELOPMENT FUND**Realised housing proceeds**

Balance at beginning of the year

Income

Land sales

Repayments – long-term debtors

Repayments – public organisations

Service contributions

Recoveries from Western Cape Provincial Government

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

Loans realised

Long-term loans – housing

Long-term loans – public organisations

Transfer to/(from)provision for impairment – long-term debtors selling schemes

Transfer (from)/to provision for impairment – long-term 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.

302 771	346 222
59 277	48 599
3 618	12 174
37 620	32 479
560	601
3 233	3 345
10 051	-
4 195	-
16 275	15 893
(102 423)	(101 032)
(19 677)	(68 531)
(82 746)	(32 501)
(3 272)	(6 911)
272 628	302 771
93 614	122 197
(26 261)	(23 976)
(25 753)	(23 432)
(508)	(544)
352	(5 391)
(237)	784
67 468	93 614
340 096	396 385

22. RESERVES

Capital replacement reserve

Insurance reserves

Self-insurance reserve

COLD reserve

TOTAL

2 119 182	1 865 119
545 157	528 760
474 870	460 436
70 287	68 324
2 664 339	2 393 879

23. SERVICE CHARGES

Sale of electricity

Water and Sanitation

Sale of water

Wastewater management

Solid waste management

Other

TOTAL

11 198 441	9 977 027
4 519 840	3 845 942
2 984 859	2 524 635
1 534 981	1 321 307
991 556	890 741
653 759	483 660
17 363 596	15 197 370

24. RENTAL OF LETTING STOCK AND FACILITIES

Rentals
Income forgone*
TOTAL

2016 R'000	2015 R'000
374 052	400 889
(23 098)	(31 768)
350 954	369 121

25. FINANCE INCOME**Exchange transactions**

Interest receivable – external investments
Interest transferred to external funds (conditional grants)
Interest receivable – outstanding service debtors

Non-exchange transactions

Interest receivable – outstanding rate debtors

TOTAL

792 666	672 838
707 017	614 086
(64 389)	(70 730)
150 038	129 482
71 571	68 747
864 237	741 585

26. OTHER INCOME**Exchange transactions**

Bulk infrastructure levies
Other income
Gains on foreign-exchange transactions
Fair-value adjustments

Non-exchange transactions

City improvement districts

TOTAL

195 251	247 040
91 730	104 884
72 963	148 170
321	46
30 237	(6 060)
150 645	134 172
345 896	381 212

The City received services in kind to an estimated value of R14,16 million (2015: R10,96 million) in the form of volunteers.

The 2015 comparative amount of R10,96 million has been restated from R153,07 million. This restatement was due to incorrect calculation of Disaster Risk Management volunteers. The correction of the disclosure amounts had no effect on the statement of financial position and statement of financial performance.

27. PROPERTY RATES**Actual**

Residential, commercial and other
Income forgone*

TOTAL

7 843 988	7 113 743
(1 098 941)	(1 095 008)
6 745 047	6 018 735

Valuations per category

Residential
Commercial
Agriculture
Public service infrastructure
Other

613 539 222	604 207 780
178 265 374	171 239 675
4 670 480	4 726 578
5 611 750	5 610 885
119 200 195	117 889 494

Total property valuations at commencement of financial year

921 287 021	903 674 412
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The applicable General Valuation (GV2012) came into effect on 1 July 2013 and remains valid until 30 June 2016. It is based on market-related values. 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.

The 2015 comparative amount for the 'Valuations per category' of R903,67 billion has been restated from R912,16 billion due to the categories alignment with the rates policy. The correction of the disclosure amounts had no effect on the statement of financial position and statement of financial performance.

*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.

28. GOVERNMENT GRANTS AND SUBSIDIES**Unconditional grants****Conditional grants**

National projects

Province

Other

TOTAL

2016 R'000	2015 R'000
2 054 664	1 667 298
3 666 804	4 007 341
2 569 132	2 818 154
1 097 332	1 188 933
340	254
5 721 468	5 674 639

Analysis of government grants and subsidies

Operating

Capital

3 589 931	3 251 460
2 131 537	2 423 179
5 721 468	5 674 639

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.

29. PUBLIC CONTRIBUTIONS

Consumer connections

Contributed assets

Other

TOTAL

52 563	39 330
100	4 953
38 251	17 700
90 914	61 983

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.

30. EMPLOYEE-RELATED COSTS

Salaries and wages

Social contributions – Unemployment Insurance Fund (UIF), pensions and medical aid

Travel, car, accommodation, subsistence and other allowances

Housing benefits and allowances

Overtime payments

Contributions and benefits paid: current provisions

Contribution: post-retirement and long-service benefits

Current service cost

Interest cost

Actuarial losses/(gains)

6 194 483	5 729 979
1 650 710	1 513 972
350 802	335 069
53 086	28 439
463 125	393 447
(9 510)	75 624
688 356	72 988
132 317	164 503
507 853	531 955
48 186	(623 470)
9 391 052	8 149 518
(33 312)	(24 784)
9 357 740	8 124 734

Expenditure recharged to capital projects

TOTAL**31. REMUNERATION OF COUNCILLORS**

Executive Mayor

Deputy Executive Mayor

Speaker

Chief Whip

Mayoral Committee Members

Subcouncil Chairpersons

Portfolio chairpersons

Councillors

Councillors' pension contributions

Reimbursed travel claims

TOTAL

1 284	1 219
936	891
936	891
859	817
9 226	8 762
21 172	20 201
13 041	12 424
74 823	70 735
5 051	4 692
127 328	120 632
7 309	7 779
134 637	128 411

32. IMPAIRMENT COSTS

Impairment for receivables and other
 Impairment of property, plant and equipment
TOTAL

2016 R'000	2015 R'000
1 898 476	1 523 784
8 825	16 416
1 907 301	1 540 200

33. DEPRECIATION AND AMORTISATION EXPENSES

Depreciation of property, plant and equipment
 Depreciation of investment property
 Amortisation of intangible assets
TOTAL – see note 2, 4, 5 and annexure B

1 998 464	1 806 494
2 235	1 641
107 811	92 583
2 108 510	1 900 718

34. FINANCE COSTS

Borrowings (amortised cost)
 Unwinding of discount
TOTAL

718 521	746 024
28 735	28 871
747 256	774 895

The 2015 comparative amount of R774,89 million has been restated from R779,93 million (see note 42).

35. BULK PURCHASES

Electricity
 Water
TOTAL

7 656 073	6 708 777
417 263	400 066
8 073 336	7 108 843

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
TOTAL

60 471	46 578
16 088	15 421
63 152	66 777
370	321
3 931	4 027
90	95
2 462	1 800
1 682	1 468
148 246	136 487

37. GENERAL EXPENSES

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

13 554	11 863
146 126	130 146
127 599	108 473
124 035	113 902
4 358	5 034
231 469	238 824
542 740	508 501
557	1 171
56 087	55 497
3 751	3 070
300 405	323 907
426 815	340 947
99 892	85 015
2 259 439	2 046 447

Contributions from provisions

4 336 827	3 972 797
(33 491)	(41 511)

Expenditure recharged to capital projects

4 303 336	3 931 286
(3 333)	(2 119)

TOTAL

4 300 003	3 929 167
------------------	------------------

The 2015 comparative amount of R3,93 billion has been restated from R3,92 billion (see note 42).

38. CASH GENERATED FROM OPERATIONS

Surplus for the year

Adjustment for:

Depreciation

Contributed assets

Impairment

Unrealised foreign exchange loss

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

Operating surplus before working capital changes

Decrease/(increase) in inventories

Increase in receivables

Increase in other receivables

(Decrease)/increase in unspent conditional grants and receipts

Increase in payables

(Decrease)/increase in net VAT

CASH GENERATED FROM OPERATIONS

The 2015 comparative amount of R6,03 billion has been restated from R6,02 billion (see note 42).

39. CASH AND CASH EQUIVALENTS

Balance at the end of the year

Balance at the beginning of the year

NET INCREASE IN CASH AND CASH EQUIVALENTS**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

Radio masts

Payable within one year

Payable within two to five years

TOTAL

Minimum lease payments recognised as an expense during the period amount to R50,18 million (2015: R38,24 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

	2016 R'000	2015 R'000
Surplus for the year	4 289 655	4 379 614
Adjustment for:	3 314 275	2 224 751
Depreciation	2 108 510	1 900 718
Contributed assets	(64 211)	(4 953)
Impairment	8 825	16 416
Unrealised foreign exchange loss	152	-
Gains and losses on disposal of assets	(118 383)	(84 713)
Contribution to provisions	460 792	(139 393)
Contribution to impairment provision	1 035 571	503 366
Finance income	(864 237)	(741 585)
Cash transactions	(841 417)	(735 298)
Non-cash transactions	(22 820)	(6 287)
Finance costs	747 256	774 895
Cash transactions	682 905	704 421
Non-cash transactions	64 351	70 474
Operating surplus before working capital changes	7 603 930	6 604 365
Decrease/(increase) in inventories	23 043	(11 033)
Increase in receivables	(832 630)	(408 222)
Increase in other receivables	(711 470)	(730 230)
(Decrease)/increase in unspent conditional grants and receipts	(327 490)	31 677
Increase in payables	422 712	534 505
(Decrease)/increase in net VAT	(11 036)	6 786
CASH GENERATED FROM OPERATIONS	6 167 059	6 027 848

Balance at the end of the year	3 332 469	3 199 148
Balance at the beginning of the year	3 199 148	2 266 559
NET INCREASE IN CASH AND CASH EQUIVALENTS	133 321	932 589

Future minimum lease payments under non-cancellable operating leases	106 726	155 460
Land and buildings		
Payable within one year	54 262	50 188
Payable within two to five years	52 464	105 272
Radio masts	324	514
Payable within one year	324	245
Payable within two to five years	-	269
TOTAL	107 050	155 974

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

TOTAL

	2016 R'000	2015 R'000
	33 676	27 071
	127 192	96 670
	178 530	204 434
TOTAL	339 398	328 175

The City lets properties under operating leases. Property rental income earned during the year was R33,68 million (2015: R26,09 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 R4,76 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 R141,00 million (2015: R104,16 million).

41.2 Outstanding insurance claims

The estimated liability for insurance claims amounts to R148,82 million (2015: R73,86 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**

An enquiry made with National Treasury brought to the City's attention that the City's historical transactions with regards to the Urban Settlements Development Grant (USDG) payments to Province had been incorrectly treated. In the past these payments for the construction of USDG funded assets were recognised as contracted services when the payments were made. Once the assets were completed and Province transferred such assets to the City the asset was treated as a donation. This practice was incorrect as the payment to Province should have been recognised as a payment made in advance and transferred to assets once the assets were completed.

42.2 Reclassification

The 'fair value adjustment' amount was reclassified from finance costs to general expenses as indicated below.

Presented below are those items contained in the statement of financial position, 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	Restated R'000
2014					
Statement of financial position					
Other receivables		414 535	68 034	-	482 569
Accumulated surplus		21 893 987	68 034	-	21 962 021
2015					
Statement of financial position					
Other receivables	11	707 217	107 877	-	815 094
Accumulated surplus		25 663 410	107 877	-	25 771 287
Statement of financial performance					
Expenditure					
Finance costs	34	779 929	-	(5 034)	774 895
Contracted services		3 576 198	(39 843)	-	3 536 355
General expenses	37	3 924 133	-	5 034	3 929 167
Total expenditure		27 395 267	(39 843)	-	27 355 424
Surplus for the year		4 339 771	39 843	-	4 379 614
Cash flow statement					
Cash flow from operating activities					
Cash receipts from ratepayers, government and other		28 813 341	(39 843)	-	28 773 498
Cash paid to suppliers and employees		(22 780 459)	39 843	(5 034)	(22 745 650)
Cash generated from operations		6 032 882	-	(5 034)	6 027 848
Net cash from operating activities	38	6 058 725	-	(5 034)	6 053 691
Cash flow from investing activities					
(Increase)/decrease in investments		361 949	-	5 034	366 983
Net cash from investing activities	38	(4 718 325)	-	5 034	(4 713 291)
Cash generated from operations					
Surplus for the year	38	4 339 771	39 843	-	4 379 614
Finance costs		779 929	-	(5 034)	774 895
Increase in other receivables		(690 387)	(39 843)	-	(730 230)
Cash generated from operations		6 032 882	-	(5 034)	6 027 848

42.3 Changes in accounting estimates

The annual review of the useful lives of assets resulted in a decrease of R0,57 million (2015: R53,54 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.

The annual review of management's assessment of materiality resulted in an increase in the variance between budget and actual amounts that are regarded as material from 5% to 10% variance. This change in estimate had no financial impact on the financial statements.

43. BUDGET INFORMATION**43.1 Explanation of variances between original and final budget amounts**

The reasons for the variances between the original and final budget are due to virements and three adjustment budgets approved on 19 August 2015, 28 January 2016 and 31 March 2016. The increase in the capital budget is due to the reprioritising of capital projects, with the corresponding changes to funding sources.

43.2 Explanation of variances greater than 10%: final budget and actual amounts**43.2.1 Statement of financial position****Total assets**

i) Current assets

The variance is due to higher than expected receivables, investments and cash and cash equivalents due to higher service charges than budgeted for as well as under spending on operating costs.

43.2.2 Statement of financial performance**Revenue**

i) Investment revenue

The variance (over-recovery) is due to the higher-than-expected interest received on higher-than-planned cash and investments balances.

ii) Transfers recognised – operational

The variance is the result of performance related to the Operational Grant Funded projects. The spending on these projects were influenced by a number of factors; such as delays in planned start-up; community dynamics and influences; changes in contract scope; contract award objection processes; environmental issues; delays in delivery of materials/goods and contractor performance; thus resulting in an underspending for the year and the rollover of funding and continuation of projects in the new financial year.

v) Transfers recognised – capital

The variance is the result of performance related to the Capital Grant Funded projects. The spending on these projects were influenced by a number of factors; such as delays in planned start-up; community dynamics and influences; changes in contract scope; contract award objection processes; environmental issues; delays in delivery of materials/goods and contractor performance; thus resulting in an underspending for the year and the rollover of funding and continuation of projects in the new financial year.

vi) Contributions recognised – capital and contributed assets

The variance is the result of performance related to the Capital Projects that were funded through Public Contributions and Donations. The spending on these projects were influenced by a number of factors; such as delays in planned start-up; community dynamics and influences; changes in contract scope; contract award objection processes; environmental issues; delays in delivery of materials/goods and contractor performance; thus resulting in an underspending for the year and the rollover of funding and continuation of projects in new financial year.

Expenditure

iii) Transfers and grants

The variance is due to a reversal of the payment to Western Cape Provincial Government for construction of USDG funded assets which were not completed at financial year end.

iv) Other expenditure

The variance is largely attributable to lower-than-planned rate of expenditure on grant-funded housing development projects (including Peoples Housing Process (PHP) payments) as many factors influence the rate of house construction by communities. These include community protests, vandalism, robberies experienced by contractors and termination of contracts as a result of poor performance by contractors. Lower-than-anticipated expenditure on Home Owners Subsidy (rebates), which is linked to the number of successful applicants who qualified for the rebate.

43.2.3 Cash flow statement

i) Net cash from (used) operating

The variance is due to a combination of higher service charges income than budgeted for as well as the under spending on operating costs.

43.3 Explanation of variances greater than 5%: Final budget and actual amounts**43.3.1 Capital expenditure**

i) City Health

The variance in the implementation of the projects is as a result of appeals against the award of tenders and also protracted negotiations in the acquisition of land.

ii) Community Services

The variance in the implementation of the projects is as a result of poor contractor performance, gang related disruptions on site and delay due to an incident of fire on site.

iii) Transport for Cape Town

The variance in the implementation of the projects is as a result of appeals against the award of tenders, environmental impact assessment processes, poor contractor performance and labor related disruptions, delays in the supply of equipment and changes made during the roll out process for design enhancements of the IRT.

iv) Human Settlements

The variance in the implementation of the projects is as a result of poor contractor performance, community dynamics and delays due to amendments in the Supply Chain Management Regulations.

v) Solid Waste Management

The variance in the implementation of the projects is as a result of delays in the supply of equipment due to the inability of the vendor to put adequate guarantees in place to secure payment arrangements with foreign vendor and a lower actuarial determination of rehabilitation costs than what was initially budgeted for.

vi) Water and Sanitation

The variance in the implementation of the projects is as a result of appeals against the award of tenders, protracted negotiations in the acquisition of land due to declining offers and the time taken to expedite expropriations.

vii) Cape Town Electricity

The variance in the implementation of the projects is as a result of delays due to amendments in the Supply Chain Management Regulations, protracted negotiations in the acquisition of land delays and delay due to changes in the tender specifications.

44. ADDITIONAL DISCLOSURES**44.1 Municipal Finance Management Act****44.1.1 Section 124****Disclosure concerning councillors', directors and officials****Councillors' municipal accounts in arrears**

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

Hassiem, W

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

August, S

As at **30 June 2015**, no councillors were more than 90 days in arrears for rates or services.

During the **reporting period**, the following councillors' were in arrears for more than 90 days.

Honono, T	Nikelo, M
Madikane, B	Nykatya, N
Makeleni, K	Purchase, F
Moolman, G	

44.1.2 Section 125**44.1.2.1 Irregular expenditure**

Opening balance

Expenditure – supply chain management (SCM) regulations (see incidents below)

Regularised and ratified

Closing balance

Incidents	
▪ Business conducted with a supplier of whom a director was in service of the state	
▪ Non-compliance with SCM regulations	
▪ Non-compliance with SCM regulations	

Incidents for the year

44.1.2.2 Unauthorised, fruitless and wasteful expenditure

Opening balance

Expenditure – current year

Regularised and ratified

Closing balance

2016 R'000	2015 R'000
956	45
2	996
(956)	(85)
2	956
-	40
-	956
2	-
2	996
294	294
-	
(232)	-
62	294

44.1.2.3 Material losses**Water losses**

In the current year, the material losses were 12,81%. These are made up of 9,72% reticulation losses and 3,09% abnormal production losses (2015: 9,98% reticulation losses and 4,13% abnormal production losses). These losses are predominantly due to metering inefficiencies, which constitutes an apparent loss. The production losses amounted to R98,86 million (2015: R91,11 million).

Electricity losses

In the current year the energy losses were 11,42% (2015: 11,25%). These losses are the result of normal system operation, theft and vandalism. The production losses amounted to R496,20 million (2015: R436,70 million).

2016 R'000	2015 R'000
148 981	137 373

44.1.2.4 Other compulsory disclosures**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
-	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)
-	61	103 016	228 711

As at 30 June 2015

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

-	106	87 963	191 627
10 541	13 293	1 115 982	2 454 261
(10 541)	(12 988)	(1 022 217)	(2 244 501)
-	(106)	(87 963)	(191 627)
-	305	93 765	209 760

2016 R'000	2015 R'000
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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

16 725	52 232
92 924	59 850
69 001	30 263
96 282	426 058
20 410	45 031
33 317	66 313
154 902	68 602
345 124	316 688
828 685	1 065 037

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.

The 2015 comparative amount of R1,06 billion has been restated from R1,05 billion.

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.

		2016 R'000
Connected person	Position held in State	
Adams, C	Clerk	33
Agulhas, M	Artisan	182
Barnard, M	Deputy Director: Health Department	541
Basson, M	Principal Facility Officer	465
Burgess, D	Senior Clerk	910
Carr, C	Administrative Officer	2
Daniels, S	Project Administrator	56
Dauids, F	Clerk	138
Dauids, G and Samuals, R	Clerk and Small Plant Operator	233
Dauids, J	Administrator Officer	833
Dauids, M	Operational Supervisor: Driver	557
Dolf, N	Clerk	791
Dolft, A	Senior Clerk	637
Du Toit, J	SCM: Assistant Buyer	961
Ebrahim, Y	Head: District 5	1 835
Els, A	Warrant Officer	288
Gaxeni, TN	Deducter Manager	252
Gordon, C	Clerk	430
Hassan, T	Senior Clerk	279
Hattingh, PM	SCM: Administrative Officer	3
Hector, C	Quality Assessor	1 995
Henderson, C	Teacher	146
Hendricks, F	Administrative Officer	756
Ishmail, E	Manager: Valuation Data and Systems	6 719
Jemane, J	Professional Officer	35
Kuyk, G	Principal GIS Technical: Valuations	500
Lategan, J	Clerk	259
Lategan, J	Clerk	179
Le Vack, S	Professional Nurse	117
Lebesana, T	Security Officer	16
Leukes, P	Spokesperson to the Executive Mayor	152
Marais, R	Teacher	44
Mbhalo, N	Clerk	179
Merile, SS	Operator: Small Plant	1 114
Monk, FJ	Subcouncil Manager	843
Moolla, S	Clinical Psychologist	443
Mshweshwe, MC	Statutory Compliance Specialist	845
Naidoo, P	Functional Operational Manager: Tourism events	626
Nel, GA	Advisory Specialist	59
Ntlati, B	Clerk	1 136
Paul, B	Manager: Department of Cultural Affairs and Sport	256
Peters, G	Manager: Housing	28
Phosa, Y	Member of Parliament	10 989
Poole, N	Senior Clerk	96
Quantoi, W and Quantoi, K	Artisan and Maintenance Assistant	23
Rhoda, C	Professional Officer	834
Ritter, T	Senior Clerk	42
Roberts, K	Clerk	763
Rose, D	Call Centre Agent	641
Ryneveldt, L	Senior Project Administrator	239
Salomons, T	Specialist Engineering	6 578
Sammy, MN	Administrative Officer	7
Trom, F	Senior Worker	121
Van der Heever, V	Teacher	3 011

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

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

See annexure G for the 2015 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.

	2016 R'000	2015 R'000
Percentage owned	67,8%	69,9%
Arm's-length transactions for the year		
Receivables	1 379	1 303
Payables	4 036	22 747
Service charges	20 864	19 315

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	
Percentage owned		
Arm's-length transactions for the year		
Receivables	4	2
Service charges	41	27
Levies	146 126	130 146

CMTF

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

	Administrator	
Percentage owned		
Arm's-length transactions for the year		
Funds held on behalf of CMTF	20 735	18 513
Grants and transfers – conditions met	1 528	14 405
Interest paid	1 215	1 328
Revenue collected	2 752	4 387

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 or their close family members.

45.2 Remuneration of management**45.2.1 Mayoral Committee members/Councillors****2016**

Mayoral committee members
Councillors

Annual salary R'000	Car allowance R'000	Social contribution R'000	Total R'000
11 386	60	497	11 943
110 741	90	4 554	115 385
122 127	150	5 051	127 328

2015

Mayoral committee members
Councillors

10 808	64	467	11 339
104 948	120	4 225	109 293
115 756	184	4 692	120 632

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 221 Council members, whose aggregated remuneration amounted to R127,33 million for the period under review. The average remuneration per councillor is R0,576 million per annum. The Mayco 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 6 and 7 as part of the 'General information'.

Mayoral Committee members**2016**

Executive Mayor
Alderman De Lille, P
Executive Deputy Mayor/Finance
Alderman Neilson, ID
Safety and Security Services
Alderman Smith, JP
Corporate Services
Councillor Limberg, X
Energy, Environmental and Spatial Planning
Councillor Van der Merwe, J
Social Development and Early Childhood Development
Councillor Little, S
Health
Councillor Mamkeli, S
Community Services and Special Projects
Alderman Walker, B
Transport for Cape Town
Councillor Herron, BN
Tourism, Events and Economic Development
Councillor Bloor, G
Utility Services
Councillor Sonnenberg, EJ
Human Settlements
Councillor Van Minnen, B

Annual salary R'000	Car allowance R'000	Social contribution R'000	Total R'000
1 242	42	-	1 284
936	-	109	1 045
862	18	82	962
961	-	-	961
859	-	102	961
961	-	-	961
961	-	-	961
859	-	102	961
962	-	-	962
962	-	-	962
859	-	102	961
962	-	-	962
11 386	60	497	11 943

2015

	Annual salary R'000	Car allowance R'000	Social contribution R'000	Total R'000
Executive Mayor				
Alderman De Lille, P	1 179	40	-	1 219
Executive Deputy Mayor/Finance				
Alderman Neilson, ID	891	-	102	993
Safety and Security Services				
Alderman Smith, JP	812	24	77	913
Corporate Services				
Councillor Limberg, X	913	-	-	913
Energy, Environmental and Spatial Planning				
Councillor Van der Merwe, J	816	-	96	912
Social Development and Early Childhood Development				
Councillor Little, S	913	-	-	913
Health				
Councillor Van Minnen, B (until 23/01/2015)	512	-	-	512
Councillor Mamkeli, S (from 24/01/2015)	400	-	-	400
Community Services and Special Projects				
Alderman Walker, B	817	-	96	913
Transport for Cape Town				
Councillor Herron, BN	913	-	-	913
Tourism, Events and Economic Development				
Councillor Bloor, G	913	-	-	913
Utility Services				
Councillor Sonnenberg, EJ	817	-	96	913
Human Settlements				
Councillor Mamkeli, S (until 23/01/2015)	512	-	-	512
Councillor Van Minnen, B (from 24/01/2015)	400	-	-	400
	10 808	64	467	11 339

45.2.2 Executive management

2016

	Analysis of remuneration benefits				
	Annual salary R'000	Car allowance R'000	Social contribution R'000	Travel and subsistence R'000	Total R'000
City Manager Ebrahim, A	2 147	-	326	-	2 473
Community Services Mtwazi, L	1 583	84	231	-	1 898
Corporate Services and Compliance * Ras, DG (acted in the position until 08/07/2015 and permanent since)	1 992	-	2	1	1 995
Energy, Environmental and Spatial Planning Hugo, J	1 865	-	48	-	1 913
Finance Jacoby, K	1 596	81	236	1	1 914
Health Mahlangu-Mathibela, W	1 601	66	204	-	1 871
Human Settlements Bromfield, IK (acted in the position until 08/07/2015 and permanent since)	1 474	133	263	-	1 870
Safety and Security Services Bosman, R (until 31/01/2016)	967	56	128	-	1 151
Le Roux, W (acting from 01/02/2016)	531	43	73	3	650
Social Development and Early Childhood Development Sass, E (acting)	1 499	-	188	-	1 687
Tourism, Events and Economic Development Groenewald, A (until 30/09/2015)	485	-	1	-	486
Transport for Cape Town Whitehead, M	1 911	-	2	31	1 944
Utility Services Kaiser, G	1 761	-	138	-	1 899
	19 412	463	1 840	36	21 751

*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.

	Analysis of remuneration benefits				
	Annual salary R'000	Car allowance R'000	Social contribution R'000	Travel and subsistence R'000	Total R'000
2015					
City Manager					
Ebrahim, A	2 240	-	308	10	2 558
Community Services					
Mtwazi, L	1 469	-	221	84	1 774
Corporate Services					
Mayimele-Hashatse, F (until 09/01/2015)	1 197	-	1	-	1 198
Ras, DG (acting from 14/01/2015) *	-	-	-	-	-
Energy, Environmental and Spatial Planning					
Hugo, J	1 743	-	45	3	1 791
Finance					
Jacoby, K	1 486	-	221	82	1 789
Health					
Mahlangu-Mathibela, W	1 503	-	191	66	1 760
Human Settlements					
Maqetuka, S	1 314	-	172	1	1 487
Bromfield, IK (acting from 14/01/2015)	688	-	113	62	863
Compliance and Auxiliary Services					
Ras, DG	1 760	-	2	-	1 762
Safety and Security Services					
Bosman, R	1 483	-	206	95	1 784
Social Development and Early Childhood Development					
Bromfield, IK (until 14/01/2015)	807	-	133	72	1 012
Sass, E (acting from 14/01/2015)	593	-	79	-	672
Tourism, Events and Economic Development					
Groenewald, A	1 772	-	2	9	1 783
Transport for Cape Town					
Whitehead, M	1 779	-	2	9	1 790
Utility Services					
Kaiser, G	1 636	-	32	108	1 776
	21 470	-	1 728	601	23 799

*Ras, DG acted without any compensation.

46. EVENTS AFTER REPORTING DATE

At the time of preparing and submitting the annual financial statements, there were no subsequent events to disclose.

Annexure A: Schedule of external borrowings as at 30 June 2016

	Contractual Interest rate (nacs) %	Loan ID	Redeemable date	Balance as at 30 June 2015 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 2016 R'000
MARKETABLE BONDS								
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
Total marketable bonds¹				4 275 489	-	-	-	4 275 489
CONCESSIONARY LOANS								
Nedcor Bank	1,000	830000920	2019	25	-	4	-	29
DBSA	5,000	830012028	2020	17 971	-	662	(4 000)	14 633
AFD	5,763	830018500	2028	453 510	(676)	9 604	(40 000)	422 438
AFD	5,730	830018516	2028	452 704	(672)	9 701	(40 000)	421 733
AFD	5,755	830018530	2028	453 487	(675)	9 642	(40 000)	422 454
AFD	5,800	830018523	2028	442 640	(662)	9 246	(38 961)	412 263
Total concessionary loans				1 820 337	(2 685)	38 859	(162 961)	1 693 550
OTHER LOANS								
FirstRand Bank	12,631	830003504	2017	147 725	-	-	(12 720)	135 005
ABSA Bank	10,900	830007011	2018	60 000	-	-	(20 000)	40 000
DBSA	10,590	83001050	2018	101 749	-	-	(33 917)	67 832
FirstRand Bank	12,046	830009531	2018	109 215	(4 916)	-	(20 000)	84 299
DBSA	9,420	830012035	2020	46 666	-	-	(9 333)	37 333
DBSA	9,639	830013000	2022	100 000	-	-	(13 333)	86 667
DBSA	10,565	830013507	2022	100 000	-	-	(13 333)	86 667
Total other loans				665 355	(4 916)	-	(122 636)	537 803
TOTAL EXTERNAL LOANS				6 761 181	(7 601)	38 859	(285 597)	6 506 842

¹ 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 2016

	COST			ACCUMULATED DEPRECIATION							Carrying value R'000	
	Opening balance R'000	Transfers/ adjustments ¹ R'000	Additions ² 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
Land and buildings												
Vacant land	1 071 670	8 358	24 513	(5 178)	-	1 099 363	(325 488)	-	-	-	-	(325 488)
Land and buildings	1 859 950	42 452	54 980	-	(251)	1 957 131	(538 285)	-	(38 714)	-	176	(576 823)
	2 931 620	50 810	79 493	(5 178)	(251)	3 056 494	(863 773)	-	(38 714)	-	176	(902 311)
Infrastructure												
Assets under construction	2 398 210	(1 922 355)	2 296 911	-	-	2 772 766	-	-	-	-	-	-
Telecommunications	185 574	3 671	106 800	-	-	296 045	(3 392)	(1)	(11 344)	-	-	(14 737)
Drains	958 209	53 780	33 709	-	-	1 046 698	(338 083)	-	(34 550)	-	-	(372 633)
Roads	9 300 119	593 713	253 851	-	-	10 147 683	(2 646 849)	-	(343 641)	-	-	(2 990 490)
Beach improvements	41 738	1 399	74	-	-	43 211	(22 870)	-	(940)	-	-	(23 810)
Sewerage mains and purification	3 349 295	457 298	172 407	-	-	3 979 000	(1 166 730)	-	(182 290)	-	-	(1 349 020)
Electricity peak load equipment and mains	7 549 073	420 313	504 913	-	-	8 474 299	(2 544 869)	-	(158 996)	-	-	(2 703 865)
Water mains and purification	3 184 479	154 191	333 112	-	-	3 671 782	(1 418 783)	-	(138 576)	-	-	(1 557 359)
Reservoirs - water	528 067	9 622	2 083	-	-	539 772	(350 110)	-	(17 712)	-	-	(367 822)
	27 494 764	(228 368)	3 703 860	-	-	30 970 256	(8 491 686)	(1)	(888 049)	-	-	(9 379 736)
Community assets												
Assets under construction	112 611	(95 528)	47 235	-	-	64 318	-	-	-	-	-	-
Parks and gardens	275 582	4 167	13 853	-	-	293 602	(37 634)	-	(9 490)	-	-	(47 124)
Libraries	218 052	46 069	22 187	-	-	286 308	(71 143)	-	(3 732)	-	-	(74 875)
Recreation facilities	5 539 072	8 523	26 547	-	-	5 574 142	(1 402 286)	-	(217 942)	-	-	(1 620 228)
Civic buildings	2 552 431	57 883	118 685	-	(29)	2 728 970	(877 805)	-	(99 497)	-	29	(977 273)
	8 697 748	21 114	228 507	-	(29)	8 947 340	(2 388 868)	-	(330 661)	-	29	(2 719 500)
Other assets												
Assets under construction	512 781	(329 840)	620 131	-	-	803 072	-	-	-	-	-	-
Buildings and land	906	180	176	-	-	1 262	(610)	-	(296)	-	-	(906)
Land fill sites	811 033	163 359	112 842	-	-	1 087 234	(488 417)	-	(43 202)	-	-	(531 619)
Furniture, fittings and equipment	893 040	1 702	96 830	-	(15 685)	975 887	(532 199)	1	(99 994)	-	14 642	(617 550)
Bins and containers	63 741	48	1 572	-	(10)	65 351	(44 994)	-	(5 414)	-	10	(50 398)
Emergency equipment	42 393	184	2 586	-	(387)	44 776	(36 366)	1	(2 068)	-	387	(38 046)
Motor vehicles and watercraft	1 689 266	12 809	177 587	-	(29 166)	1 850 496	(1 096 378)	1 005	(121 132)	-	26 700	(1 189 805)
Specialised vehicles	1 220 208	1 000	217 052	-	(30 539)	1 407 721	(519 260)	(1 006)	(69 487)	-	26 280	(563 473)
Computer equipment	1 887 815	20 940	173 406	-	(23 525)	2 058 636	(1 270 769)	-	(202 129)	-	22 659	(1 450 239)
Animals	552	-	-	-	(120)	432	(283)	-	(67)	-	91	(259)
	7 121 735	(129 618)	1 402 182	-	(99 432)	8 294 867	(3 989 276)	1	(543 789)	-	90 769	(4 442 295)
Service concession assets												
Buses and depots	1 416 746	492	-	-	(5 486)	1 411 752	(222 768)	-	(117 250)	(3 647)	5 374	(338 291)
Housing rental stock												
Housing rental stock	2 535 066	225 753	114 305	-	(10 447)	2 864 677	(798 204)	-	(80 001)	-	7 496	(870 709)
TOTAL PPE	50 197 679	(59 817)	5 528 347	(5 178)	(115 645)	55 545 386	(16 754 575)	-	(1 998 464)	(3 647)	103 844	(18 652 842)



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Annexure B: Analysis of property, plant and equipment and other assets as at 30 June 2016 (continued)

	COST					ACCUMULATED DEPRECIATION					Carrying value R'000	
	Opening balance R'000	Transfers/ adjustments ¹ R'000	Additions ² R'000	Impairments R'000	Disposals R'000	Closing balance R'000	Opening balance R'000	Transfers/ adjustments R'000	Impairments R'000	Additions R'000		Disposals R'000
Heritage assets Paintings and museum items	9 062	(8)	-	-	(5)	9 049	-	-	-	-	-	-
	9 062	(8)	-	-	(5)	9 049	-	-	-	-	-	-
Investment property Vacant land Land and buildings	548 749	(31 468)	950	-	-	518 231	-	-	-	-	-	-
	92 939	31 468	94	-	-	124 501	(52 306)	-	-	(2 235)	-	(54 541)
	641 688	-	1 044	-	-	642 732	(52 306)	-	-	(2 235)	-	(54 541)
Intangible assets Assets under construction Acquisition of rights Computer software	130 769	(111 670)	-	-	-	19 099	-	-	-	-	-	-
	500 339	55 783	-	-	-	556 122	(78 923)	-	-	(65 544)	-	(144 467)
	545 351	59 825	24 652	-	-	629 828	(389 153)	-	-	(42 267)	-	(431 420)
	1 176 459	3 938	24 652	-	-	1 205 049	(468 076)	-	-	(107 811)	-	(575 887)
	1 827 209	3 930	25 696	-	(5)	1 856 830	(520 382)	-	-	(110 046)	-	(630 428)
TOTAL OTHER												
GRAND TOTAL PPE AND OTHER	52 024 888	(55 887)	5 554 043	(5 178)	(115 650)	57 402 216	(17 274 957)	-	(3 647)	(2 108 510)	103 844	(19 283 270)
							</					

¹ An adjustment of R55,89 million was passed on the acquisition cost of the property, plant and equipment and other assets.

² Includes the contributed assets amount of R64,21 million.



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Annexure C: Disclosure of bank accounts in terms of section 125(2)(a) of the MFMA as at 30 June 2016

	Account numbers		2016 R'000	2015 R'000	2014 R'000
	2016	2015			
Bank accounts held with ABSA					
Main bank account	40-5658-4470	40-5658-4470	61 936	108 447	174 987
Salary bank account	40-5658-4496	40-5658-4496	-	-	-
Cashier's bank account	40-5658-4527	40-5658-4527	-	-	-
General income bank account (primary)	40-5658-4569	40-5658-4569	-	-	-
Traffic fines bank account	40-7261-8663	40-7261-8663	-	-	-
IRT bank account	40-8089-5180	40-8089-5180	-	-	-
Amortised cost - see note 12			61 936	108 447	174 987
Bank accounts managed by Fund Managers					
City of Cape Town	5500125800	5500125800	502	380	690
City of Cape Town	5500125801	5500125801	2 431	2 047	1 394
City of Cape Town	5500125802	5500125802	237	399	549
City of Cape Town	5500125803	5500125803	95	390	1 087
City of Cape Town	5500125804	5500125804	1 684	1 466	1 547
City of Cape Town	5500125805	5500125805	857	260	429
City of Cape Town	5500125806	5500125806	655	1 618	1 888
City of Cape Town	5500125807	5500125807	588	546	568
City of Cape Town	5500125808	5500125808	569	710	168
City of Cape Town	5500125809	5500125809	258	129	105
Fair value - see note 12			7 876	7 945	8 425
TOTAL			69 812	116 392	183 412



City of Cape Town

Audited

Annexure D: Segmental statement of financial performance for the year ended 30 June 2016

BUSINESS UNITS	2016						2015	
	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
Rates and General	(19 942 338)	17 252 225	(2 690 113)	(886 180)	(1 803 933)	(1 583 376)	(263 549)	1 546 500
City Health	(528 355)	1 123 209	594 854	206 923	387 931	(2 864)	360 539	428 534
City Manager	(899)	58 391	57 492	(130 840)	188 332	-	171 613	205 185
Community Services	(170 917)	2 214 238	2 043 321	662 290	1 381 031	(89 653)	1 319 286	1 454 762
Corporate Services and Compliance ²	(67 211)	252 985	185 774	(1 960 140)	2 145 914	(11 267)	2 158 956	2 055 007
Energy, Environmental and Spatial Planning	(134 410)	721 031	586 621	185 955	400 666	(13 140)	363 815	393 102
Finance	(2 811 112)	1 286 425	(1 524 687)	(1 959 305)	434 618	(100)	638 849	1 217 666
Rates and other	(11 890 198)	2 783 022	(9 107 176)	524 256	(9 631 432)	-	(9 110 480)	(8 555 525)
Safety and Security Services	(1 243 394)	3 175 565	1 932 171	587 782	1 344 389	(22 394)	1 129 854	1 446 727
Social Development and Early Childhood Development	(680)	256 311	255 631	81 337	174 294	(358)	129 141	136 511
Tourism, Events and Economic Development	(27 192)	720 105	692 913	182 370	510 543	(500)	499 353	521 070
Transport for Cape Town	(1 762 930)	3 019 700	1 256 770	412 506	844 264	(1 149 642)	1 757 716	1 875 588
Human Settlements	(1 305 040)	1 641 243	336 203	320 686	15 517	(293 458)	317 809	367 873
Utility Services	(22 501 322)	20 901 780	(1 599 542)	886 180	(2 485 722)	(609 747)	(1 683 559)	(1 334 499)
Solid Waste Management	(2 749 638)	2 444 857	(304 781)	(969 792)	665 011	-	626 178	726 091
Sanitation	(2 972 908)	2 711 616	(261 292)	460 371	(721 663)	(343 988)	(306 802)	(138 633)
Water	(4 604 239)	4 312 927	(291 312)	78 320	(369 632)	(66 468)	(207 762)	(329 261)
Cape Town Electricity	(12 174 537)	11 432 380	(742 157)	1 317 281	(2 059 438)	(199 291)	(1 795 173)	(1 592 696)
TOTAL	(42 443 660)	38 154 005	(4 289 655)	-	(4 289 655)	(2 193 123)	(1 947 108)	212 001

¹ Comparative restated: see note 42 for more details.

² There was an organisational structure change during the 2015/16 financial year. The Compliance and Auxiliary Services Directorate merged with Corporate Services to become the Corporate Services and Compliance Directorate.



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Annexure E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2016

National and Provincial grant funds 2015/2016										
Description	Source	Balance unspent at beginning of the year ¹ 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 ¹ R'000
					Operating R'000	Capital R'000				
National Government										
2014 African Nations Championship	Sport and Recreation	(2)	-	-	-	-	-	-	-	(2)
Accreditation: Development Support	State Housing	(742)	-	-	-	-	-	-	-	(742)
Budget Reform Funds	National Treasury	-	(1 050)	-	-	1 050	-	-	-	-
Department of Environmental Affairs and Tourism	Environmental Affairs	-	(220)	-	-	152	-	-	-	(68)
DME - INEP	Energy	-	(5 000)	3	-	-	4 997	-	-	-
Energy Efficiency/Electricity Demand Side Management	National Treasury	-	(12 000)	359	-	424	11 217	-	-	-
Expanded Public Works Incentive Grant	National Treasury	(58)	(23 616)	4	-	23 216	454	-	-	-
Health and Hygiene education: Informal Settlements	Water	(11)	-	-	-	-	-	-	-	(11)
Human Settlements Capacity Grant	State Housing	(31 580)	(13 703)	66	-	18 743	465	-	-	(26 009)
Infrastructure Skills Development	National Treasury	(139)	(7 526)	202	-	6 932	497	-	-	(34)
Integrated City Development Grant	National Treasury	(4 474)	(50 826)	1 020	-	2 915	51 365	-	-	-
LGSETA: Environmental Internship Programme	Environmental Affairs	(17)	-	17	-	-	-	-	-	-
LGSETA: Post Graduate Internship Programme	Environmental Affairs	(522)	-	-	-	459	-	-	-	(63)
Municipal Disaster Grant	Corporate Governance and Traditional Affairs	(615)	-	-	-	-	-	-	-	(615)
Neighbourhood Development Programme	National Treasury	(20 144)	(44 310)	20 145	-	-	38 179	-	-	(6 130)
Peninsula Wetlands Rehabilitation Project	Environmental Affairs	-	(272)	(1 571)	-	1 814	-	-	-	(29)
Public Transport Infrastructure Grant	Transport	(408 232)	-	39 277	-	(83)	369 038	-	-	-
Public Transport Network Grant	Transport	(64 765)	(881 501)	40 930	-	277 070	434 540	-	-	(128 961)
Public Transport Network Operations Grant	Transport	(3 477)	-	8 219	-	56 546	-	-	-	-
Restructuring Grant - Seed Funding	National Treasury	-	-	-	-	-	100	-	-	(3 377)
Special Projects	Environmental Affairs	-	(3 030)	-	-	2 246	-	-	-	(784)
Terrestrial Invasive Alien Plants	Environmental Affairs	-	(423)	-	-	401	-	-	-	(22)
Tirelo Boshia Programme	Public Service and Administration	(200)	(777)	-	-	724	-	-	-	(253)
Urban Renewal	National Treasury	(4 118)	-	-	-	1 281	643	-	-	(2 194)
Urban Settlement Development Grant	National Treasury	(163 495)	(1 387 760)	149 536	-	171 611	1 080 570	-	-	(149 538)
Total DoRA allocation		(702 591)	(2 432 014)	258 207		565 501	1 992 065	-	-	(318 832)
2010 FIFA World Cup - Green Point: Interest account		(246)	-	-	-	-	-	-	-	(246)
LGSETA: Post Graduate Internship Programme: Interest account		(68)	-	-	-	-	-	(34)	-	(102)
Natural Resource Management: Interest account		(7)	-	-	-	-	-	(11)	-	(8)
Neighbourhood Development Programme: Interest account		(10 182)	-	-	-	-	-	8 750	-	(1 432)
Peninsula Wetlands Rehabilitation Project: Interest account		-	-	-	-	-	-	(5)	-	(5)
Public Transport Infrastructure Systems Grant: Interest account		(221 075)	-	-	-	20 998	(55 621)	(14 248)	-	(269 946)
Public Transport Infrastructure Grant: Interest account		(45 781)	-	-	-	-	38 031	(22 634)	-	(30 384)



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Annexure E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2016 (continued)

National and Provincial grant funds 2015/2016									
Description	Source	Balance unspent at beginning of the year ¹ R'000	Current year receipts 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 ¹ R'000
				Adjustments R'000	Operating R'000	Capital R'000			
Public Transport Network Grant: Interest account		-	-	-	-	-	(16 938)	-	(16 938)
Public Transport Network Operations Grant: Interest account		(16 002)	-	-	8 158	-	(5 028)	-	(12 872)
Smart Living Handbook: Interest account		(82)	-	-	-	-	(5)	-	(87)
Special Projects		(23)	-	-	-	-	(32)	-	(55)
Terrestrial Invasive Alien Plants: Interest account		(12)	-	-	-	-	(10)	-	(22)
Total interest earned		(293 478)	-	-	29 156	(17 590)	(50 185)	-	(332 097)
TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS		(996 069)	(2 432 014)	258 207	594 657	1 974 475	(50 185)	-	(650 929)
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)
Accreditation Assistance	Human Settlements	(2 737)	(5 000)	-	6 584	-	(111)	-	(1 264)
Atlantis - Westfleur Ext 13	Human Settlements	(323)	-	-	-	-	-	-	(323)
Bardale High Mast Lighting Project	Human Settlements	(471)	-	471	-	-	-	-	-
Belhar Pentech 340 Top Structures	Human Settlements	-	-	(5 259)	-	-	-	-	(5 259)
Belhar Social Housing 629 Units	Human Settlements	-	-	(48 872)	48 872	-	-	-	-
Bokmakierie / Hazendal Infill 3	Human Settlements	(472)	-	-	55	-	-	-	(417)
Broadband	Department of the Premier	(4 504)	(7 298)	-	-	10 181	-	-	(1 621)
Browns Farm Phase 3.4,5,6	Human Settlements	(10 657)	-	(1 851)	852	-	-	-	(11 656)
CBH Wallacedene Phase 1,3,4,5,6	Human Settlements	(5 038)	-	75	-	-	(328)	-	(5 291)
CBO Freedom Park	Human Settlements	(71)	-	71	-	-	-	-	-
Chemical Toilets in Wallacedene	Human Settlements	(30)	-	-	-	-	(2)	-	(32)
Chris Hani Park Housing Project	Human Settlements	(274)	-	-	-	-	-	-	(274)
Clinics : HIV/AIDS & TB Programmes	Health	(13)	-	-	-	-	-	-	(13)
Contributed Assets	Human Settlements	-	-	(64 111)	-	64 111	-	-	-
Community Residential Units	Human Settlements	(170 115)	-	21 608	(3 861)	81 201	-	-	(71 167)
Delft South High Density Housing	Human Settlements	(104)	-	104	-	-	-	-	(20)
Delft Sport field Development	Human Settlements	(20)	-	-	-	-	-	-	-
Delft Symphony Way TRA	Human Settlements	(2 687)	-	-	-	-	-	-	(2 687)
Delft The Hague / Roosendal Eindhoven	Human Settlements	-	-	(62 803)	42 789	-	-	-	(20 014)
Disaster Fund - Fire/Flood Kits	Human Settlements	-	-	(35 927)	29 661	-	-	-	(6 266)
Du Noon Phase 1,3 : Transfers	Human Settlements	(299)	-	-	-	-	-	-	(299)
Echo Road Housing Project	Human Settlements	(4)	-	4	-	-	-	-	-
Edward Road Energy Efficient Project	Human Settlements	(2 923)	-	-	25	-	(192)	-	(3 090)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(9 847)	-	(1 527)	462	-	-	-	(10 912)
EHP Repair and Reconstruct 8 Houses	Human Settlements	(44)	-	44	-	-	-	-	-
Enkanini Housing Project	Human Settlements	(3 305)	-	3 305	-	-	-	-	-



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Annexure E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2016 (continued)

National and Provincial grant funds 2015/2016									
Description	Source	Balance unspent at beginning of the year ¹ 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 ¹ R'000
					Operating R'000	Capital R'000			
Establishment Grants	Human Settlements	(2 062)	-	(390)	1 225	-	(110)	-	(1 337)
Facilitation Grants	Human Settlements	(650)	-	(138)	334	-	(38)	-	(492)
False Bay Ecology	Economic Development and Tourism	(46)	-	-	-	-	(3)	-	(49)
Finance Management Support Grant	Treasury	(3)	(300)	-	303	-	(4)	-	(4)
Fire Detection Surveillance Cameras	Human Settlements	(4)	-	-	-	-	-	-	(4)
Gabriel Square Restoration	Human Settlements	(37)	-	-	-	-	-	-	(37)
Garden Cities/Greenville/Fisantekraal 868	Human Settlements	(12 348)	-	(65 670)	20 987	-	-	-	(57 031)
Global Fund	Health	(2 973)	-	-	-	-	(196)	-	(3 169)
Global Fund Anti-Retroviral	Health	(360)	(23 102)	-	25 757	-	-	(2 295)	-
Global Fund Community Base Response Project	Health	-	(4 403)	717	4 034	-	-	(348)	-
Government Grant Community Development Workers	Human Settlements	(684)	(1 080)	-	1 446	291	(55)	-	(82)
Green Point Phase 21 Housing	Human Settlements	(863)	-	-	66	-	-	-	(797)
Greenland's Housing Project	Human Settlements	(971)	-	-	-	-	-	-	(971)
Hangberg Housing Project	Human Settlements	(52)	-	52	-	-	-	-	-
Hangberg: Appointment of mediator	Human Settlements	(85)	-	85	-	-	-	-	-
Happy Valley - Phase 2 Top Structures	Human Settlements	(2 710)	-	2 821	-	-	-	-	-
Hazendal Infill - Top Structures	Human Settlements	-	-	(17 769)	16 494	-	-	(111)	-
HCE Manuals (Housing Consumer Education)	Human Settlements	(119)	-	-	-	-	(8)	-	(1 275)
Heideveld Housing Infill	Human Settlements	-	-	(45 300)	26 136	-	-	-	(19 164)
HI V/AIDS Community Based Response Projects	Health	(996)	(131 678)	7 873	133 038	-	-	(9 233)	-
Hostels Phase 2 Housing	Human Settlements	-	(730 119)	-	6 632	-	-	-	(996)
Housing Settlements Development Grant	Human Settlements	-	-	682 519	-	-	-	-	(40 968)
IHP Westgate Mall Phase C1 and C2	Human Settlements	-	-	(4 130)	1 075	-	-	-	(3 055)
Imizamo Yethu Phase 2 New Services	Human Settlements	(931)	-	-	-	-	-	-	(931)
Informal Settlements	Human Settlements	(1 010)	-	137	633	-	-	-	(240)
Interactive Community Access Network	Economic Development and Tourism	(204)	-	-	43	50	(12)	-	(123)
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)
Kalkfontein Phase 2	Human Settlements	(395)	-	-	-	-	-	-	(395)
Kanankop Phase 1 Top Structures	Human Settlements	(4 891)	-	(17 583)	10 911	-	-	-	(11 563)
Kewtown Infill Development	Human Settlements	(190)	-	190	-	-	-	-	-
Khayelitsha Khuyasa Phase 2	Human Settlements	(373)	-	(4 235)	-	-	-	-	(4 608)
Khayelitsha Site C Subsidies	Human Settlements	(3 950)	-	-	-	-	(260)	-	(4 210)
Kleinvllei Phase 2	Human Settlements	(1 308)	-	-	415	-	-	-	(893)



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Annexure E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2016 (continued)

National and Provincial grant funds 2015/2016										
Description	Source	Balance unspent at beginning of the year '1 R'000	Current year receipts 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 '1 R'000	
				Adjustments R'000	Operating R'000	Capital R'000				
Kuyasa TBV1 Top Structures	Human Settlements	(202)	-	-	-	-	-	-	(202)	
Law Enforcement Officers	Community Safety	(463)	(21 669)	-	21 669	-	-	-	(463)	
Law Enforcement Officers	Human Settlements	(46)	-	-	47	-	(3)	-	(2)	
Library Metro Grant	Cultural Affairs and Sport	-	(5 000)	-	147	3 938	(122)	-	(1 037)	
Local Government Compliance: Commercial Mediation Training	Department Local Government	-	(174)	174	-	-	-	-	-	
Macassar Treatment Works	Human Settlements	(5 500)	-	-	-	-	-	-	(5 500)	
Major Upgrading - Rental Units	Human Settlements	-	-	3 000	-	-	-	(3 000)	-	
Marconi Beam	Human Settlements	(9)	-	-	-	-	-	-	(9)	
Masiphumelele TRA	Human Settlements	(999)	-	1 058	-	-	(59)	-	-	
Masiphumelele Amakhaya Ngoku	Human Settlements	(15 309)	-	-	-	-	(910)	-	(16 219)	
Melkbosch Village	Human Settlements	(90)	-	90	-	-	-	-	-	
Metropolitan Land Transport Fund	Transport and Public Works	(6 953)	(37 200)	-	17 687	17 447	(1 073)	-	(10 092)	
Metropolitan Transport Fund	Transport and Public Works	-	-	(1 528)	1 195	333	-	-	-	
Mfuleni and Strand 12 Houses	Human Settlements	(126)	-	126	-	-	-	-	-	
Mfuleni EPH TRA	Human Settlements	(218)	-	218	-	-	-	-	-	
Mfuleni Ext 3	Human Settlements	(129)	-	-	-	-	-	-	(129)	
Mfuleni Ext 4 Housing	Human Settlements	(332)	-	-	-	-	-	-	(332)	
Mfuleni Flood Relief Project	Human Settlements	(3 005)	-	-	-	-	-	-	(3 005)	
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	(1 167)	-	-	-	-	(77)	-	(1 244)	
Netreg Housing Project	Human Settlements	(350)	-	350	-	-	-	-	-	
New Housing Development Projects	Human Settlements	-	-	3 445	2 372	-	-	(5 817)	-	
Nonqubela Ph2/Makhaza	Human Settlements	(1 644)	-	164	-	-	-	-	-	
Nutrition Supplement Programme	Health	-	(4 528)	(48 646)	41 69	-	-	-	(345)	
Pelican Park 2083 Top Structures	Human Settlements	-	-	-	38 920	-	-	-	(9 726)	
Philippi East Top Structures	Human Settlements	(129)	-	-	128	-	-	-	(1)	
Philippi East Phase 5	Human Settlements	(638)	-	-	41	-	-	-	(597)	
Philippi Park Flooding	Human Settlements	(974)	-	-	-	-	-	-	(974)	
Phoenix UISP	Human Settlements	(1 67)	-	167	-	-	-	-	-	
Peoples Housing Project	Human Settlements	(100 127)	-	(134 548)	163 400	-	(5 684)	-	(76 959)	
Phumlani Transfers	Human Settlements	(22)	-	-	-	-	-	-	(22)	
Provision of Security Improvements at Rail Park and Ride Facilities	Transport and Public Works	(209)	-	-	-	-	(14)	-	(223)	
Public Library Fund	Cultural Affairs and Sport	(6 533)	(37 833)	-	32 142	9 140	(1 192)	-	(4 276)	
Redhill Informal Settlement	Human Settlements	(302)	-	-	-	-	(20)	-	(322)	



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Annexure E: Disclosure of grants and subsidies in terms of section 123 of the MFMA for the year ended 30 June 2016 (continued)

National and Provincial grantsfunds 2015/2016									
Description	Source	Balance unspent at beginning of the year ¹	Current year receipts	Conditions met - transferred to revenue			Interest earned	Amounts to be claimed	Balance unspent at the end of the year ¹
				Adjustments	Operating	Capital			
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Rondevlei Housing Project	Human Settlements	(72)	-	-	39	-	-	-	(33)
Scottsdale 350 Top Structures	Human Settlements	(480)	-	(38 208)	-	31 361	-	-	(7 527)
Scottsdale 550 Top Structures	Human Settlements	(5 463)	-	(5 000)	16 126	-	-	(5 663)	-
Social Economic Facilities Programme	Human Settlements	(4 259)	-	-	-	2 994	-	-	(1 265)
Sercoar Park	Human Settlements	(704)	-	-	-	-	-	-	(704)
Silvertown Khayelitsha 2000 Structures	Human Settlements	(1 142)	-	1 142	-	-	-	-	-
Sir Lowry's Pass Village TRA	Human Settlements	(4 574)	-	-	3 185	-	-	-	(1 389)
Somerset West Housing Project	Human Settlements	(4 164)	-	-	-	-	-	-	(4 164)
Spandau Project 384 Houses	Human Settlements	(36)	-	-	-	-	-	-	(36)
Tafelsig Area: Silver City	Human Settlements	(202)	-	-	-	-	-	-	(202)
Tambo Square	Human Settlements	(42)	-	(264)	20	-	-	-	(286)
1B Crisis Plan	Health	-	(24 653)	-	24 535	-	-	-	(118)
Temperance Town	Human Settlements	(55)	-	-	-	-	-	-	(55)
Three Anchor Bay Tennis Court	Cultural Affairs and Sport	(114)	-	-	-	126	(6)	(6)	-
Vaccines	Health	-	(61 967)	1 538	71 153	-	-	(10 724)	-
Vehicle Impound Facility Maitland	Transport and Public Works	-	-	54	-	-	-	(54)	-
Vrygrond	Human Settlements	(33)	-	-	-	-	-	-	(33)
Vrygrond (EPH)	Human Settlements	(237)	-	-	-	-	(16)	(253)	-
Wallacedene Phase 3, 4, 5, 6, 7, 8, 9, 10	Human Settlements	(13 243)	-	1	780	-	-	-	(12 462)
Wilsand Housing Project Phase 1, 2	Human Settlements	(184)	-	184	-	-	-	-	-
TOTAL PROVINCIAL GOVERNMENT TRANSFERS AND GRANTS		(446 583)	(1 095 004)	128 042	772 723	221 173	(10 495)	(37 251)	(468 395)
Analysis of grants and subsidies									
Total National Government transfers and grants		(996 049)	(2 432 014)	258 207	594 657	1 974 475	(50 185)	-	(650 929)
Total Provincial Government transfers and grants		(446 583)	(1 096 004)	128 042	772 723	221 173	(10 495)	(37 251)	(468 395)
		(1 442 632)	(3 528 018)	386 249	1 367 380	2 195 648	(60 680)	(37 251)	(1 119 324)

¹ The balance unspent at beginning and end of the year excludes VAT.

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

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 2016

	2015/2016										2014/2015			
	Original budget R'000	Budget adjustments (i.i.o. s28 and s31 of the MFMA) R'000	Shifting of funds (i.i.o. s31 MFMA) 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
Financial performance														
Property rates	6 546 155	32 757	6 578 912	-	6 578 912	6 745 047	-	-	103	103	-	-	-	-
Service charges	17 002 739	(5 534)	16 997 225	-	16 997 225	17 363 596	-	-	102	102	-	-	-	-
Investment revenue	271 687	309 079	580 766	-	580 766	642 628	-	-	111	237	-	-	-	-
Transfers recognised - operational	3 579 752	526 257	4 106 009	-	4 106 009	3 619 257	-	-	88	101	-	-	-	-
Other own revenue	4 269 728	(69 407)	4 200 321	-	4 200 321	4 417 262	-	-	105	103	-	-	-	-
Total revenue (excluding capital transfers and contributions)	31 670 081	793 152	32 463 233	-	32 463 233	32 787 790	-	-	101	104	-	-	-	-
Employee costs	9 847 508	75 279	9 922 787	-	9 922 787	9 357 740	-	-	94	95	-	-	-	-
Remuneration of councillors	139 311	-	139 311	-	139 311	134 637	-	-	97	97	-	-	-	-
Debt impairment	1 798 371	128	1 798 499	-	1 798 499	1 898 476	-	-	106	106	-	-	-	-
Depreciation and asset impairment	2 089 827	37 296	2 127 123	-	2 127 123	2 117 336	-	-	100	101	-	-	-	-
Finance charges	971 133	(208 595)	762 538	-	762 538	751 614	-	-	99	77	-	-	-	-
Materials and bulk purchases	8 326 560	52 137	8 378 697	-	8 378 697	8 373 741	-	-	100	101	-	-	-	-
Transfers and grants	120 402	191 407	311 809	-	311 809	148 246	-	-	48	123	-	-	-	-
Other expenditure	8 797 133	374 438	9 171 571	-	9 171 571	7 909 471	-	-	86	90	-	-	-	-
Total expenditure	32 090 245	522 090	32 612 335	-	32 612 335	30 691 261	-	-	94	96	-	-	-	-
Surplus/(deficit)	(420 164)	277 062	(149 102)	-	(149 102)	2 096 529	-	-	(1 406)	(499)	-	-	-	-
Transfers recognised - capital	2 223 813	222 981	2 446 794	-	2 446 794	2 131 537	-	-	87	96	-	-	-	-
Contributions recognised - capital and contributed assets	53 761	14 973	68 734	-	68 734	61 589	-	-	90	115	-	-	-	-
Surplus/(deficit) after capital transfers and contributions	1 857 410	509 016	2 366 426	-	2 366 426	4 289 655	-	-	181	231	-	-	-	-
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) for the year	1 857 410	509 016	2 366 426	-	2 366 426	4 289 655	-	-	181	231	-	-	-	-
Capital expenditure and funds sources														
Capital expenditure														
Transfers recognised - capital	2 223 813	223 323	2 447 136	-	2 447 136	2 187 424	-	-	89	98	-	-	-	-
Public contributions and donations	53 761	14 631	68 392	-	68 392	61 488	-	-	90	114	-	-	-	-
Borrowing	2 579 264	(50 024)	2 529 240	-	2 529 240	2 441 423	-	-	97	95	-	-	-	-
Internally generated funds	1 187 147	(102 821)	1 084 326	-	1 084 326	799 499	-	-	74	67	-	-	-	-
Total sources of capital funds ¹	6 043 985	85 109	6 129 094	-	6 129 094	5 489 834	-	-	90	91	-	-	-	-
Cash flows														
Net cash from (used) operating	4 184 203	222 426	4 406 629	-	4 406 629	6 321 213	-	-	143	151	-	-	-	-
Net cash from (used) investing	(6 046 623)	(102 860)	(6 149 483)	-	(6 149 483)	(5 954 670)	-	-	97	98	-	-	-	-
Net cash from (used) financing	1 671 793	(1 930 165)	(258 372)	-	(258 372)	(233 222)	-	-	90	(14)	-	-	-	-
Cash/cash equivalents at the year end	(190 627)	(1 810 599)	(2 001 226)	-	(2 001 226)	133 321	-	-	(7)	(143)	-	-	-	-

¹ The actual capital outcome amount does not include the contributed assets amount of R6421 million. See appendix B.



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

		2015 R'000
Connected persons	Position held in state	
Adams, J	Administrative Officer	92
Agulhas, M	Artisan	363
Arnold, JT	Superintendent	29
August, K	Operational Supervisor: Driver	28
Barnard, M	Deputy Director: Health Department	3 144
Basholo, Z	Manager: Water and Demand	442
Bowers, ER	Social Worker: Department of Health	6
Buitendag, G	Principal Professional Officer	134
Cedras, A	Senior Superintendent	1 433
Christopher, P	Operations Manager: Corporate	578
Cilliers, JP	Special Advisor to the Premier	76
Danie, S	Project Administrator	387
Davids, F	Clerk	119
Davids, J	Department of Health	697
Davids, M	Operational Supervisor: Driver	172
Dolf, N	Clerk	131
Du Toit, J	SCM: Assistant Buyer	597
Ebrahim, Y	Head: District 5	1 412
Els, A	South African Police Services	73
Gordon, C	Clerk	568
Gurgess, D	Senior Clerk	1 013
Hattingh, PM	SCM: Administrative Officer	2 371
Hector, C	National Health Research Board (NHRB)	2 211
Henderson, C	Teacher	85
Hendricks, F	Administrative Officer	31
Ishmail, E	Manager: Valuation Data and Systems	3 030
Jacobs, E	Senior Clerk	10 808
Jemane, J	Professional Officer	14
Jones, B	Superintendent: Community Services	2
Komani, A	Foreman	5
Lategan, J	Clerk	337
Le Vack, S	Professional Nurse	273
Leukes, P	Spokesperson to the Executive Mayor	281
Maroof, M	Professional Officer	1 100
Martin, M	Department of Health	24
Mbhalo, N	Clerk	403
Melnick, R	Project Administrator	47
Merile, SS	Operator: Small Plant	743
Meyer, G	Manager: Support	62 073
Modack, K	Senior Project Administrator	109
Monk, FJ	Sub-council Manager	4 213
Mshweshwe, MC	Statutory Compliance Specialist	635
Mtini, V	Worker	36 100
Mzwanbile, N	SA Ambassador	12
Nel, GA	SITA	55
Niehaus, H	Senior Manager: Department of Health	22



		2015 R'000
Connected persons	Position held in state	
Ntlati, B	Clerk	340
Paul, B	Department of Cultural Affairs and Sport (DCAS)	76
Phosa, P	Parliament	199 388
Poole, N	Senior Clerk	24
Porsche, S	Forensics	31
Rall, A	Hospital Manager	327
Rhodes, M	Department of Education	486
Ritter, T	Senior Clerk	7
Salomons, T	Specialist Artisan	2 114
Scheepers, C	Councillor	12
Scholtz, LM	Secretary	473
Siebritz, W	Fire Fighter	38
Steyn, D	Head: Supplier Management	129
Steyn, T	Senior Professional Officer	234
Unathi, P	Assistant Professional Officer	61
Van Der Heever, V	Teacher	1 407
Van der Vendt, C	Senior Worker	560
Visagie, L	Teacher	141
Votersen, MF	Head: Finance Parks	2 969
Wasserfall, B	Senior Forensics Officer	1 944
Willemse, S	Administrative Officer	1 396
Wyngaard, R	SCM: Administrative Officer - Tenders	866
AURECON awards	Family members as per schedule *	56 863
Total		406 364

*Names of family members (AURECON awards)

Ahlschlager, HC	Legal Representative: Special Investigating Unit
Geldenhuis, N	Mechatronic Engineer: Transnet Port Terminals
Goga, Y	Senior Specialist: Nkosi Albert Luthuli Hospital
Govender, T	Fleet Maintenance Administrator: Umgeni Water
Herholdt, E	Manager: Limpopo Department of Economic Development Environment and Tourism
Heyns, A	Assistant Superintendent: Stellenbosch Municipality
Jacobs, J	Personal Assistant: Eastern Cape Department of Education
Kleynhans, B	Accountant: Hessequa Municipality
Kriegler, BJ	Councillor: Cape Winelands District Municipality and Breede Valley Municipality
Marques, M	Deputy Director: Department of Home Affairs
Nadasen, K	Director: National Department of Public Works
Ntsebeza, D	Buffalo City Metropolitan Municipality
Ntsebeza, M	Intsika Yethu Municipality
Ntsebeza, N	Intsika Yethu Municipality
Pretorius, PS	Sol Plaatje Municipality
Robertson, JM	Roads Engineer: Ekurhuleni Metropolitan Municipality
Vermeulen, PC	Superintendent: City of Cape Town



AFD	Agence Française de Développement
ASB	Accounting Standards Board
CIDs	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 (Pty) Ltd
DB	defined benefit
DBSA	Development Bank of Southern Africa
DC	defined-contributions
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
PAYE	pay-as-you-earn
PPE	property, plant and equipment
Province	Western Cape Provincial Government
SALGA	South African Local Government Association
SARS	South African Revenue Service
SCM	supply chain management
TASK	tuned assessment of skills and knowledge
UIF	Unemployment Insurance Fund
USDG	Urban Settlements Development Grant
VAT	value-added tax





CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD