



2017/2018

ANNUAL REPORT

Volume I



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REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template provides assistance in the preparation and development of improved content and quality of Matjhabeng Local Municipality's Annual Report for 2017/2018. It also provides an update to the MFMA Circular No. 11, issued in January 2005.

It gives effect to the legal framework requirement, concepts and principles espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of Municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in Municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of Government, Municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; Risk Management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between Municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by Municipalities. The appendices talk to greater detail including disaggregated information on Municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of National, Provincial and Municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury- July 2012



CHAPTER 1: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD

EXECUTIVE MAYOR'S FOREWORD



Cllr Nkosinjani Speelman

Section 52 of MFMA requires that the mayor of a municipality— (a) must provide general political guidance over the fiscal and financial affairs of the municipality; (b) in providing such general political guidance, may monitor and, to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities; (c) must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget; (d) must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality; and (e) must exercise the other powers and perform the other duties assigned to the mayor in terms of this Act or delegated by the council to the mayor.

The municipality continues to render services under difficult circumstances whereby the revenue collection is far below than expected due to unemployment rate. As a result, our ability to collect revenue has been compromised by that whatever we collect must address the challenges of water and sewer spillages throughout the wards.

We had to devise means to deal with emergencies on a continuous basis. In fact, there were more service delivery challenges recorded in 2017/2018 financial year as compare to the previous financial year. Despite all these challenges the municipality has managed to sustain its unqualified audit opinion since 2015/2016.

We are aware that despite our efforts to repair the infrastructure, there are forces that are deliberately sabotaging our infrastructure such as Zama Zamas (illegal miners) and disgruntled service providers. We are working with provincial government departments of Treasury and Cogta to improve our systems and this has shown positive results.

The Eskom and Sedibeng debts are also a challenge that we are handling head on. We are currently embarking on Thuma Mina Campaign initiated by the State President where we are able to inform the residents of our challenges and programmes to resolve them.

In conclusion, we are saying Matjhabeng Local Municipality is the biggest local municipality in the Free State and we understand why people are looking keenly to its affairs. We will do our best to improve our systems and our financial situation.

CLLR N. SPEELMAN
EXECUTIVE MAYOR

T 1.0.1



COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW



Mr Evans Thabiso Tsoaeli

In developing annual reports, all municipalities are obliged to comply with pieces of legislation that guide development of these reports. The overall purpose of developing an annual report, among other reasons, is to provide feedback on priorities planned for the year under review and the actual work that was done in implementing the budget for that financial year. In other words, the development of annual reports helps communities to monitor planned projects that they have recommended to be done for their wards. Essentially in an annual report, municipal departments, as implementers of the budget and having agreed that the budget is sufficient for specific projects, must then account for work done.

In particular, Municipalities are guided on the main by a plethora of legislations to develop and account for budgets approved for projects, but in particular, the Local Government: Municipal Systems Act No. 32 of 2000, as amended; the Municipal Finance Management Act No: 56 of 2003; the National Treasury Circular No. 11 as well as the customized template and guidelines for Municipal annual reports are key pieces of legislation and guide that provide direction.

In our specific case as a Municipality, we have duly complied with the development of the annual report. It must be noted that the 2017/2018 annual report is the first report to be developed under the new council as was inaugurated in August 2016. These reports will be compiled and submitted for approval until 2022/2023 when the new council has spent a year in office. In terms of details to the annual report, it is clear that the Municipality always continued to provide services under trying conditions. 2017/2018 financial year was no exception. In fact, there were more service delivery challenges recorded than there were in 2016/2017 financial year.



As a starting point I must indicate that we have sustained our audit opinion from the 2015/2016 which was an unqualified opinion. There is real and visible improvement in how we implemented programmes in the Municipality than it has been the case in the past. Quite a few examples come into reckoning here as regards the level and quality of services we provided. As a Municipality, we were faced with real challenges of water and waste water spillages throughout the wards. As a result, our plans were negatively affected because we were forced to devise strategies to deal with emergencies on a continuous basis. The reason for continuous spillages, has of late been contended to be coming from ageing infrastructure and non-functional pump stations and waste water treatment plants. We are well aware of the challenges we face due to the ageing infrastructure and we have as a consequence, resorted to knocking on doors belonging to funding institutions to assist us.

As a result, our ability to collect revenue has also been compromised. The inability had a ripple-effect in paying our creditors money due to them within the required 30 days. The extent of this problem and our general struggle to pay for services received support from the provincial government Departments which came into the picture to intervene. We are happy that the process had started and we are hopeful that it will bear fruit in the near future. Communities will be updated on programme changes and specific interventions devised to improve the financial situation of the Municipality from the next financial year.

This process therefore asks of all of us to accept the challenge and play our role to assist. Let us therefore agree to find a solution to the challenges that besiege Matjhabeng Local Municipality. In the words of the State President: "Now is the time for each of us to say 'send me'".

I thank you

MR ET TSOAELI
MUNICIPAL MANAGER

T 1.1.1



1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

BACKGROUND DATA

The Municipal functions have not changed as provided for by the Municipal Demarcation Board the last time it was assessed. The Municipality continues to provide services to community ranging from potable water provision, repair/upgrading of road infrastructure networks, sanitation services, refuse removal, electricity provision in towns as well as maintenance of lighting systems both the six towns and related townships of the Municipality.

As per the population census of 2016, the population of the population in the Municipality has somewhat increased from figures recorded for the 2011, which was 406 461 to 428 843 Figures T.1.2.1-T.1.2.3 detail population figures from the population census of 2016.

As per the population in terms of race and employment status, and from the community census, it is very clear that the majority of our population remains blacks and followed by white. The numbers are very key for planning purposes and taking into account past planning trends.

T.1.2.1

TOTAL POPULATION AND HOUSEHOLDS			
	COMMUNITY SURVEY 2016	CENSUS 2011	CENSUS 2001
POPULATION	428 843	406 461	408 170
HOUSEHOLDS	149021	123 195	120 289

Source: STATS SA, CS 2016

T.1.2.2

POPULATION BY RACE AND GENDER			
	MALE	FEMALE	TOTAL
BLACK	180 913	182 467	363 380
COLOURED	2 623	2 729	5 352
INDIAN / ASIAN	766	470	1 236
WHITE	17 613	17 451	35 064
TOTAL	201 915	203 117	405 032

Source: STATS SA, 2011

T.1.2.3

EMPLOYMENT STATUS		
ECONOMIC STATUS	% CENSUS 2011	% CENSUS 2001
EMPLOYED	36.1%	34.4%
UNEMPLOYED	21.2%	29.9%
NOT ECONOMICALLY ACTIVE	42.8%	35.7%

Source: STATS SA 2011

T.1.2.4



EMPLOYMENT BY SECTOR		
INDUSTRY TYPE	2007	2011
AGRICULTURE, HUNTING, FORESTRY, FISHING	5 035	381
MINING AND QUARRYING	30 581	11495
MANUFACTURING	4 133	1429
ELECTRICITY, GAS, WATER SUPPLY	465	556
CONSTRUCTION	2 778	549
WHOLESALE AND TRADE, REPAIRS, HOTELS AND RESTAURANTS	11 795	2793
TRANSPORT, STORAGE AND COMMUNICATION	3 262	1183
FINANCIAL INTERMEDIATION, INSURANCE, REAL ESTATE AND BUSINESS	4 793	2943
COMMUNITY, SOCIAL AND PERSONAL SERVICE	14 313	2852
GENERAL GOVERNMENT		2692

T.1.2.5

HISTORICAL OVERVIEW OF TOWNS WITHIN MATJHABENG

The Municipality is made up of six towns, namely:

WELKOM (THABONG)

Welkom has been the centre of the Free State Goldfields, serving several gold and uranium mines, since 1947. Following the discovery of gold in 1946, Welkom was founded in 1947 on the farm Welkom, with the word "Welkom" meaning welcome.

Welkom received Municipal status in 1968. It was planned as a model town, with a horseshoe-shaped shopping and administrative district surrounding a park of 11ha. More than one million trees were planted in the town.

Centrally situated, Welkom is place within comfortable distance from other major cities. Johannesburg is only 280 km away, while Bloemfontein is 175 km away. The traffic flow in the city has attracted much attention and experts from all over the world come to study the clever use of traffic circles and the minimal number of stop streets.

The absence of traffic lights in the centre of the city contributes to an effortless flow of traffic – the envy of many cities and the reason Welkom is known as the "circle city". Welkom has also earned itself the reputation of being a "city within a garden" due to the number of parks and gardens that lend it an extraordinary number of shady trees and pleasant surroundings.

VIRGINIA (MELODING)

Virginia is situated on the banks of the Sand River. The town originated around the railway station, which was named after the hometown of two American railway surveyors from Virginia in the USA.

The town was established in 1954 and became the second largest town in the Goldfields area within three years. The name was retained when the town mushroomed in the 1950's following the discovery of gold. The farm's name, Merriespruit, was given to a suburb of Virginia.



Virginia is surrounded by some of the largest gold fields in the Free State, and mining, gold-extraction, plants, and the manufacture of sulphuric acid from gold ore dominates its economy. It is also known for having the world's deepest pipe-mine into the earth. Commercial farms in the surrounding area primarily grow maize and raise livestock.

VENTERSBURG (MMAMAHABANE)

Ventersburg was named after a pioneer, PA Venter, of the farm Kromfontein, who died in 1857. Ventersburg's early history is closely connected to the history of the Reformed Church, as Ventersburg was Reformed Church congregation established in 1864.

The House of Assembly, on 6 May 1873, declared Ventersburg a town in the Winburg District. The Dutch Reformed Church was built in 1891 and got burnt down in 1900 with the occupation of the British of Ventersburg. A new Dutch Reformed Church was built in 1912. In 1903, Ventersburg Municipality was established. In 1939, Ventersburg was electrified.

ODENDAALSRUS (KUTLWANONG)

Odendaalsrus was the first town to be established in the Goldfields in 1912. By 1946, this small farming community had only 40 houses and three shops. However, the town exploded into life after the confirmed discovery of the richest gold reef in the world in April 1946 on the farm Geduld.

Situated between Kroonstad, Allanridge and Welkom, Odendaalsrus once formed the centre of mining activities in the area. Today a tranquil town with its own unique pulse, Odendaalsrus and Kutlwanong together boast a population of approximately 63 743.

HENNENMAN (PHOMOLONG)

Hennenman is unusual within Matjhabeng's economic make-up in that it has a well-balanced economy based mainly on agriculture, an anomaly in an area in which most income is derived from mining and industry.

Before the town was officially established, it was birthed as a railway station, Ventersdorp. This name was changed to Hennenman Station in 1927, after a prominent local farmer. The town began to grow in earnest after the discovery of gold between Hennenman and Odendaalsrus in 1946 and was proclaimed a Municipality in 1947.

Hennenman and Phomolong have a population of approximately 25 000. Phomolong Township emerged from the forcefully removed old township near Hennenman town, which was then used as Ventersburg station.

ALLANRIDGE (NYAKALLONG)

Named in honour of the late Alan Roberts, whose pioneering geological and prospecting work was key in the eventual discovery of gold and the development of the Goldfields, Allanridge was founded as a settlement in 1947, although it was only proclaimed as a town in 1956.



Home of the Lorraine Gold Mine, one of the biggest in the Goldfields, Allanridge is a town of sunshine, and the thousands of flamingos who make the area their home provide natural beauty. Nyakallong location was established by the mineworkers working at Lorraine mine and started as a dwelling place only to have their permanent homes where they came from.

T 1.2.6

OVERVIEW OF NEIGHBOURHOODS WITHIN 'MATJHABENG MUNICIPALITY'		
Settlement Type	Households	Population
TOWNS		
ALLANRIDGE	663	3 315
HENNENMAN	958	4 311
ODENDAALSRUS	2 213	9 959
RIEBEECKSTAD	3 092	15 460
VENTERSBURG	359	1 616
VIRGINIA	4 454	22 270
WELKOM	9 708	48 540
Sub-Total	21 447	105 471
TOWNSHIPS		
BRONVILLE	2 159	12 306
KUTLWANONG	11 966	70 599
MELODING	10 482	60 796
MMAMAHABANE	2 345	14 070
NYAKALLONG	4 010	24 060
PHOMOLONG	4 871	29 226
THABONG	29 064	165 665
WHITES	55	314
Sub-Total	64 952	377 582
INFORMAL SETTLEMENTS		
NYAKALLONG	177	974
KUTLWANONG	1 505	8 278
THABONG/BRONVILLE	2 262	12 441
MELODING	821	4 516
PHOMOLONG	539	2 965
MMAMAHABANE	379	2 085
Sub-Total	5683	31 259
Total	92 082	514 312

T.1.2.6

Source: Rapid Assessment Report of HDA (September 2013)



NATURAL RESOURCES	
MAJOR NATURAL RESOURCE	BENEFIT TO THE COMMUNITY
GOLD	There are a number of active mines which employ residents of Matjhabeng. New gold mining development is planned in areas within the Municipality.
URANIUM	Uranium and gold cannot be separated even though the region has not explored the uranium mining.
T.1.2.8	

COMMENTS ON BACKGROUND DATA

Whilst population size of the Municipality showed increases during the community survey results, this trend has brought in tremendous pressure for the Municipality to deliver more services at increased costs due to affordability levels of beneficiaries. As a result, more of services due to communities become difficult to provide. With increased population size, there is also pressuring to create employment and hence the figure for economically inactive population stood at 42% during the 2011 population census in the Municipality. In other words, we have people who are looking for work but cannot find such work opportunities.

This is further made complex by the reality that people are not educated enough to seize opportunities made available by businesses locating in the area. It should therefore become a priority for the Municipality to create menial job opportunities for possible job creation in order to boost the economy which should effectively absorb some unemployed people in especially badly affected towns in the Municipality.

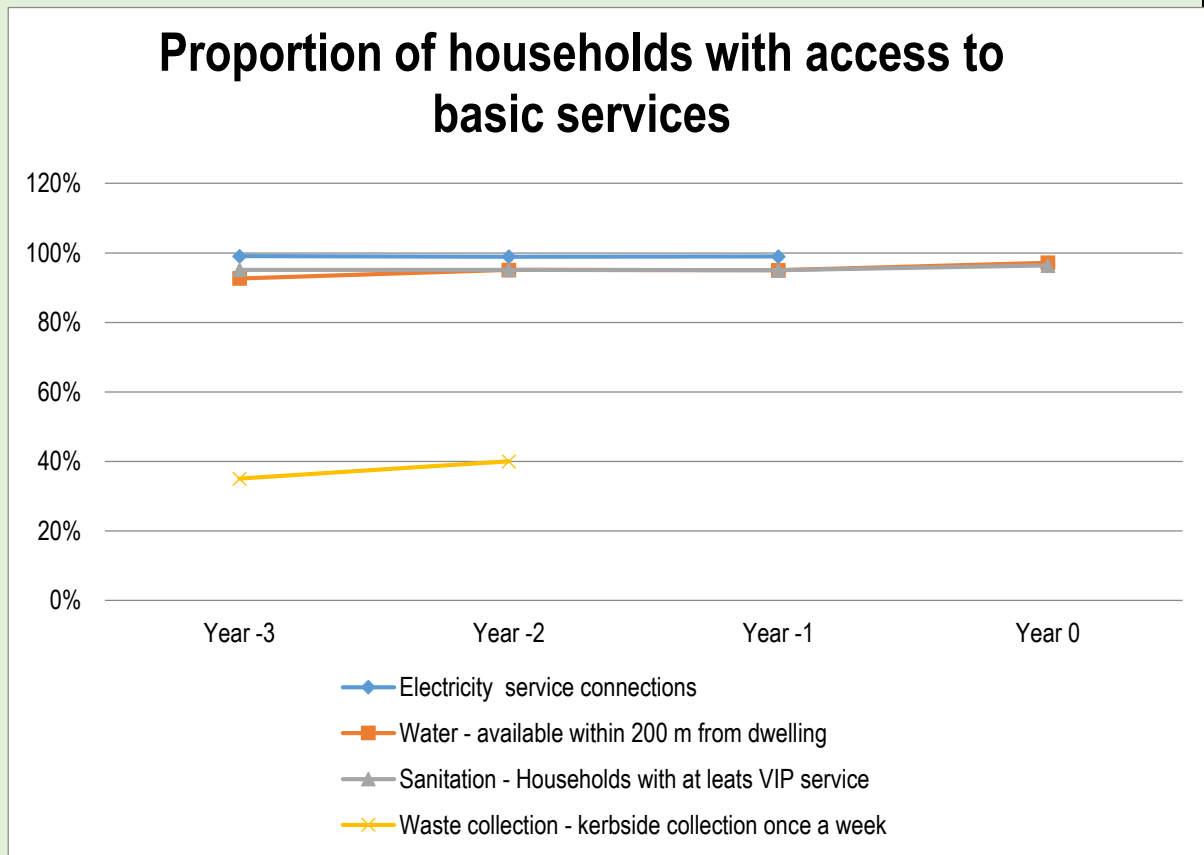
Given the current employment trends, the Municipality has created an opportunity for investors to locate businesses in lesser attractive areas to boost the economic situations there. Areas such as Virginia and Odendaalsrus are receiving special attention as they once played an economic role in the economy of the region when mining activities were at their pick.

T.1.2.9



1.3 SERVICE DELIVERY OVERVIEW

PROPORTION OF HOUSEHOLDS WITH MINIMUM LEVEL OF BASIC SERVICES				
	Year -3	Year -2	Year -1	Year 0
Electricity service connections	99%	96.4%	96.4%	
Water - available within 200 m from dwelling	95%	97%	97%	
Sanitation - Households with at least VIP service	95%	96%	97%	
Waste collection - kerbside collection once a week				



T.1.3.2

COMMENT ON ACCESS TO BASIC SERVICES:

Provision of services as indicated above done under very strenuous circumstances and under tremendous pressure as a result of stringent financial circumstances. We need to appreciate the statistical information as reflected in T.1.3.2 above which relate to a longer term implementation period. Of very clear picture has always been the fact that the Municipality responded to challenges that occurred in the Municipality. We have been constantly faced with continuous sewer blockages especially in greater Thabong which falls within wards 12, 13, 14, 15, 16 and 17 on the main. Other areas which continued to give us sleepless nights were in Kutlwanong and Bronville. Amidst all the challenges, the Municipality showed resilience to positively respond deftly in addressing these challenges.

The truth is that we spent quite a fortune in responding to sewer problems and at most times, we had to apply deviation mechanism to deal with the emergencies. The same was the case with lighting system. An advert for renovating the lighting system along Koppie Alleen street is a case in point.



Unfortunately, some areas of the Municipality still have buckets and ventilated improved pit latrine (VIP) system as forms of sanitation. There have been plans to eradicate these forms of inhumane system and it is still the intention of the Municipality to still do so.

One other service which we have been doing without fail, has been refuse collection throughout the Municipal areas. These happened even when the Municipality faced vehicle/collection truck challenges. At some point in the current financial year, we faced the challenge head-on but eventually we succeeded by hiring the as- and when trucks to help us deliver the service.

T.1.3.3



1.4 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The municipal infrastructure grant of the Municipality for the 2017/2018 financial year stood at R121 216 00 but the overall capital fund was R181 216 000. It was composed of the following grants:

Municipal Infrastructure Grant = R121 216 000

Water Services Infrastructure Grant= R30 000 000

Integrated National Electrification Programme = R5000 000

Own funding = R25 000 000

T.1.4.1

FINANCIAL OVERVIEW: YEAR 0

R' 000

Details	Original budget	Adjustment Budget	Actual
Income:	2 480 390	2 480 390	1 599 447
Grants	562 992	562 992	561 992
Taxes, Levies and tariffs	1 481 596	1 481 596	910 088
Other	435 802	435 802	127 367
Sub Total	2 480 390	2 480 390	1 599 447
Less: Expenditure	2 322 822	2 322 822	1 237 995
Net Total*	157 568	157 568	361 452

* Note: surplus/(deficit)

T 1.4.2

OPERATING RATIOS

DETAIL	%
Employee Cost	30%
Repairs & Maintenance	11%
Finance Charges & Impairment	11%

T 1.4.3

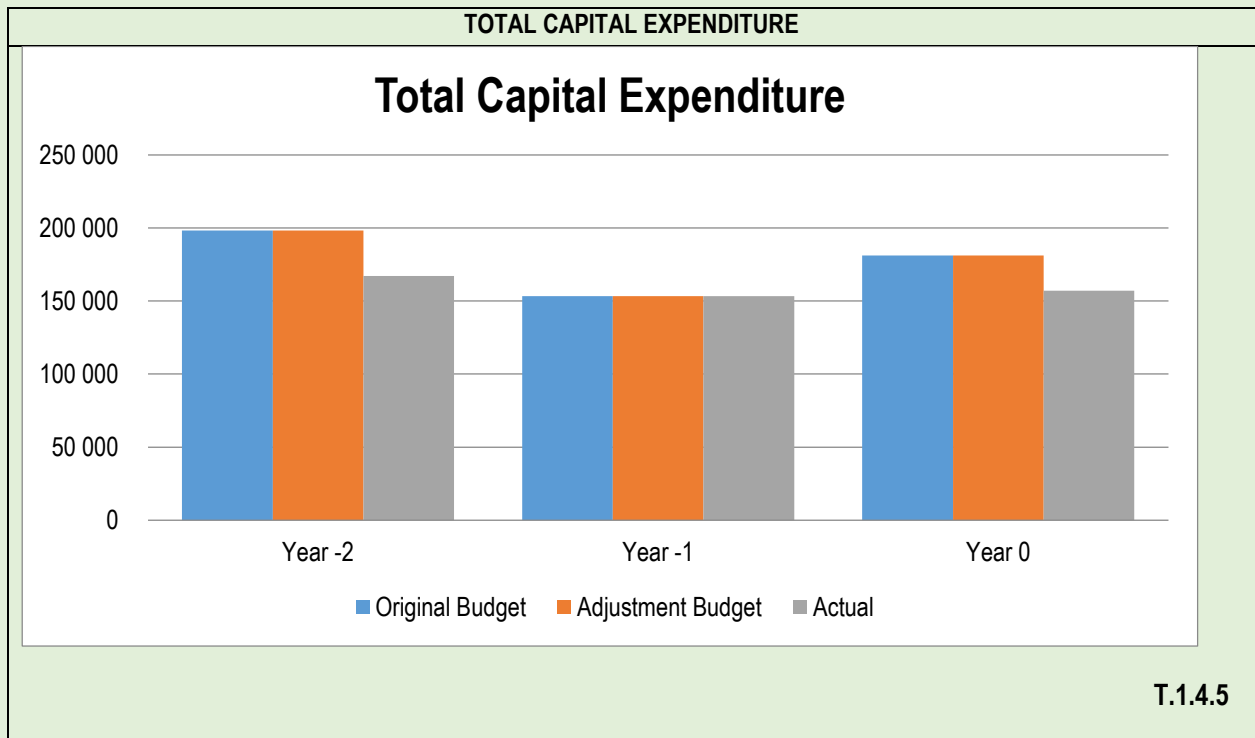
TOTAL CAPITAL EXPENDITURE: YEAR -2 TO YEAR 0

R'000

DETAIL	YEAR -2	YEAR -1	YEAR 0
198 246	153 363	181 216	198 246
198 246	153 363	181 216	198 246
167 088	153 363	157 109	167 088

T 1.4.4





COMMENT ON CAPITAL EXPENDITURE OUTSTANDING

The municipal infrastructure grant of the Municipality for the 2017/2018 financial year stood at R121 216 000 but the overall capital fund was R181 216 000. It was composed of the following grants:

Municipal Infrastructure Grant = R121 216 000
 Water Services Infrastructure Grant= R30 000 000
 Integrated National Electrification Programme = R5000 000
 Own funding = R25 000 000

T 1.4.5.1



1.6 AUDITOR GENERAL REPORT YEAR 0 (The financial year of reporting)

*Auditor General Report to be pasted in this section and annexed.



1.7 STATUTORY ANNUAL REPORT PROCESS

#	ACTIVITY	TIME FRAME	ACTUAL
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July / August	It was developed and submitted to Council for approval in May 2018
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting)		IDP and Budget were approved 30 days before the start of the new financial year
3	Finalize the 4 th quarter Report for previous financial year.		To be submitted to council in August 2018.
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General.		To be submitted August 2018 in the form of a draft separate from draft AFS.
5	Municipal entities submit draft Annual reports to MM.		Not relevant to MLM
6	Audit / Performance committee considers draft Annual Report of Municipality and entities (where relevant)	August	August 2018.
7	Mayor tables the unaudited Annual Report		28 August 2018
8	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General		31 August 2018
9	Annual Performance Report submitted to Auditor General to be provided as input to the IDP Analysis Phase		31 August 2017. IDP Manager to use the report as input to the analysis phase.
10	Auditor General Audits Annual Report including consolidated Annual Financial Statements and Performance data	August – December	The audits will be done between August and December
11	Municipalities receive and start to address the Auditor General's comments	November / March	As per the queries to be issued.
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor General's Report		The Audited work will be tabled in Council after receipt of the formal Audit Report.
13	Audited Annual Report is made public and representation is invited		Immediately after the Audit Report is presented to Council
14	Oversight Committee assesses Annual Report		Immediately after the Audit Report is presented to Council
15	Council adopts Oversight Report	March 2018	Immediately after the Audit Report is presented to Council
16	Oversight Report is made public		April 2019
17	Oversight Report is submitted to relevant Provincial Councils		April 2019
18	Commencement of draft Budget/IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	April / May 2019	May 2019

T.1.7.1



COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

POLITICAL STRUCTURE



EXECUTIVE MAYOR
Cllr Nkosinjani Speelman



SPEAKER
Cllr BC Stofile



CHIEF WHIP
Cllr MJ Sephiri

MAYORAL COMMITTEE / EXECUTIVE COMMITTEE



**MMC IDP, POLICY DEVELOPMENT
& MONITORING**
Cllr ML Radebe



MMC HUMAN SETTLEMENTS
Cllr TD Khalipha



**MMC SPORTS, ARTS &
CULTURE**
Cllr M Kabi



MMC TOURISM & AGRICULTURE
Cllr MC Radebe



MMC PUBLIC SAFETY
Cllr VR Morris



MMC LED AND PLANNING
Cllr DR Direko



MMC INFRASTRUCTURE
Cllr ME Tshopo



MMC COMMUNITY SERVICES
Cllr TB Lushaba



MMC FINANCE
Cllr S Manese



COUNCILLORS

PR COUNCILLORS



Cllr NW Speelman



Cllr MJ Sephiri



Cllr B Stofile



Cllr MR Tsupa (Deceased)



Cllr DR Direko



Cllr M Kabi



Cllr NE Thelingoane



Cllr SD Manese



Cllr MH Ntsebeng



Cllr XN Masina



Cllr ML Radebe

Cllr TB Lushaba



Cllr MG Mafaisa

Cllr MC Radebe



Cllr KSV Moipatle



Cllr NM Phofeli



Cllr ME Tshopo



Cllr VE Mawela



Cllr JS Marais



Cllr LN Presente



Cllr MM Rakaki



Cllr A Styger



Cllr MJ Badenhorst



Cllr AJ Manenye





Cllr EJ Jacobs



Cllr PF Botha



Cllr TW Lethake



Cllr ME Senxezi(Resigned)



Cllr MT Macingwane



Cllr ME Tsoaeli (Resigned)



Cllr LE Khetsi



Cllr NA Mthebere



Cllr AM Sithole



Cllr SDM Taljaard



Cllr ME Nqeobo



Cllr B Ramabolu



WARD COUNCILLORS



Ward 1
Cllr Sebotsa



Ward 2
Cllr Tshabangu



Ward 3
Cllr Schibusch(Resigned)



Ward 4
Cllr Liphoko



Ward 5
Cllr Molelekoa



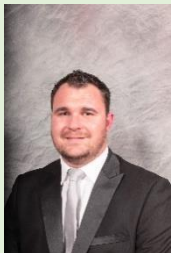
Ward 6
Cllr Mahlumba



Ward 7
Cllr Monjovo



Ward 8
Cllr Masienyane



Ward 9
Cllr Badenhorst



Ward 10
Cllr Ramalefane



Ward 11
Cllr Morris



Ward 12
Cllr Moshoeu



Ward 13
Cllr Thelingoane



Ward 14
Cllr Chaka



Ward 15
Cllr Ntuli



Ward 16
Cllr Meli



Ward 17
Cllr Khalipha



Ward 18
Cllr Moloja



Ward 19
Cllr Ramatisa



Ward 20
Cllr Nkonka





Ward 21
Cllr Pholo



Ward 22
Cllr Poo



Ward 23
Cllr Tlake



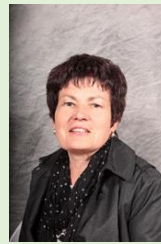
Ward 24
Cllr Mphikeleli



Ward 25
Cllr Nthako



Ward 26
Cllr Tsatsa



Ward 27
Cllr Van Rooyen



Ward 28
Cllr Mosia



Ward 29
Cllr Mafa



Ward 30
Cllr Molefi



Ward 31
Cllr Mokhomo



Ward 32
Van Schalkwyk



Ward 33
Cllr Malherbe



Ward 34
Cllr Daly



Ward 35
Cllr Manzana



Ward 36
Cllr Khothule

T.2.1.2



POLITICAL DECISION-MAKING PROCESS

Council is the ultimate authority and/or decision-maker as per the provisions of the Constitution of the Republic of South Africa and other applicable laws governing the Local Government sector. A typical political decision-making process usually begins with the Administrative Wing of the Municipality making submissions to the Section 80 Committees for further consideration.

As part of a decision-making process, section 79 committees also play critical role in influencing decisions that get made within council. These committees were established during the second meeting of the current council in September 2016. Secondly, Section 80 as established by the Executive Mayor to assist him, recommends to the Executive Mayor and ultimately Council takes a resolution on a matter.

Depending on the nature of a Council decision, the general public will be consulted for inputs on the matters discussed by Council and then Council will finally ratify a matter under discussion. Public consultation assumes different forms, for example, it can be face to face meetings with the general public, a platform can be created for the public to make inputs (written or verbal), can be through the sittings of the Ward Committees or even through formal stakeholder engagements.

T.2.1.3



2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipality is governed administratively by the Accounting Officer and he is reliably assisted by management. The composition of senior administrative staff as follows:

Mr Thabiso Tsoaeli as the Accounting Officer having assumed his responsibility as the appointed Accounting Officer of the Municipality from the 1st August 2017;

Mr Thabo Panyani as the Chief Financial Officer having assumed his responsibility in the Municipality from the 1st December 2017;

Me Betty Maswanganyi who has been employed as the Executive Director responsible for Infrastructure effective from the 1st May 2015.

Mr Fezile Wetes as the Executive Director responsible for Corporate Support Services, who was employed in the Municipality from the 1st April 2015;

Mr Tumelo Makofane who is employed as the Executive Director responsible for Strategic Support Services in the Municipal Manager's Office and whose employment was effective from the 1st February 2015; and

Me Zingisa Tindleni who has been employed as the Executive Director for Community Services and Public Safety effective from the 1st December 2017.

T.2.2.1



TOP ADMINISTRATIVE STRUCTURE



MUNICIPAL MANAGER
Mr Thabiso Tsoaeli



**EXECUTIVE DIRECTOR
STRATEGIC SUPPORT SERVICES**
Mr. Tumelo Makofane



CHIEF FINANCIAL OFFICER
Mr Thabo Panyani



**ACTING EXECUTIVE DIRECTOR
LED & PLANNING**
Mr Barry Golele



**EXECUTIVE DIRECTOR
COMMUNITY SERVICES &
LAW ENFORCEMENT**
Me Zingisa Tindleni



**EXECUTIVE DIRECTOR
INFRASTRUCTURE**
Me. Betty Maswanganyi



**EXECUTIVE DIRECTOR
CORPORATE SERVICES**
Mr. Fezile Wetes

T.2.2.2



COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Cooperative Governance and Intergovernmental Relations (IGR) are important in that they foster relationships among the three spheres of government within the context of a unitary state, and the mechanisms to manage these relationships are legislated (see the Constitution of the Republic of South Africa of 1996, The Intergovernmental Relations Act, and other applicable laws).

For the 2017/2018 financial year, the Municipality participated in a number of meetings convened as planned within our service delivery and budget implementation plan for purposes aimed at advancing cooperative governance and intergovernmental relations especially at the levels of both the District Municipality and Provincial Government (see T2.3.4 below for some specific references and details).

T 2.3.0



2.3 INTERGOVERNMENTAL RELATIONS

DISTRICT INTERGOVERNMENTAL STRUCTURES

At political level, both the Speaker and the Executive Mayor take part in various fora established to ensure improved inter-governance relations. The public participation forum allows the Speakers in the District to discuss a range of issues, including demarcation, public participation and governance. The forum has helped to eliminate tensions and disagreements over Municipal outer boundaries as consensus gets reached at this level. The Executive Mayor attends and participates at political IGR level with other executive mayors and mayors within the district boundary. Issues raised at this level get escalated by technical wing of the forum which is constituted by Municipal Managers assisted by staff at technical level.

At a technical level, the office of the Municipal Manager participated in quarterly District IGR meetings. These fora help with service delivery through sharing of best practices and strategies implemented by other Municipalities. Other forum participation meetings were for the Back to Basics meetings which were convened for purposes of monitoring B2B action plans submitted to council.

Related to the above forum/committee participation, the Municipality participates in the Premier's Coordinating Forum where the Province's developmental agenda and coordination are points of emphasis. In summary, the following forum formations are some of the areas where the Municipality participated:

Provincial Municipal Managers' Forum

District Energy Forum

District Political IGR (*Inter Governmental Relations*) Forum

District Technical IGR (*Inter Governmental Relations*) Forum

Provincial PMS (*Performance Management Systems*) Forum

Provincial and District Risk Management Forum

MECLOGA

Premier's Coordinating Forum

District Back to Basics

Provincial and District IDP (*Integrated Development Plan*) Managers' Forum

T.2.3.4



2.4 PUBLIC MEETINGS

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The law provides that public representatives must convene ward constituency meetings quarterly to give feedback on the progress and challenges in the Municipality. Office of the Speaker set up a plan to ensure that ward committees meeting and submit reports on a monthly basis on issues raised within the wards.

The Municipality engaged the public via a number of forum meetings:

IDP/budget representative forum

Ward Constituency meetings

Ward Committee meetings

Office of the Speaker was in charge of ensuring that different constituency meetings convened sat in the last financial year. The law allowed for a minimum of at least four meetings to be convened in one financial year. As a precondition to apply and implement the law and also with a view to enhancing accountability, the Municipality published documents like the IDP, Budget and the annual report at key strategic points for accessibility.

A public participation programme was developed and implemented with assistance from Office of the Speaker to ensure that both the IDP/budget as well as the draft annual report were presented to communities with a view to receive inputs. On the main, communities raised issues of concern in their respective areas for consideration by the Municipality and thereby reconsideration of priority service delivery issues for budget purposes.

T 2.4.0



COMMUNICATION, PARTICIPATION AND FORUMS

Public participation programme was championed from office of the Speaker and always been the office doing the task. All council meetings were advertised as required by law. Under no circumstance would a council meeting go ahead without such communication being publicised.

The second form of communication related to forum meetings in the forms of IDP representative forum as well as the imbizo. The Executive Mayor headed both set of fora. As an exception, the year under review witnessed quite satisfactory attendance in all meetings.

The next avenue the Municipality utilised to share municipal information has been the website. This option was done as per the compliance mandate and following legislative requirements. The website was changed as follows: www.matjhabeng.fs.gov.za. All information we needed to share with the public were placed here. It should be noted that it took time before people could learn to understand this location.

The other area we used were notice boards of the Municipality. The Municipality, in addition, used the community radio station, *The Rock*, as well as *Lesedi* and *Gold FM* where the leadership of the Municipality had direct communication with the community on development plans, progress and challenges. The Municipal publication, *Matjhabeng News* also assisted in informing the public on Municipal Programmes for the financial year under review.

T 2.4.1

WARD COMMITTEES

The Municipality has 36 Wards, each with a well-functioning Ward Committee. The work of the ward committees did not proceed as planned and reports were not provided as planned. This was a worrying aspect of service delivery when no information could be provided to update the Municipality on challenges that ward committees faced.

The office of The Speaker was charged with assessing performance of all wards in the Municipality as per the SDBIP relating to the office.

T 2.4.2



PUBLIC MEETINGS						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Ward 2	10/05/2018			117	Yes	IDP & Budget incorporating inputs from Public Meetings were made public from 24 th April 2018
Ward 3	10/05/2018	1	4	80	Yes	
Ward 6	08/05/2018	2	8	473	Yes	
Ward 8	17/05/2018	1	3	115	Yes	
Ward 13	07/05/2018	4	4	128	Yes	
Ward 14	04/05/2018	3	4	177	Yes	
Ward 15	04/05/2018	2	3	116	Yes	
Ward 23	07/05/2018	4	5	119	Yes	
Ward 24	07/05/2018			151	Yes	
Ward 25	14/05/2018	4	7	79	Yes	
Ward 26	03/05/2018	2	3	226	Yes	
Ward 27	11/05/2018	2	6	62	Yes	
Ward 28	03/05/2018	2	6	207	Yes	
Ward 16	04/05/2018			229	Yes	
Ward 17	04/05/2018			340	Yes	
Ward 19	14/05/2018			341	Yes	
Ward 20	09/05/2018	1	2	108	Yes	
Ward 21	09/05/2018	1	11	183	Yes	
Ward 1	10/05/2018	3	6	184	Yes	
Ward 22	09/05/2018	3	5	139	Yes	
Ward 5	08/05/2018	3	4	86	Yes	
Ward 7	14/05/2018	1	4	199	Yes	
Ward 29	03/05/2018	3	3	94	Yes	
Ward 32	11/05/2018	1	8	30	Yes	
Ward 34	15/05/2018	3	3	20	Yes	
Ward 35	14/05/2018 & 11/05/2018	7	6	330		
Ward 10	10/05/2018	2	9	209	Yes	
Ward 36	14/05/2018-15/05/2018	1	7	96	Yes	
						T 2.4.3



COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD

Public meetings are held in order to solicit more views and priorities from community members who attend these meetings. It provides a good platform where discussions are held and compromises are reached as regards the importance of projects within Wards and as well as taking into account available resources.

Apart from meeting a legal requirement in as far as consulting the public is concerned, meetings held yielded positive outcomes. The general public was able to input into programmes where such were needed, and these contributed significantly to improving the Council decisions. For example, the IDP and Budget together with other policies approved have public ownership. As a result of these meetings, management were sensitised on urgent community matters that would not reach offices under normal circumstances.

T 2.4.3.1



2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the Municipality have impact, outcome, input, output indicators?	N
Does the IDP have priorities, objectives, KPIs, development strategies?	Y
Does the IDP have multi-year targets?	Y, as they relate to multi-year projects
Are the above aligned and can they calculate into a score?	Y
Does the budget align directly to the KPIs in the strategic plan?	N
Do the IDP KPIs align to the section 57 Managers	Y
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Y
Were the indicators communicated to the public?	Y
Were the four quarter aligned reports submitted within stipulated time frames?	N
T.2.5.1	



COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The issues of Corporate Governance include the need to ensure that laws are applied and monitored as required. All relevant positions in the Municipality are charged with the responsibility of ensuring that there is compliance to such laws in the forms of municipal policies and by-laws. In addition, officials are required to observe application and enforcement of the law. There are other noticeable occupations within the Municipality, which have been established to reinforce application and monitoring of the law.

In the Municipality, we have these positions as they relate to performance monitoring and compliance. Such positions help monitor implementation of relevant laws but are placed quite lower down the management echelon. These positions include those of officials who deal with Risk Management, Internal Audit and Performance Management.

T 2.6.0



2.6 RISK MANAGEMENT

RISK MANAGEMENT

Risk Management is a management process through which the Municipality identifies, evaluates and controls significant risks that can result in failure, to attain strategic objectives. The main responsibility of Risk Management is to support the development of an overall Enterprise Risk Management Framework aligned to Municipal Strategy (IDP). A reviewed risk management policy was approved during the Council sitting of 13 December 2016 and there was no need to further review it as there was no major legislative amendments within its approval time frames.

The following are the responsibilities of a Risk Management Unit, but it must be acknowledged that the Municipality did not have the Risk Management Unit for the period 2015/2016, 2016/2017 and 2017/2018 financial years. The Acting Senior Risk Accountant fulfilled these responsibilities.

1. Conducting Risk Assessment within the Municipality.
2. Advising and guiding the Municipality in terms of institutional risk matters.
3. Developing a Risk Management Strategy and Implementation Plan.
4. Coordinating Risk Management activities.
5. Facilitating identification and assessment of risks.
6. Recommending risk responses to management.

The role of the Acting Senior Accountant improved the situation much better than it was the case a year before. Her role is envisaged to improve upon approval of the structure which identified the lack of such a unit as a serious risk to Municipal service performance.

T 2.6.1



2.7 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The Municipality ensured that its SCM policy was aligned with the SCM regulations. The SCM policy gets reviewed to take into account the revised PPPF regulations in each financial year as the budget gets approved. The primary goal of the Municipality's Supply Chain Management system is to find reliable, cost effective suppliers for the Municipality. It effectively means that acceptable norms and standards of quality, expected service delivery and technical performance could not be relaxed or compromised, while ensuring the promotion of HDI's in the process.

In order to address the declining local economy, the Municipality incorporated a number of local economic development initiatives and projects in the Integrated Development Plan. The Municipality also realised that its Supply Chain Management Policy and practices could play an important role in stimulating local economic growth and development. Policy changes were designed to contribute to the achievement of the Municipality's objectives regarding local economic growth and development. In particular, there is emphasis on giving 70% of business opportunities to local enterprises to ensure that we sustain local SMMEs.

T 2.7.1



2.8 BY-LAWS

For the financial year under review, quite a number of by-laws have been noted by council and a process of public consultation has been responsibility of office of the Speaker. As the financial year came to a close, the outstanding policies were not yet promulgated but there was substantial movement with regard to the promulgation.

BY-LAWS INTRODUCED DURING YEAR 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Cemeteries and Crematoria	2008	Yes		Yes	07/12/2012
Credit Control and Debt Collection	2015	Yes		Yes	07/12/2016
Culture and Recreation	2008	Yes		Yes	07/12/2012
Dumping and Littering	2008	Yes		Yes	07/12/2012
Health for home for the aged	2010	Yes		Yes	07/12/2012
Market	2010	Yes		Yes	07/12/2012
Parking meter	2008	Yes		Yes	07/12/2012
Property Rates	2015	Yes		Yes	07/12/2015
Public Amenities	2008	Yes		Yes	07/12/2012
Public Health	2008	Yes		Yes	07/12/2012
Public Roads and Miscellaneous	2008	Yes		Yes	07/12/2012
Refuse (Solid Waste) and Sanitary	2008	Yes		Yes	07/12/2012
Streets and Public Places	2008	Yes		Yes	07/12/2012
Street Trading	2008	Yes		Yes	07/12/2012
Waste Management	2010	Yes		Yes	07/12/2012
Water Services	2010	Yes		Yes	07/12/2012

T 2.8.1



2.9 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	31st July 2017
All current budget-related policies	Yes	31st July 2017
The previous annual report (Year -1)	Yes	1st March 2017
The annual report (Year 0) published/to be published	Yes	12th April 2019
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	31 July 2017
All service delivery agreements (Year 0)	N/A	N/A
All long-term borrowing contracts (Year 0)	N/A	N/A
All supply chain management contracts above a prescribed value (give value) for Year 0	N/A	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	N/A	N/A
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	N/A
Public-private partnership agreements referred to in section 120 made in Year 0	N/A	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	28 August 2018
T 2.9.1		

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

There has been discussions between the Municipality and the service provider contracted by the Premier's office to decentralise the website. This discussion began in the last financial year as the contract was with Cherry-On-Line contracted by Office of the Premier. The discussions had resulted in an agreement to allow the Municipality to perform own tasks relating to the website. The website got updated by the information technology unit and has since been functional and improvements continued and were sustained.

T 2.9.1.1



CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

According to Stats SA's Census 2011, Matjhabeng Local Municipality has an overall population size of 406 461 with 123 195 households (with 97.7% being found in urban areas, and 2.3% living on farms). Of these, 78.5% constitutes formal dwellings, whereas 81.1% is connected to waterborne sanitation, 97% are households with access to water within 200m from dwellings.

The Municipality provides refuse removal services weekly to all the households of the Municipality at a competitive rate of around 86.3% of the total households.

During the year under review, the Municipality had approximately 8500 informal dwellings. In Thandanani 2010 area about 1400 households were formalised. I

T 3.1.0



3.1 WATER PROVISION

INTRODUCTION TO WATER PROVISION

Matjhabeng Local Municipality is the Water Service Authority with Sedibeng Water as its Water Services Provider supplying Bulk Water as per the Water Services Act 108 of 1997. Due to the down scaling of the mines in the area, the current bulk water supply capacity is more than adequate to service the towns in the area of authority. Due to growth and bucket eradication in some areas, some bulk lines capacities become challenging. Sedibeng water is in the process of investigating and upgrading of such. Challenges have been experienced throughout the Municipality as a result of ageing water network infrastructure. The next big two challenges were to manage and meter all households as the need increased as well managing unacceptably water loss.

The last time the Municipality obtained Blue Drop status for 3 of the 6 towns in its jurisdiction area was during 2014 with an average score of 93, 6%. Blue Drop Status were received for Virginia, Hennenman and Ventersburg supply systems. Matjhabeng Local Municipality performs second best in the Free State.

The Municipality renders basic assistance to poor communities within its resource constraints.

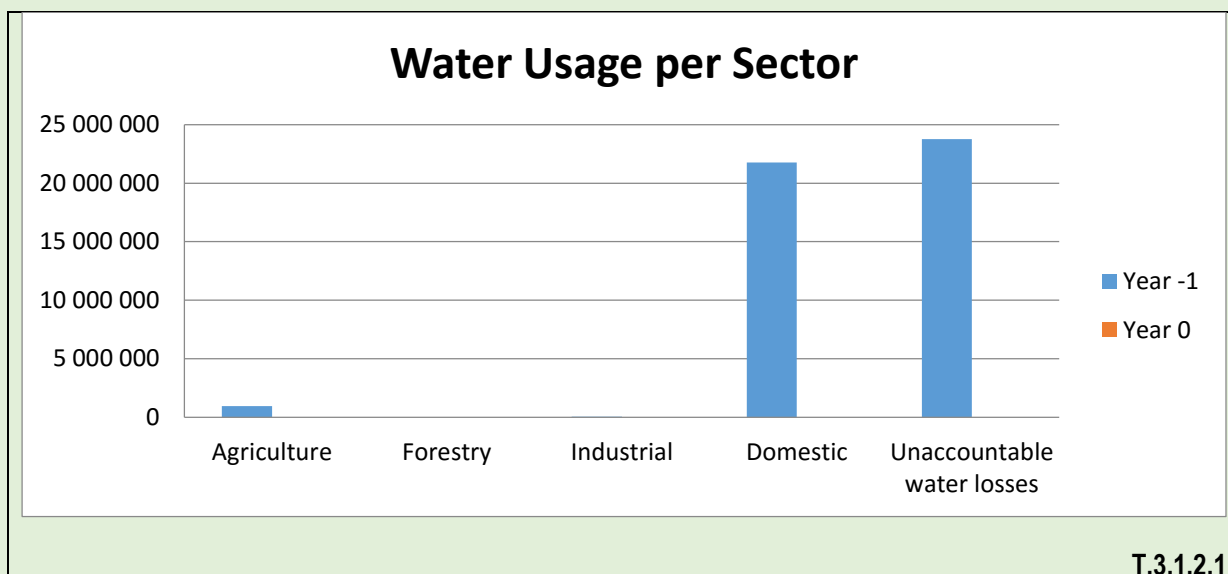
T 3.1.1

TOTAL USE OF WATER BY SECTOR (CUBIC METERS)

	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	6 837	0	4 395 334	20 272 074	26 466 532
Year 0	6 837	0			
T.3.1.2					

WATER USE BY SECTOR





COMMENT ON WATER USE BY SECTOR:

Due to excessive water losses, the Municipality embarked on a project to reduce water losses. Detailed investigations on existing water meters were done to determine reason why meters were not functional and associated repairs thereof were not undertaken. Faulty valves were identified and replaced to minimise water loss during maintenance actions. Indigent households with the highest water usage were identified and leakages of taps and toilet cisterns were repaired.

A 2-year Leak Detection and Repairs Project commenced from May 2017, whereby the entire water network was assessed for visible and invisible leakages. All the identified leakages will be repaired and water losses be reduced.

Maintenance of water networks in old high-income areas became difficult as little funding is available to maintain and upgrade such.

T 3.1.2.2

WATER SERVICE DELIVERY LEVELS						
Description	Households					
	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.	Actual No.
<u>Water: (above min level)</u>						
Piped water inside dwelling	49 315	50 742	50 801	87 495	87 495	87 495
Piped water inside yard (but not in dwelling)	46 997	46 997	46 997	16 178	16 178	16 178
Using public tap (within 200m from dwelling)	1 916	1 489	1 489	2 837	2 837	2 837
Other water supply (within 200m)						
<i>Minimum Service Level and Above sub-total</i>	98 228	99 228	99 288	106 510	106 510	106 510
<i>Minimum Service Level and Above Percentage</i>	96%	97%	96%	100%	100%	100%
<u>Water: (below min level)</u>						
Using public tap (more than 200m from dwelling)	4 467	3 467	5 400	0	0	0
Other water supply (more than 200m from dwelling)						



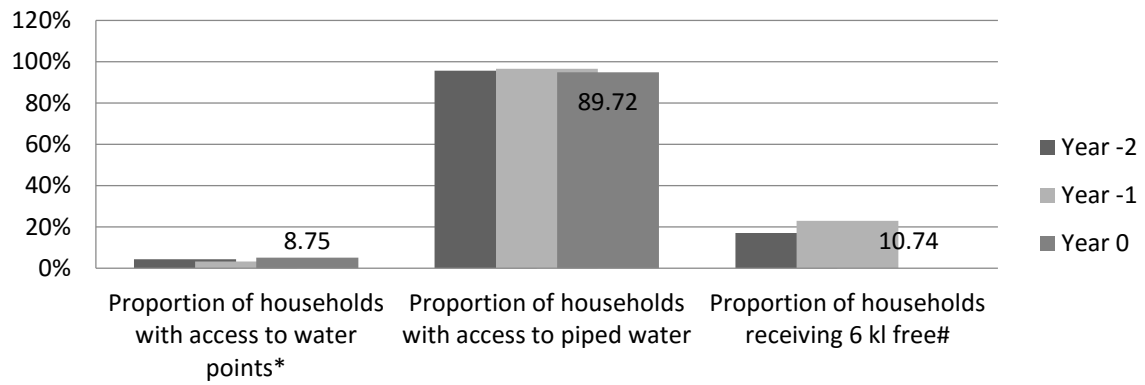
No water supply						
<i>Below Minimum Service Level sub-total</i>	4 467	3 467	5 400	0	0	0
<i>Below Minimum Service Level Percentage</i>	4%	3%	4%	0%	0%	0%
Total number of households*	102 695	102 875	102 695	106 510	106 510	106 510
	T 3.1.3					

HOUSEHOLDS - WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	86 284	87 711	90 969			
Households below minimum service level	0	0	1 254	0	0	0
Proportion of households below minimum service level	0%	0%	1%	0%	0%	0%
Informal Settlements						
Total households	7 183	6 183	6 150			
Households below minimum service level	4 387	3 960	1 845	0	0	0
Proportion of households below minimum service level	61%	64%	30%	0%	0%	0%
<i>There are no households that are provided with services that are below minimum service level (public tap – more than 200m from dwelling)</i>						
	T 3.1.4					

ACCESS TO WATER			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
Year -2	5%	95%	97.9%
Year -1	8.75%	84%	10.74%
Year 0			



Access to Water



T 3.1.5



WATER SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Compile a replacement plan for worn out water pipes to reduce water loss	Repair and maintenance of water related infrastructure	4200	1743	0	3km	0	5000	5000	5000
	Service all hydrants and Valves once a year	190	307	190	0		500	500	500
	Implement the water meter repair program	6200	2896	6200	1000	4182	5000	5000	5000
	Identification of consumers with water connections who are not billed	5000	3750				5000	5000	5000

T 3.1.6



Employees: Water Demand, Water and Effluent Water					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
3	1	2	1	1	50%
4	1	2	1	1	50%
5/4	1	4	1	3	75%
6	1	6	1	5	83%
8/7	1	4	1	3	75%
8	2	9	2	7	78%
9	7	17	6	11	65%
10/9	1	2	1	1	50%
10	7	17	7	10	59%
12/11	2	24	2	22	92%
14/13	4	24	4	20	83%
15	6	14	5	9	64%
16/15	3	27	3	24	89%
16	0	10	0	10	100%
18/17	42	242	162	80	33%
Total	79	404	197	207	51%

T 3.1.7

FINANCIAL PERFORMANCE YEAR 0: WATER SERVICES					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2 270 541	-343 077	-343 077	-361 342	5%
Expenditure:					
Employees	654 634	36 316	36 316	42 292	14%
Repairs and Maintenance		33 246	33 246	10 132	-70%
Other		408 154	408 154	308 918	-24%
Total Operational Expenditure		477 716	477 716	361 342	-24%
Net Operational Expenditure		134 639	134 639	347 899	61%

T 3.1.8

CAPITAL EXPENDITURE YEAR 0: WATER SERVICES					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
ALLANRIDGE REPLACEMENT OF OLD GALVANIZED STEEL PIPES WITH UPVC PIPES	257	257	542	53%	



THABONG X20 (HANI PARK): EXTENTION OF NETWORK, HOUSE CONNECTION & METERS 180 STANDS	882	882	177	-80%	
THABONG: INSTALATION OF ZONAL WATER METERS & VALVES	3 481	3 480	196	-94%	
MATJHABENG TOWNS			186	100%	
					T 3.1.9

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

As a Municipality, we planned to save water through replacement of galvanised pipes through some areas like Allanridge. We nonetheless acknowledge that the challenge continues as water spillages were all over the areas. The serious challenge facing the Municipality is the fact that we don't have capacity equivalent to the demand to stop water spillages. The vacancy rate in water services provision is quite high and the Municipality cannot employ more people than we already have though they are of no assistance the critical vacancy areas.

T 3.1.10



3.2 WASTE WATER (SANITATION) PROVISION

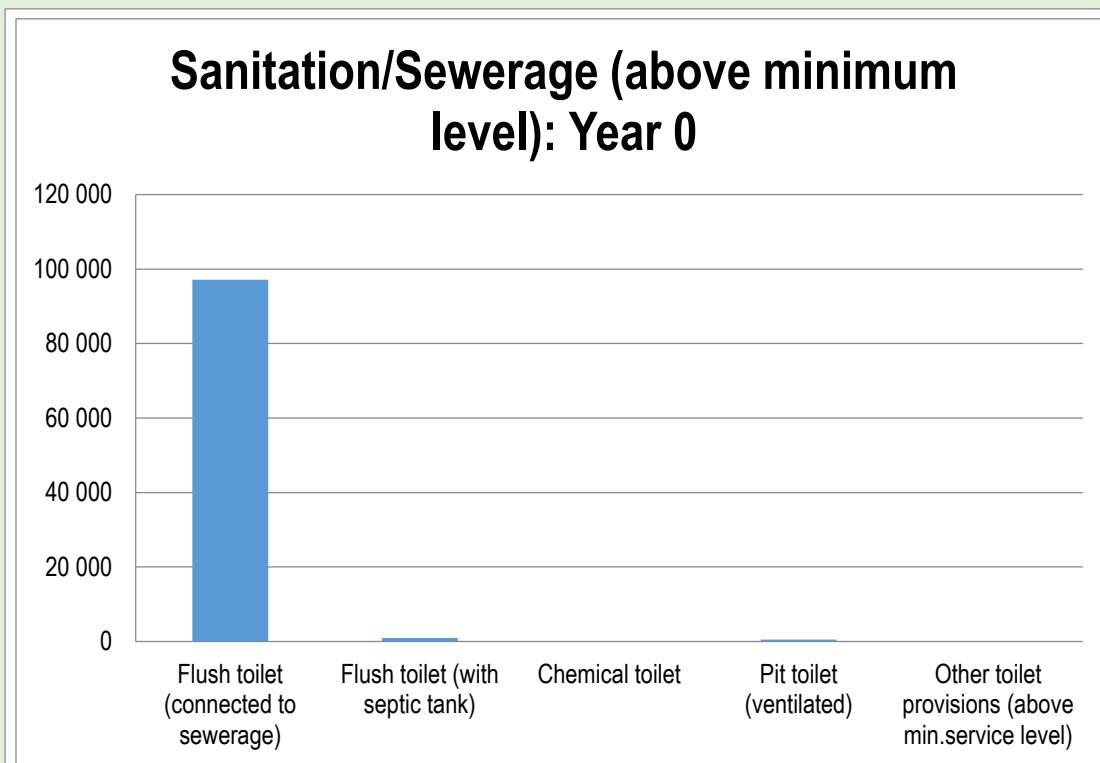
INTRODUCTION TO SANITATION PROVISION

Due to environmental requirements associated with sewerage, the Municipality spent a major portion of its budget on upgrading these services. However, several challenges still exist. The upgrading of the Waste Water Treatment Works (WWTW) especially gets high priority.

Some improvements were achieved with the Green Drop scoring. Due to the age of the infrastructure of the WWTW, regular spillages and more stoppages continue to occur. Funding to upgrade the works should still be a priority to ensure good quality of waste water is released into rivers, streams and/or lakes

T 3.2.1

SANITATION / SEWERAGE (ABOVE MINIMUM LEVEL): YEAR 0



T 3.2.2



SANITATION SERVICE DELIVERY LEVELS						
Description	Year -3	Year -2	Year -1	*Households		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Sanitation/sewerage: (above minimum level)						
Flush toilet (connected to sewerage)	97 135	97 135	97 135	97 135	97 135	97 135
Flush toilet (with septic tank)	956	956	956	956	956	956
Chemical toilet	111	111	111	111	111	111
Pit toilet (ventilated)	512	512	512	512	512	512
Other toilet provisions (above min. service level)	-	0	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>	98 714	98 714	98 714	98 714	98 714	98 714
<i>Minimum Service Level and Above Percentage</i>	96,4%	96,4%	96,4%	96,4%	96,4%	96,4%
Sanitation/sewerage: (below minimum level)						
Bucket toilet	5 195	0	0	0	0	0
Other toilet provisions (below min. service level)	743	0	0	0	0	0
No toilet provisions	2 930	3 680	3 680	3 680	3 680	3 680
<i>Below Minimum Service Level sub-total</i>	8 868	3 680	3 680	3 680	3 680	3 680
<i>Below Minimum Service Level Percentage</i>	8,2%	3,6%	3,6%	3,6%	3,6%	3,6%
Total households	107 582	102 394	102 394	102 394	102 394	102 394

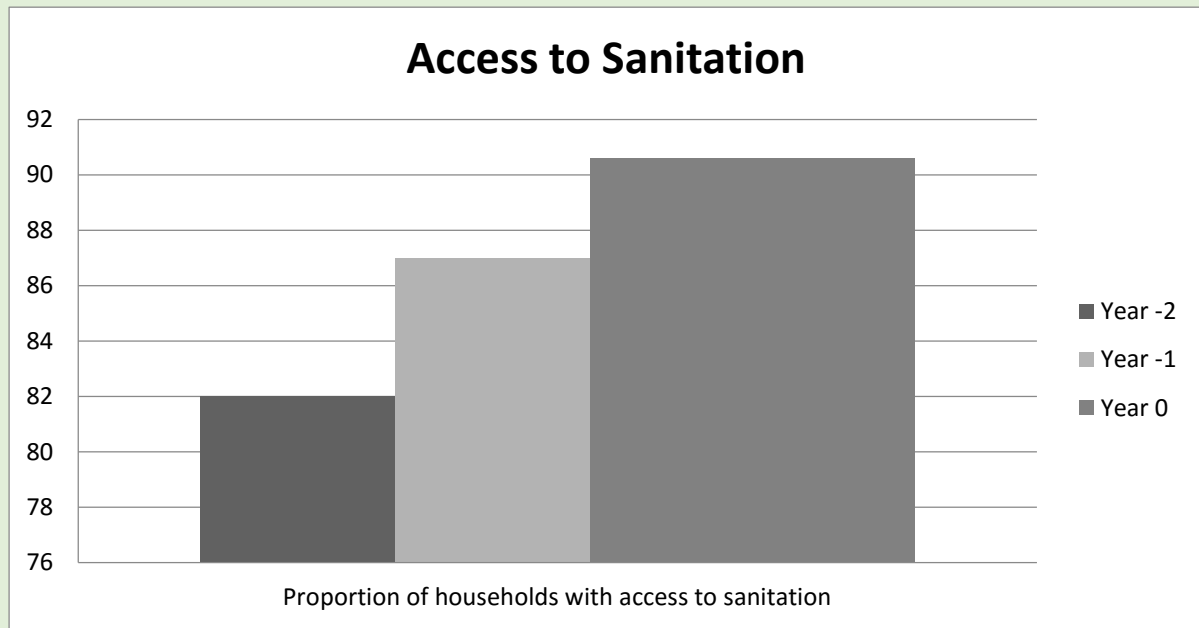
T 3.2.3

HOUSEHOLDS - SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description	Year -3	Year -2	Year -1	Households		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	98 714	98 714	98 714			
Households below minimum service level	8 868	3 680	3 680			
Proportion of households below minimum service level	9%	4%	4%			
Informal Settlements						
Total households	4 467	6 150	6 150			
Households below minimum service level	4 313	6 150	6 150			
Proportion of households below minimum service level	97%	100%	100%			

T 3.2.4



ACCESS TO SANITATION



T 3.2.5



WASTE WATER (SANITATION) SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service KPIs	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									
To upgrade the bulk sewer networks, pump stations and Waste Water Treatment Works (WWTP) to 100% functionality to ensure a healthy environment during the next five financial years and that systems are functional in line with Green drop regulations.	Repair broken lines: Manage sewerage flow, excavate, replace broken portion & backfill per meter	380	1173	1173	Koppie Alleen 1km	0	1km	0	0
	Open blockages (number)	9 000	9112	9112	Jan Hofmeyer 70m	0	70m	0	0
	Preventative cleaning of sewer lines 1368km per meter	8 500	1 348	1 348	Cleaning of 5 sumps	5	5		5
									T 3.2.6



Employees: Purification Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
5/4	0	1	0	1	100%
6	1	2	1	1	50%
8/7	0	1	0	1	100%
8	5	7	5	2	29%
9	3	5	3	2	40%
10	0	10	0	10	100%
15	5	14	5	9	64%
16/15	3	12	3	9	75%
18/17	48	101	50	51	50%
Total	65	153	67	86	56%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.2.7

FINANCIAL PERFORMANCE YEAR 0: SANITATION SERVICES					
					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	-150 033	-147 748	-147 748	-169 979	15%
Expenditure:					
Employees	32 992	36 316	36 316	38 146	5%
Repairs and Maintenance	8 300	33 246	33 246	16 483	-50%
Other	14 732	41 996	41 996	54 012	29%
Total Operational Expenditure	56 024	111 558	111 558	108 641	-3%
Net Operational Expenditure	94 009	36 190	36 190	61 338	69%

T 3.2.8



CAPITAL EXPENDITURE YEAR 0: SANITATION SERVICES					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	79 814	79 814	81 433	2%	
Nyakallong:WWTP Upgrade	8 882	8 882	13 135	47%	52 300
Matjhabeng: Upgrading of 7 electrical panels at sewer pump stations	50	50			1 905
Whites: Septic Tank System	416	416			980
Virginia: WWTP Sludge Management	11 899	11 899	24 389	105%	41 656
Welkom (Thabong) T16: Construction Waterborne Sanitation for 1300 Stands	205	205	1 452	608%	61 899
Mmamahabane service 54 stands, build toilet structures and connect to existing network.	19 731	19 731	194	-99%	591
Upgrading of Mmamahabane WWTW	8 692	8 692	13 898	60%	12 954
Kutlwanong: Upgrading of Outfall sewer	4 250	4 250	1 754	-59%	11 000
Upgrade and refurbish T8 pump station to address new developments.	5 000	5 000	4 347	-13%	14 300
Upgrade of Kutlwanong WWTW Phase 2 to accommodate the new 3000 Stands	6 400	6 400	1 411	-78%	13 000
Upgrading of Phomolong Pumpstation	4 000	4 000	13 367	234%	13 000
Refurbishment of Theronia WWTW and Purified Effluent System	30 000	30 000	4 971	-83%	57
					T 3.2.9

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Sewer networks were extended and maintained but due to shortage of funding and resources, some major challenges exist. Cognisance must also be taken of the increase in water usage due to developments and high living standards. This results in higher flows to WWTW.

T 3.2.10



3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

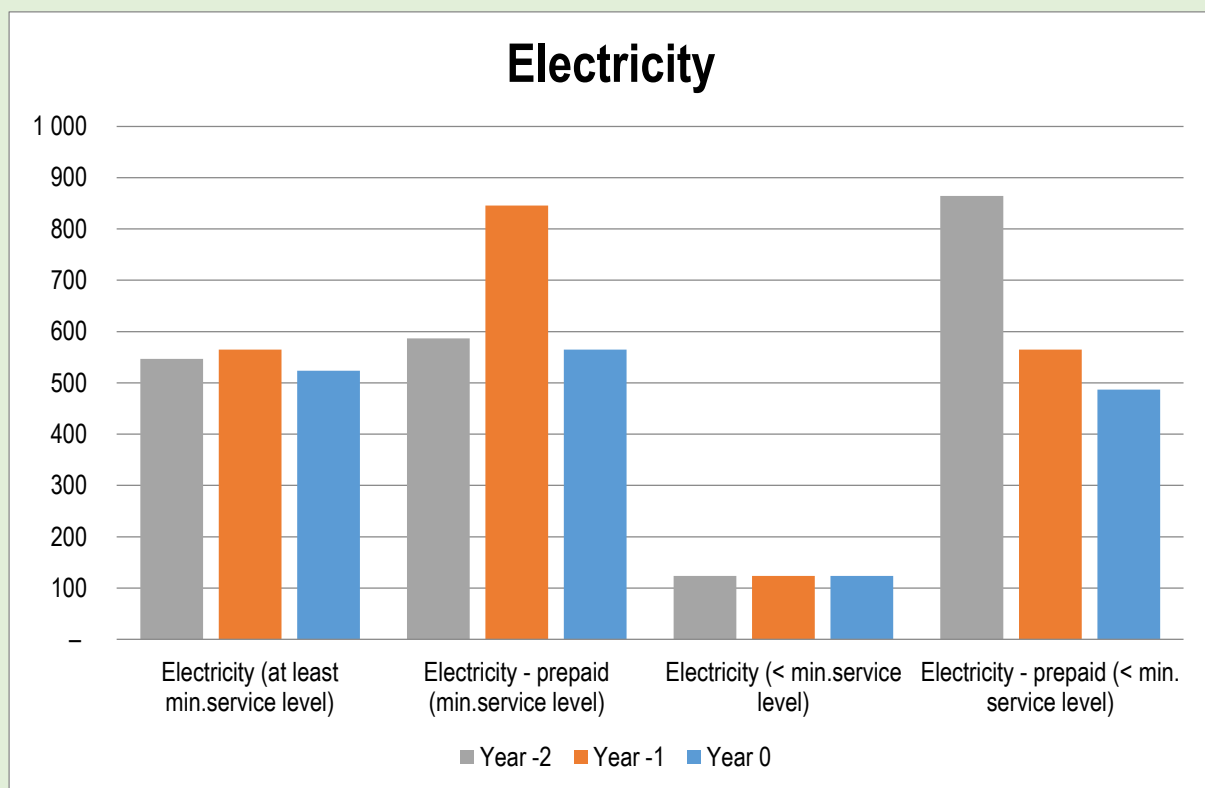
The Matjhabeng Local Municipality is the Electrical Distribution Authority in the following Municipal areas:

- Allanridge Unit
- Odendaalsrus Unit
- Welkom Unit
- Riebeeckstad Unit
- Bronville Unit
- Virginia Unit
- Hennenman Unit
- Ventersburg Unit

Therefore, the Electrical Department Engineering Services pride itself to provide an efficient, cost effective environment, that provides a climate of positive growth, capital investment and social upliftment for the mtjhabeng Community at large.

T 3.3.1

ELECTRICITY



T.3.3.2



ELECTRICITY SERVICE DELIVERY LEVELS				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Energy: (above minimum level)				
Electricity (at least min. service level)	17 984	17 463	16 368	19411
Electricity - prepaid (min. service level)	13 076	13 624	14 758	14655
<i>Minimum Service Level and Above sub-total</i>	31 060	31 087	31 126	34066
<i>Minimum Service Level and Above Percentage</i>	99%	97%	97%	96.5%
Energy: (below minimum level)				
Electricity (< min. service level)	0	0	0	0
Electricity - prepaid (< min. service level)	0	0	0	0
Other energy sources	872	931	924	1250
<i>Below Minimum Service Level sub-total</i>	872	931	924	1250
<i>Below Minimum Service Level Percentage</i>	1%	3%	3%	3.5%
Total number of households	31 380	32 018	32 050	35316
				T 3.3.3

HOUSEHOLDS - ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description	Year -3	Year -2	Year -1	Households Year 0		
		Actual	Actual	Original Budget	Adjusted Budget	Actual
		No.	No.	No.	No.	No.
Formal Settlements						
Total households	31021	31 959	31126	29275	292475	29275
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	285	931	924	1250	1250	1250
Households below minimum service level	0	931	924	1250	1250	1250
Proportion of households below minimum service level	0%	100%	100%	100%	100%	100%
						T 3.3.4



Electricity Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Provision of minimum supply of electricity	Maintain distribution losses under 10%	10%	10%	10.00%	10.00%	12.50%	10.00%	10.00%	10.00%
	Annual maintenance of 808 substations	564	564	564	564	320	564	564	564
	Maintenance of 29558 street lights Annual maintenance ratio is 30%.	8 674	8 674	8764	8764	3499	8674	8674	8674
	Electrical breakdown responses	2 158	2 158	2158	2158	5044	2158	2158	2158
	Scrutinizing of consumer accounts regarding tampering	500	500	500	290	500	500	500	500
									T 3.3.5



Employees: Electricity Services

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
2	0	1	0	1	100%
3	1	2	1	1	50%
5/4	4	4	4	0	0%
6	2	11	2	9	82%
8/7	1	13	1	12	92%
8	3	5	3	2	40%
9	12	21	9	12	57%
10/9	1	2	1	1	50%
10	2	3	2	1	33%
11	0	2	0	2	100%
12/11	3	13	3	10	77%
14/13	6	12	6	6	50%
15	1	2	1	1	50%
16/15	10	32	10	22	69%
16	2	10	2	8	80%
18/17	18	45	38	7	16%
Total	37	178	83	95	53%

T 3.3.6



Financial Performance Year 0: Electricity Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-553 172	627 540	627 540	618 883	-1%
Expenditure:					
Employees	28 755	31 430	31 430	35 039	11%
Repairs and Maintenance	19 814	56 906	56 906	6 578	-88%
Other	592 567	422 134	422 134	207 024	-51%
Total Operational Expenditure	641 136	510 470	510 470	248 641	51%
Net Operational Expenditure	87 964	117 070	117 070	370 242	216%
T 3.3.7					

Capital Expenditure Year 0: Electricity Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	25800	25800	881	3%	
DOE and GIZ EEDSM energy efficient street lighting project	17600	17600	0	0%	17600
Urania 132kV substation upgrade	5000	5000	631	13%	5000
Provision and Installation 6.6kV Overhead line to the Bronville Town Area	3200	3200	250	8%	3200
T 3.3.8					

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

The Department continued to provide maintenance services to community even during the 2017/2018 financial year. It was also able to successfully maintain the electrical distribution networks and infrastructures as to ensure a safe, effective and affordable electrical energy supply to the community of the Matjhabeng Municipality.

T 3.3.9



3.4 WASTE MANAGEMENT

THIS SECTION TO INCLUDE REFUSE COLLECTIONS, WASTE DISPOSALS, STREET CLEANING AND RECYCLING.

INTRODUCTION TO WASTE MANAGEMENT

Matjhabeng Municipality is poised to adhere to the legislative mandate which addresses the Waste Minimization Strategy and in particular the Polokwane Declaration that sets the ambitious target of a reduction of waste disposal by landfill, refuse removal and recycling as part of Green Economy as resolved at COP17 Climate Change Conference held in Durban.

The Waste Management service is carried out in compliance with the National Waste Management Strategy, National Environmental Management Act (Act 107 of 1998), National Environmental Management Waste Act (Act 59 of 2008) and National Health Act (Act 61 of 2003).

T 3.4.1



SOLID WASTE SERVICE DELIVERY LEVELS				
Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week	123 195	123 195	121	121
<i>Minimum Service Level and Above sub-total</i>	123 195	123 195	121	121
<i>Minimum Service Level and Above percentage</i>	86.3%	86.3%	4.2%	4.2%
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week	565	523	523	523
Using communal refuse dump	487	865	865	865
Using own refuse dump	565	523	523	523
Other rubbish disposal	938	720	720	720
No rubbish disposal	124	124	124	124
<i>Below Minimum Service Level sub-total</i>	2 678	2 755	2 755	2 755
<i>Below Minimum Service Level percentage</i>	13.8%	13.8%	95.8%	95.8%
Total number of households	2 799	2 876	2 876	2 876
T 3.4.2				

THIS SECTION TO INCLUDE REFUSE COLLECTIONS, WASTE DISPOSALS, STREET CLEANING AND RECYCLING

HOUSEHOLDS - SOLID WASTE SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description	Households					
	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	123 195	123 195	123 195	123 195	123 195	123 195
Households below minimum service level	20 000	20 000	15 000	15 000	15 000	15 000
Proportion of households below minimum service level	16%	16%	12%	12%	12%	12%
Informal Settlements						
Total households	24 300	24 300	24 300	24 300	24 300	24 300
Households below minimum service level	15 000	15 000	20 000	20 000	20 000	20 000
Proportion of households below minimum service level	62%	62%	82%	82%	82%	82%
T 3.4.3						



WASTE MANAGEMENT SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective									
Collect Waste from each household on a weekly basis	123 195 HOUSEHOLDS (20 000 HOUSEHOLDS)	5749 SERVICE POINTS	5749 SERVICE POINTS	5749 SERVICE POINTS	-	-			
To ensure efficient management and maintenance of landfill sites throughout Matjhabeng municipality	4 Landfill sites	15 years of unused landfill capacity available	15 years of unused landfill capacity available	15 years of unused landfill capacity available	-	-			
To ensure an effective Waste management system	20 000	40% of year 2014/2015 waste recycled	40% of year 2014/2015 waste recycled	40% of year 2014/2015 waste recycled	-	-			
To ensure that the Municipality has an effective and efficient waste management system	2000 wheelie bins	2000	0	2000	2000	0	2000	2000	2000
<p>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</p>									

T 3.4.4



Employees: Waste Management, Waste Disposal and Other Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	1	1	1	0	0%
4-6	0	2	0	2	100%
7-9	1	2	1	1	50%
10-12	10	35	5	28	80%
13-15	307	37	10	27	73%
16-18	24	388	307	81	21%
Total	324	465	324	135	29%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.4.5

Employees: Waste Disposal and Other Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	1	1	1	0	0%
4-6	0	2	0	2	100%
7-9	1	2	1	1	50%
10-12	10	35	5	28	80%
13-15	307	37	10	27	73%
16-18	24	388	307	81	21%
Total	324	465	324	135	29%

NB: Same Information accounted for under Table 3.4.5.

T 3.4.6



FINANCIAL PERFORMANCE YEAR 0: SOLID WASTE MANAGEMENT SERVICES					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-93 719	83 879	83 879	105 367	26%
Expenditure:					
Employees	70 780	58 112	58 112	73 182	26%
Repairs and Maintenance	0	17 658	17 658	7 541	-57%
Other	17 699	15 948	15 948	39 470	147%
Total Operational Expenditure	88 479	91 718	91 718	120 193	31%
Net Operational Expenditure	5 240	7 839	7 839	14 826	89%
					T 3.4.7

FINANCIAL PERFORMANCE YEAR 0: WASTE DISPOSAL AND OTHER SERVICES					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-93 719	83 879	83 879	105 367	26%
Expenditure:					
Employees	70 780	58 112	58 112	73 182	26%
Repairs and Maintenance	0	17 658	17 658	7 541	-57%
Other	17 699	15 948	15 948	39 470	147%
Total Operational Expenditure	88 479	91 718	91 718	120 193	31%
Net Operational Expenditure	5 240	7 839	7 839	14 826	89%
Total Operational Revenue	-93 719	83 879	83 879	105 367	26%
					T 3.4.8

CAPITAL EXPENDITURE YEAR 0: WASTE MANAGEMENT SERVICES					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Welkom Landfill Site	3 288	3 288	1 681	-49%	
					T 3.4.9



COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL

The Directorate provided Waste Management Services to 5 749 service points of which constitute 147 495 constitute 123 195 formal and 24300 informal households. The service provision to households is carried out once a week and collection is done from Kerb Stone; the industries are serviced twice a week and commercial is serviced three times a week. Other services include street cleaning, paper picking and rubble removal. The cleaning services are carried out on a daily basis whilst the rubble removal is carried out as per request.

Recycling is not yet formalised and is being carried out by private service providers (reclaimers) collecting from the individual street waste pickers and landfill sites waste pickers.

The Odendaalsrus landfill site has just been provided with the Buy-Back Centre and the landfill site waste pickers are yet to be formalised into cooperatives through the national Waste Pickers Association.

The Welkom Landfill site is in the process of being upgraded and it is going to be provided with the Buy-Back Centre and Drop-off facility as the initiative to venture in waste recycling from the landfill site whilst the systems are being set to sort the waste from the source (households)

For the year under review the Municipality planned to procure 2000, 240L wheelie bins. This objective could not be achieved due to financial constraints.

The project at the Odendaalsrus Landfill site is completed and awaiting the formal handover after the completion of the snag list.

T 3.4.10



3.5 HOUSING

INTRODUCTION TO HOUSING

The Department's core mandate is to facilitate the provision of low and middle income housing to the qualifying members within the legal parameters (National, Provincial, Local Government).

Land Affairs

Responsible for the management, administration and acquisition of all categories of land.

Housing Development

Is responsible for the facilitation and provision / construction of houses for the low and middle income earners. The branch further facilitate intervention programmes as directed by both National and Provincial Departments.

Housing Administration

The branch is primarily responsible for ensuring effective administration especially at unit level. Transfer of houses and sites as well as acquisition and distribution of title deeds. The branch is also mandated to facilitate dispute resolutions as pertaining to property allocations and ownership.

Residential Rental Accommodation

The branch is responsible for the provision of residential rental accommodation for qualifying Municipal employees as well as members of the community.

T 3.5.1

PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING			
Year end	Total households (formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	113 101	93 475	82,6%
Year -2	115 601	95 975	83,0%
Year -1	114 875	95 975	84,0%
Year 0	114 950	96 000	83,5%

T 3.5.2



HOUSING SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year 0		Year 1		Year 2	Year 3		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
<i>To promote security of tenure</i>	Audit rental units	800	371	4392	4392	-	0	-	-
T 3.5.3									



Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2	1	1	1	0	
3	2	3	2	1	33%
4					
5/4	2	6	2	4	66%
5					
6					
7/6	6	11	6	5	45%
7					
8/7					
8					
9					
10/9	1	3	1	2	66%
10					
11					
12/9					
12/11	6	9	6	3	33%
12					
13					
14/13					
14					
15					
16/15					
16					
17					
18/17					
Total	18	33	18	15	45%
					T 3.5.4



FINANCIAL PERFORMANCE YEAR 0: SOLID WASTE MANAGEMENT SERVICES					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-11 597	30 000	20 000	-	100%
Expenditure:					
Employees	11 997	15 806	15 806	13 597	-14%
Repairs and Maintenance	485	5 955	5 955	4 531	-24%
Other	9 914	1 749	1 749	126	-93%
Total Operational Expenditure	22 396	23 510	23 510	18 253	-22%
Net Operational Expenditure	10 799	6 490	-3 510	-18 253	185%
					T 3.5.5

CAPITAL EXPENDITURE YEAR 0: HOUSING SERVICES					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					
Project B					
Project C					
Project D					
<i>No Capital Projects in the current year.</i>					T 3.5.6



COMMENT ON THE PERFORMANCE OF HOUSING SERVICE OVERALL

The department has moved forward with its endeavour to promote security of tenure within Matjhabeng Municipality, Council approved disposal of various categories of Municipal Land, the intention is to enhance revenue through sale of Land.

The municipality has forged strong partnership with Provincial Department of Human Settlement as well as Housing Development Agency (HDA) who continue to render support and monitor performance of the Municipality on Informal Settlement upgrading, through this partnership document such as Informal Settlement resettlement plans were adopted. The Municipality is also are part of the Free State Informal Settlement Upgrading Forum.

Of the 21 informal settlement enumerated 2 has been upgraded namely Thandanani & Hani Park, with others been formalised through site allocation, to this date of the 7000 sites pegged about 3558 site have been allocated and allocation of site is still continuing.

The Provincial Department of Human Settlement through Housing Development Agency (HDA) appointed Lekwa consultants to assist the Municipality to obtain Level 1 Accreditation Business plan, The application process was partly successful approval to obtain the accreditation was set back by lack of Necessary Sector Plans, in endeavour to address this the Municipality has appointed Royal Haskoning DHV to draft the required sector plans.

The partnership with Private Sector proved fruitful as Community Rental Unit namely Merriespruit & Masimong was completed and occupied.

With regard to houses built for the historically disadvantaged individuals, Provincial HS allocated 322 across Matjhabeng, through special programs such as Military Veteran about 62 sites were availed for development of Houses. About 292 old 2-roomed houses were demolished and rebuilt.

The challenges envisaged so far is lack of development in terms of Gap Market as the land identified does not have bulk infrastructure.

On the distribution of title deeds, 381 beneficiaries received their title deeds. The main challenge however is the lack of man power to do the actual verifications of the beneficiaries. The other challenges are deceased beneficiaries whose next of kin are not in possession of letters of authority and were current occupants are not the rightful owners of the properties they are occupying with the rightful beneficiaries untraceable.

T 3.5.7



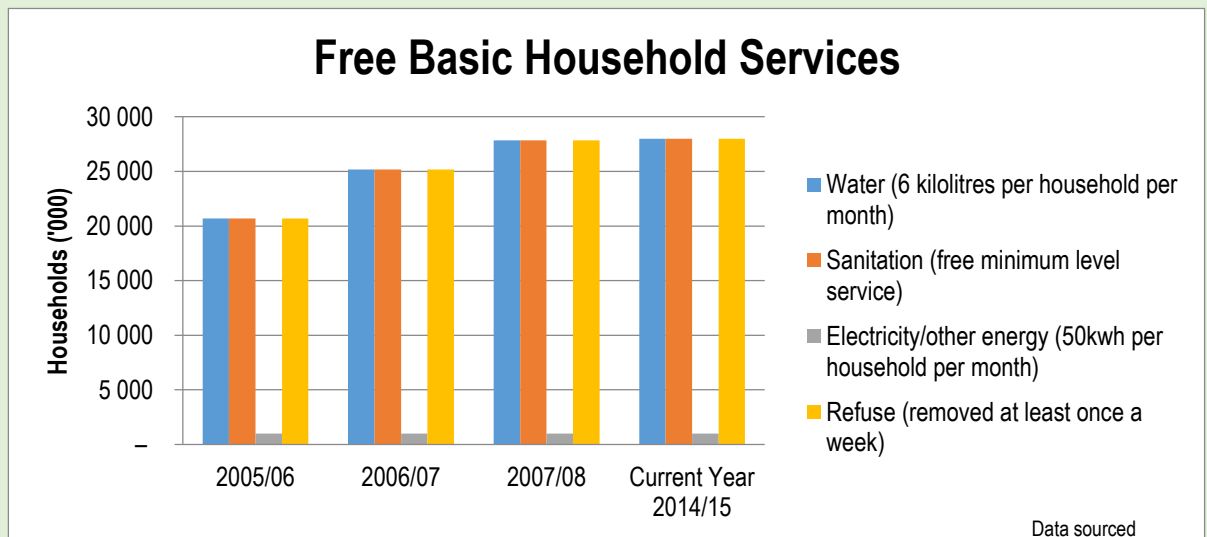
3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Section 96 of the Local Government Municipal Systems Act states that a Municipality must adopt a Credit Control and Debt Collection Policy. The Act further states in Section 97 that a Municipality must also adopt an Indigent Policy. The Municipality has adopted both policies. The tables overleaf give an indication of the number of households receiving free basic services.

T 3.6.1

FREE BASIC HOUSEHOLD SERVICES (Update Current Year 17/18)



T 3.6.2

FREE BASIC SERVICES TO LOW INCOME HOUSEHOLDS

	Number of households										
	Total	Households earning less than R1,100 per month									
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Access	%	Access	%	Access	%	Access	%		
Year -2	19 539	19 539	19 539	100%	19 539	100%	19 539	100%	19 539	100%	
Year -1	18 518	18 518	18 518	100%	18 518	100%	18 518	100%	18 518	100%	
Year 0											

T 3.6.3



FINANCIAL PERFORMANCE YEAR 0: COST TO MUNICIPALITY OF FREE BASIC SERVICES DELIVERED					
Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	24 837 625				
Waste Water (Sanitation)	8 479 208				
Electricity	4 396 043				
Waste Management (Solid Waste)	4 396 043				
Total	42 108 919				
					T 3.6.4



FREE BASIC SERVICE POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									

NB: no capital budget allocated to PSE System, Theronia WWTW currently dysfunctional, therefore any PSE available.

T 3.6.5



COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality provided free basic services to 19 539 indigents.

T 3.6.6



COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

INTRODUCTION TO ROAD TRANSPORT

Due to high construction costs of roads, the Municipal policy is to construct roads according to the road hierarchy unless there are serious storm water challenges. The idea is to get a person on a formal road as near as possible to his house.

T 3.7



3.7 ROADS

INTRODUCTION TO ROADS

Serious road and roads related projects were planned for in the financial year under review as follows:

Patch 15 800 m² of potholes in formal roads to reduce deterioration and ensure safe usage thereof (m²).

Refurbish 60km of gravel and dirt roads to enhance driving comfort by blading and re-gravel.

Construction of 2 km of Roads in Ward 28;

Construction of Dr Mngoma road in Thabong Meloding: Construction of roads, sidewalks & storm water 2.2 km;

Thabong: Upgrading of 1,5km gravel road to concrete paving blocks

Of the above projects, quite progress has been achieved and we excited that at least we have covered in terms of providing services to the community. The Dr. Mngoma road been completed. The access roads in ward 28 are under construction. The only challenge that we experienced was the Thabong upgrading of roads project which could not be started due to challenges of project funding.

T 3.7.1

GRAVEL ROAD INFRASTRUCTURE

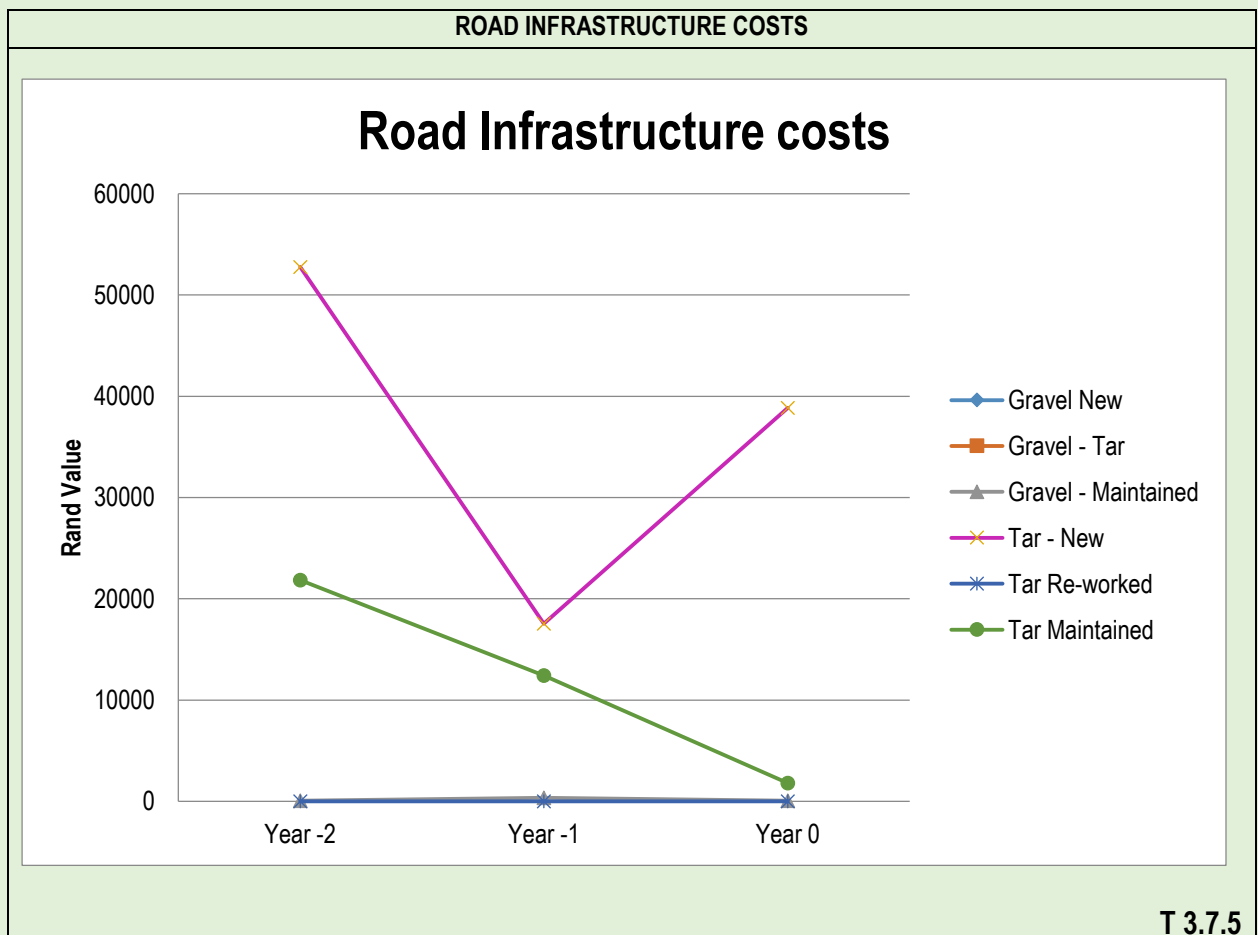
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained	Kilometers
Year -2	560	0	2	59	
Year -1	701	23	6	34	
Year 0					
					T 3.7.2

TARRED ROAD INFRASTRUCTURE

	Total tarred roads	New tar/paved roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained	Kilometers
Year -2	1 236	4	0	0	0	
Year -1	1 083	6	7	3	436	
Year 0						
					T 3.7.3	



COST OF CONSTRUCTION / MAINTENANCE						
						R' 000
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2			68	38 851	0	1 816
Year -1			779	22 381	13 000	2 212
Year 0						
						T 3.7.4



ROAD SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective									
To develop and maintain road and storm water infrastructure	Construct 10km new distributor roads/ bus/ taxi roads to improve traffic flow and improve storm water management.	10	7	0	0	0	0	0	0
Repair potholes (1 036 km of tarred roads)	Clean, shape, prime, tar and compaction of pothole per m²	19 400	22 502	0	0	0	0	0	0
Maintenance of Gravel Roads (701 km)	Water, transport gravel, blade, water and roll gravel road per Km	60	57	0	0	0	0	0	0
Resurface of all streets according to PMS guidelines or Municipal priority list.	Resurface of all streets according to PMS guidelines or Municipal priority list.	0	0	0	0	0	0	0	0
Patch 15 800 m ² of potholes in formal roads to reduce deterioration and ensure safe usage thereof (m ²).	Patch 15 800 m ² of potholes in formal roads to reduce deterioration and ensure safe usage thereof (m ²).	0	0	0	15 800 m ²	10970m ²	10km	10km	10km
Refurbish 60km of gravel and dirt roads to enhance driving comfort by blading and re-gravel.	Refurbish 60km of gravel and dirt roads to enhance driving comfort by blading and re-gravel.	0	0	0	60km	113,844m	10km	10km	10km
Construction of 2 km of Roads in Ward 28	Construction of 2 km of Roads in Ward 28	0	0	0	2km	Less than 2km	2km	2km	2km
Construction of Dr Mngoma road in Thabong	Construction of Dr Mngoma road in Thabong	0	0	0	1km	1km	1km	1km	1km
Meloding: Construction of roads, sidewalks & storm water 2.2 km	Meloding: Construction of roads, sidewalks & storm water 2.2 km	0	0	0	2.2km	2.2km	2km	2km	2km
Thabong: Upgrading of 1,5km gravel road to concrete paving blocks	Thabong: Upgrading of 1,5km gravel road to concrete paving blocks	0	0	0	1.5km	0km	2km	2km	2km
T 3.7.6									





Employees: Roads, Storm water & Building Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2	0	0	0	0	0%
3	1	1	1	0	0%
5					
5/4	3	4	3	1	25%
5					
6	4	10	4	6	60%
7/6	0	3	0	3	100%
7					
8/7	3	17	3	14	82%
8	3	5	3	2	40%
9	5	22	5	17	77%
10/9	0	2	0	2	100%
10	3	9	3	6	67%
11					
12/9					
12/11	5	32	5	27	84%
12					
13					
14/13	4	27	4	23	85%
14					
15	2	13	2	11	85%
16/15	7	19	7	12	63%
16	2	2	2	0	0%
17					!
18/17	79	155	129	26	17%
Total	90	321	171	150	47%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.7.7



FINANCIAL PERFORMANCE YEAR 0: ROAD SERVICES					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	10	-100%
Expenditure:					
Employees	9 557	62 285	62 285	48 981	-21%
Repairs and Maintenance	1 884	74 824	74 824	10 338	-86%
Other	4 992	113 162	113 162	4 839	-96%
Total Operational Expenditure	16 433	250 271	250 271	64 158	-74%
Net Operational Expenditure	16 433	-250 271	-250 271	-64 148	-74%
					T 3.7.8

CAPITAL EXPENDITURE YEAR 0: ROAD SERVICES					
					R' 000
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All		29 186	32 371		
Nyakallong: Construction of storm water system – phase 1	6 220	6 220	9 453	52%	11 402
Thabong: Construction of 1.26km paved streets and storm water channel in Themba, Lonly and Boyd (Old Thabong)	448	448	218	-51%	8 358
Thabong: Construction of 1.54km paved streets and storm water channel in Thokoza, Hlahala and Thuhlwane	507	507	1 220	141%	11 868
Construction of Dr Mngoma road in Thabong	2 236	2 236	4 274	91%	10 447
Meloding: Construction of roads, sidewalks & storm water	11 436	11 436	10 962	-4%	17 375
Thabong: Upgrading of 1,5km gravel road to concrete paving blocks	8 338	8 338	6 243	-25%	13 548
					T 3.7.9

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

Upgrading of roads in areas within formal townships was planned for construction during the year under review, especially where storm water challenges are eminent. Due to the limited financial resources and taking cognisance of the urgency of other critical services, the upgrade on the roads infrastructure became challenging; however it will be prioritised as far as possible in the subsequent Financial Years.

T 3.7.10



3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

No public bus transport system exists in Matjhabeng Municipality. The Municipality is however committed to ensure that high standards of taxi rank facilities are created in each township. A lot of focus and funding are allocated to realise this target in the next 4 years.

T 3.8.1

EMPLOYEES: FLEET MANAGEMENT

Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2					
3	0	1	0	1	100%
5					
5/4	1	1	1	0	0%
5					
6					
7/6					
7					
8/7					
8	1	1	1	0	0%
9	6	7	5	2	29%
10/9	1	1	1	0	0%
10					
11					
12/9					
12/11	0	0	4	-4	0%
12					
13					
14/13					
14					
15					
16/15	4	32	5	27	84%
16					
17					
18/17		0	2		
Total	13	43	19	26	60%

T 3.8.2



COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL

It is envisaged that within the Directorate Infrastructure Services, a division will be established for Transport planning operations and management within the near future.

Nevertheless, the Municipality was able to establish a number of taxi ranks during the year under review. Taxis are an important element of the public transport system and are used by the majority of the citizens of Matjhabeng Local Municipality. New Taxi Ranks for Thabong, Mmamahabane and Nyakallong are already planned. Welkom CBD taxi rank is under investigation.

T 3.8.3



Employees: Fleet Management					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1					
2					
3	0	1	0	1	100%
5					
5/4	1	1	1	0	0%
5					
6					
7/6					
7					
8/7					
8	1	1	1	0	0%
9	6	7	5	2	29%
10/9	1	1	1	0	0%
10					
11					
12/9					
12/11	0	0	4	-4	0%
12					
13					
14/13					
14					
15					
16/15	4	32	5	27	84%
16					
17					
18/17		0	2		
Total	13	43	19	26	60%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.8.4



3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

Due to the low gradients of the Matjhabeng Municipal area, storm water is a challenging and expensive service. During the development of some towns, especially the townships, little emphasis was given to create major storm water networks. When roads are designed, the drainage thereof becomes problematic. It must also be mentioned that due to this low gradient of the area, the storm water systems are designed at minimum velocity. This results in channels silting up regularly with the accompanying flooding challenges and regular maintenance actions.

Misuse of open storm water system by residents using it as dumping areas for their gardens and house refuse creates additional maintenance challenges. Residents should be educated on the consequences that are associated with this practice.

T 3.9.1

STORMWATER INFRASTRUCTURE

	Total Storm water measures	New Storm water measures	Storm water measures upgraded	Kilometres Storm water measures maintained
Year -2	593	0	3	8
Year -1	593	2	1	25
Year 0				

T 3.9.2

COST OF CONSTRUCTION/MAINTENANCE

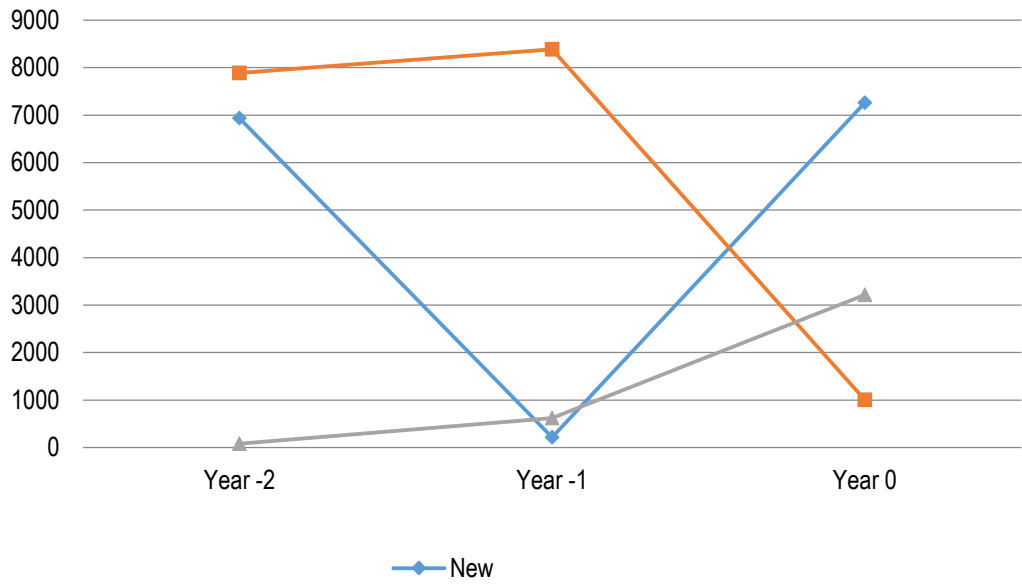
	Storm water Measures		
	New	Upgraded	Maintained
Year -2	218	8 389	620
Year -1	7 262	1 004	3 216
Year 0			

T 3.9.3



STORMWATER INFRASTRUCTURE COSTS

Stormwater infrastructure costs



T 3.9.4



STORMWATER POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective									
To develop and maintain road and storm water infrastructure.	Upgrade 2km of main storm water in Phomolong and Mmamahabane	3	0	0	0	0	0	0	0
Clean and upgrade all storm water Canals.	Cleaning 7.1km of lined storm water channels in the whole of Matjhabeng once a year.	5,6	5	7km	7km	7km	7km	7km	7km
	Cleaning of 5.6km of unlined storm water canals in Matjhabeng twice a year.	6,8	3	8km	8km	2..5km	8km	8km	8km
T.3.9.5									



Employees: Storm water Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	0	0	0	0	0%
2	0	0	0	0	0%
3	0	0	0	0	0%
5	0	0	0	0	0%
5/4	0	0	0	0	0%
5	0	0	0	0	0%
6	0	0	0	0	0%
7/6	0	0	0	0	0%
7	0	0	0	0	0%
8/7	0	0	0	0	0%
8	0	0	0	0	0%
9	0	0	0	0	0%
10/9	0	0	0	0	0%
10	0	0	0	0	0%
11	0	0	0	0	0%
12/9	0	0	0	0	0%
12/11	0	0	0	0	0%
12	0	0	0	0	0%
13	0	0	0	0	0%
14/13	0	0	0	0	0%
14	0	0	0	0	0%
15	0	0	0	0	0%
16/15	0	0	0	0	0%
16	0	0	0	0	0%
17	0	0	0	0	0%
18/17	0	0	0	0	0%
Total	0	0	0	0	0%
<i>NB: The local Municipality does not have Storm water Services as a stand-alone section or branch.</i>					
					T.3.9.6



FINANCIAL PERFORMANCE YEAR 0: STORMWATER SERVICES					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	10	-100%
Expenditure:					
Employees	9 557	62 285	62 285	48 981	-21%
Repairs and Maintenance	1 884	74 824	74 824	10 338	-86%
Other	4 992	113 162	113 162	4 839	-96%
Total Operational Expenditure	16 433	250 271	250 271	64 158	-74%
Net Operational Expenditure	16 433	-250 271	-250 271	-64 148	-74%
T.3.9.7					

CAPITAL EXPENDITURE YEAR 0: STORMWATER SERVICES					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All		29 186	32 371		
Nyakallong: Construction of storm water system – phase 1	6 220	6 220	9 453	52%	11 402
Thabong: Construction of 1.26km paved streets and storm water channel in Themba, Lonenly and Boyd (Old Thabong)	448	448	218	-51%	8 358
Thabong: Construction of 1.54km paved streets and storm water channel in Thokoza, Hlahala and Thuhlwane	507	507	1 220	141%	11 868
Construction of Dr Mngoma road in Thabong	2 236	2 236	4 274	91%	10 447
Meloding: Construction of roads, sidewalks & storm water	11 436	11 436	10 962	-4%	17 375
Thabong: Upgrading of 1,5km gravel road to concrete paving blocks	8 338	8 338	6 243	-25%	13 548
T.3.9.8					

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Some storm water challenges were addressed in several townships (Thabong, Phomolong, Mmamahabane and Kutlwanyong) with a view of making a difference in their living conditions.

Maintenance of storm water is however lacking and needs more attention. Maintenance of storm water is hampered due to inadequate availability of personnel and equipment.

T.3.9.9



COMPONENT C: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

Spatial Planning deals with the methods used by the public sector to influence the distribution of people and activities in spaces of various scales. Discrete professional discipline which involves spatial planning, land use, urban, regional, transport and environmental planning. Other related areas of importance, include economic and community planning. Spatial planning takes place on Local, Regional, National and Inter-National levels and results in the creation of a spatial plan.

Spatial planning gives geographical expression to the economic, social, cultural and ecological policies of society. It is at the same time a scientific discipline, an administrative technique and a policy instrument developed as an interdisciplinary and comprehensive approach directed towards a balanced regional development and the physical organization of space according to an overall strategy.

Spatial planning enables "making decisions relating to the location and distribution of land use activities".

Development Control is about making decisions relating to the way in which different activities, land uses and buildings are located in relation to each other and the way in which spatial considerations influence and are influenced by economic, social, political, infrastructural and environmental considerations".

Development Planning is about making decisions relating to the way in which different activities will be positioned in the space associated with future urban growth and expansion. It will be influenced by current and future economic social, political, infrastructural and environmental considerations.

T.3.10.1



3.10 PLANNING

APPLICATIONS FOR LAND USE DEVELOPMENT						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received	0		15		907	
Determination made in year of receipt	0		9		810	
Determination made in following year	8	2			97	
Applications withdrawn	0	0	0		0	
Applications outstanding at year end	4	2	6		97	

T 3.10.2



Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2		1	0	1	50%
3	1	2	1	1	50%
5					
5/4	1	5	2	3	60%
5					
6	0	3	1	2	75%
7/6		4	0	0	100%
7					
8/6	0	2	0		100%
8/7	0	1	0		100%
8					
9					
10/9	1	1	1	0	0%
10					
11					
12/9					
12/11					
12					
13					
14/13					
14					
15					
16/15					
16					
17					
18/17					
Total	4	19			0%

T 3.10.4



FINANCIAL PERFORMANCE YEAR 0: PLANNING SERVICES					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	10	-100%
Expenditure:					
Employees	9 557	62 285	62 285	48 981	-21%
Repairs and Maintenance	1 884	74 824	74 824	10 338	-86%
Other	4 992	113 162	113 162	4 839	-96%
Total Operational Expenditure	16 433	250 271	250 271	64 158	-74%
Net Operational Expenditure	16 433	-250 271	-250 271	-64 148	-74%
					T 3.10.5

CAPITAL EXPENDITURE YEAR 0: PLANNING SERVICES						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All		29 186	32 371			
Nyakallong: Construction of storm water system – phase 1	6 220	6 220	9 453	52%	11 402	
Thabong: Construction of 1.26km paved streets and storm water channel in Themba, Lonly and Boyd (Old Thabong)	448	448	218	-51%	8 358	
Thabong: Construction of 1.54km paved streets and storm water channel in Thokoza, Hlahala and Thuhlwane	507	507	1 220	141%	11 868	
Construction of Dr Mngoma road in Thabong	2 236	2 236	4 274	91%	10 447	
Meloding: Construction of roads, sidewalks & storm water	11 436	11 436	10 962	-4%	17 375	
					T.3.10.6	



3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The following aspects constitute the scope and mandate of the LED- Tourism, SMME support and development, Agriculture support and promotion, Development Planning and Control, Investment Promotion, Attraction and Retention, etc. During the period under review our focus was more on the development of the essential plans as well as policy instruments to enable the Department to systematically execute its obligations.

Accordingly, the implementation plans were developed by all the Divisions of the Department as encapsulated in the Service Delivery and Budget Implementation Plan (SDBIP). Noteworthy is the fact that some of the targets were reliant on the funding from the Municipality for their implementation whilst others were supposed to be funded by the other spheres of government. Safe to say that some targets were funded by other spheres timely whereas others were funded later in the year, this reality adversely impacted the implementation and realization of the said targets on time.

Some of these targets were dependent on the internal funding that was not enough to cater for the planned programs of the Municipality as expected. It is in this regard that the Department has deemed it necessary to optimize measures of creating a conducive environment for SMME as the key measure in contributing to the strengthening of the local economy. This is done through the collaboration with the relevant stakeholders that share the similar responsibility with the Local Municipality as well as improving on the support measures provided to this sector of our economy.

In the SDBIP as an example, we planned to develop/review LED as well as the Municipal Development strategies and the Spatial Development Framework but as a consequence of limited funding, these could not be done as a result these targets had to be deferred to the subsequent financial year. As a result of collaboration, these plans will be done with funding from other spheres of government.

T 3.11.1

ECONOMIC ACTIVITY BY SECTOR			
	R '000		
Sector	Year -2	Year -1	Year 0
Agriculture, forestry and fishing	1,5		
Mining and quarrying	2		
Manufacturing	63		
Wholesale and retail trade	52		
Finance, property, etc.	52		
Government, community and social services	25		
Infrastructure services	41		
Total	236,5		

T.3.11.2



ECONOMIC EMPLOYMENT BY SECTOR			
Sector	Year 1 No.	Year -1 No.	Jobs
			Year 0 No.
Agriculture, forestry and fishing	30 000		
Mining and quarrying	372 000		
Manufacturing	270 000		
Wholesale and retail trade	210 000		
Finance, property, etc.	235 000		
Government, community and social services	320 000		
Infrastructure services	450 000		
Total	1 887 000		

T.3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES
Owing to the decline of the mining operation in the area, job opportunities associated with this industry have decreased. The unemployment rate remains high as a direct result of this. Nevertheless, opportunities exist in other sectors such as small-scale mining agriculture, tourism and manufacturing sectors.
T 3.11.4

JOBS CREATED DURING YEAR 0 BY LED INITIATIVES (EXCLUDING EPWP PROJECTS)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost / displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created / lost
Total (all initiatives)				
Year -2	252			
Year -1	30	0		Site visits
Year 0				
Business licences (Year 0)				
Commonages (Year 0)				
Small Scale Farmers (Year 0)				

T 3.11.5

JOB CREATION THROUGH EPWP* PROJECTS		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
Year -2	66	4, 500
Year -1		
Year 0		
* - Extended Public Works Programme		T.3.11.6



LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Training of people in essential skills: x, y, z	Number of people trained (including retrained up-skilled)								
	trained by Bank Seta	0	0	0	0	0			
	trained by CIDB	0	0	0	0	0			
	trained by SALGA	0	0	0	0	0			
	trained by Seda	6	0	0	0	0			
	trained by Detea	0	0	0	0	0			
	trained by Filpro	0	0	0	0	0			
	trained by Filpro	0	0	0	0	0			
	trained by Seda	24	22						
	trained by NDT	0	0	0	0	0			
	trained by W&R SETA	16	16						
	trained by International Labour Organisation	0	0	0	0	0			
	trained by Dep Small Business Dev	0	0						
	trained by DESTEA&ILO	0	0	0	0	0			
	trained by ILO	0	0	0	0	0			
	trained by SARS	0	0	0	0	0			
T.3.11.7									



Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	1	1	1	1	100%
2	3	3	1	2	67%
3	4	8	4	4	50%
5					0%
5/4	4	13	5	8	62%
5					0%
6					0%
7/6	15	23	16	7	30%
					0%
					0%
8	1	3	1	2	67%
9					0%
10/9	2	9	3	6	67%
10					0%
11					0%
12/9					0%
12/11	9	9	9	0	0%
12					0%
13					0%
14/13					0%
14					0%
15					0%
16/15					0%
16					0%
17					0%
18/17					0%
Total	39	69	40	29	42%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.11.8



FINANCIAL PERFORMANCE YEAR 0: LOCAL ECONOMIC DEVELOPMENT SERVICES					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	389	-	-	246	
Expenditure:					
Employees	12 900	13 188	13 188	12 183	-8%
Repairs and Maintenance	28	3 352	3 352	3 206	-4%
Other	1 145	2 584	2 584	1 205	-53%
Total Operational Expenditure	14 074	19 124	19 124	16 594	-13%
Net Operational Expenditure	13 685	-19 124	-19 124	-16 348	-15%
					T.3.11.9

CAPITAL EXPENDITURE YEAR 0: ECONOMIC DEVELOPMENT SERVICES					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	3 114	3 114	681	-78%	
Welkom: Upgrading & Provision of New Facilities for Streets Traders	78	78	78	0%	2 161
Welkom: Industrial park SMME Zone Fencing/ Paving & Shelter	801	801	-		31 555
Welkom Regional Taxi Centres	2 236	2 236	604	-73%	68 066
					T.3.11.10



COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Despite the fact that the LED Strategy was not approved by Council and still remains a draft that is going through the review process, it is worth noting that certain programmes were executed in promoting economic development and tourism. To this extent funding was provided to some community groups that were later formalised as co-operatives through the collaboration with other sector departments such as Agriculture and Land Affairs.

The support measures are being intensified to optimise the productivity of the co-operatives as well as the SMME's. In this regard, the profiling of all co-operators is currently underway to determine and quantify capacity requirements, once completed respective capacity plans will be developed and executed for each co-operator.

Through the support received from SEDA, some SMME's have been trained during the year under review and this programme is ongoing. Regarding tourism, specific programmes for improving customer satisfaction have been instituted through the tourism excellence awards that have demonstrated improvement from strength to strength.

For the success of the programmes that were planned by the department it was viewed essential to consolidate partnership with other institutions, as a result, agreements will be concluded with some institutions to structure future relations.

The improved collaboration between the Municipality and other spheres of Government, as well as the private sector, has brought about good results that have been demonstrated by activities and programmes that have been jointly executed. This collaboration should be strengthened to optimise the benefit through creation of job opportunities and economic growth. It would be important to pay attention to attracting investment to the region as well as to focus on the retention of the investment already within our jurisdiction.

During the period under review the Municipality established the Planning Tribunal as per the provision of the Special Planning and Land Use Management Act No: 16 of 2013. The Planning Tribunal for the year under review processed and approved 6 applications for rezoning. The turnaround time for the processing of applications of rezoning and subdivisions has been reduced significantly from approximately two years to six months upon receipt of such applications. It can be observed that the establishment of the Tribunal has had a positive effect on the processing of rezoning and subdivision applications. It is anticipated that the results of the speedy processing of rezoning and subdivision applications will have positive effects on stimulating economic development and thus increasing much required revenue of the Municipality.

T 3.11.11



COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The Directorate provides the community with a wide range of facilities and services which enhance the quality of life of all the Municipality's residents through dynamic self-reliance, partnership and community participation.

T.3.12



3.12 LIBRARIES

INTRODUCTION TO LIBRARIES:

In terms of the Constitution of the Republic of South Africa, 1996, Library Services is a provincial function. Matjhabeng Local Municipality is performing this unfunded mandate to provide information to the community. There are fifteen (15) libraries in our area. The main library is the Welkom Library. The Provincial Government is fully funding and operating the Riebeeckstad Library. Some of our Libraries are offering free computer services (internet) to library users

T 3.12.1

SERVICE STATISTICS FOR LIBRARIES:

There are fifteen (15) libraries operating within our jurisdiction. These libraries have enrolled ± 824 610 members. Welkom, Thabong 1 and Meloding libraries have the highest membership combined. All these libraries offer yearly programmes such as: spell check, toy library, puzzles, and kids drawing, tell your own story and world book day.

T.3.12.2



LIBRARIES; ARCHIVES; MUSEUMS; GALARIES; COMMUNITY FACILITIES; OTHER POLICY OBJECTIVES TAKEN FROM IDP									
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	YEAR -1		YEAR 0		YEAR 1	YEAR 3		
		TARGET	ACTUAL	TARGET		ACTUAL	TARGET		
		PREVIOUS YEAR		PREVIOUS YEAR	CURRENT YEAR		CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
SERVICE INDICATERS									
SERVICE OBJECTIVE/S									
HOLIDAY PROGRAM		60	0	0					
READERTHON PROGRAMS		15	0	0					
POETRY SESSIONS		30	0	0					
NATIONAL LIBRARY WEEK		30	0	0					
NATIONAL WORLD BOOK DAY		30	0	0					
NB: Not in the IDP as a result of the process of transferring Libraries back to the Province.									T 3.12.3



Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					0%
2					0%
3	1	1	1	0	0%
5					0%
5/4	0	2	0	2	100%
5					0%
6					0%
7/6	0	4	0	4	100%
7					
8/7					
8	1	2	1	1	50%
9					0%
10/9	0	15	7	8	53%
10					0%
11					0%
12/9					0%
12/11	14	41	17	24	59%
12					0%
13					0%
14/13	0	1	0	1	100%
14					0%
15					0%
16/15					0%
16					0%
17					0%
18/17	20	21	20	1	5%
Total	36	87	46	41	47%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.12.4



FINANCIAL PERFORMANCE YEAR 0: LIBRARIES; ARCHIVES; COMMUNITY FACILITIES; OTHER					
R'000					
DETAILS	YEAR 1	YEAR 0			
	ACTUAL	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-9	-	-	7	
Expenditure:					
Employees	14953	45 829	45 829	40 923	-11%
Repairs and Maintenance	0	920	920	1 059	15%
Other	0	12 167	12 167	8 932	-27%
Total Operational Expenditure	14953	58 916	58 916	50 914	-14%
Net Operational Expenditure	14 944	-58 916	-58 916	50 907	-14%
T.3.12.5					

CAPITAL EXPENDITURE YEAR 0: LIBRARIES; COMMUNITY FACILITIES; OTHER					
R'000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original budget	Total Project Value
Total All					
No Projects					
T 3.12.6					

COMMENT ON THE PERFORMANCE OF LIBRARIES

There are fifteen Libraries in Matjhabeng which are functioning well although Riebeeckstad Library is not the responsibility of Matjhabeng Municipality but it belongs to the department of Arts and Culture. The Libraries are open from Mondays to Fridays for 8 hours a week.

T 3.12.7



3.13 CEMETERIES

INTRODUCTION TO CEMETERIES AND CREMATORIIUMS:

Cemeteries are an exclusive function of local government as per Schedule 5B of the Constitution of the Republic of South Africa, 1996. Matjhabeng Local Municipality is responsible for providing adequate graves to the community for burial purposes. Cemetery services are subsidized by Municipalities, as revenue generated from this sector is significantly low compared to the total budget allocated

There is increased demand for burial land due to excessive increase of the population. This is mostly affected by rapid urbanization in towns and cities.

The Municipality constantly tries to balance meeting the social, economic, cultural and religious needs of the community. Five (5) cemeteries had been upgraded namely Kutlwanong, Virginia, Meloding, Bronville and Phomolong.

T 3.13.1

SERVICE STATISTICS FOR CEMETERIES AND CREMATORIIUMS:

On average, the Municipality's annual burial figures stand at 3 237. The majority of the cemeteries are almost full and there are plans to ensure establishment of new ones. Related to cemeteries are efforts that sanitation and water facilities get provided and these were part of the plan for the year under review.

The Municipality also provided burial services for the destitute with a contracted service provider whose contract had since ended.

T 3.13.2



CEMETORIES AND CREMATORIUMS POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									
To provide adequate burial space for the community	Develop New Mmamahabane cemetery	1	0	1	1	0	-	-	-
T 3.13.3									



Employees: Cemeteries and Crematoriums					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	0	0	0	0	0
2	0	0	0	0	0
3	0	0	0	0	0
5	0	0	0	0	0
5/4	0	0	0	0	0
5	0	0	0	0	0
6	0	0	0	0	0
7/6	0	0	0	0	0
7	0	0	0	0	0
8/7	0	0	0	0	0
8	0	0	0	0	0
9	0	0	0	0	0
10/9	0	0	0	0	0
10	0	0	0	0	0
11	0	0	0	0	0
12/9	0	0	0	0	0
12/11	0	0	0	0	0
12	0	0	0	0	0
13	0	0	0	0	0
14/13	0	0	0	0	0
14	0	0	0	0	0
15	0	0	0	0	0
16/15	0	0	0	0	0
16	0	0	0	0	0
17	0	0	0	0	0
18/17	0	0	0	0	0
Total	0	0	0	0	0

NB: Employees accounted for in Table 3.4.5

T.3.13.4



FINANCIAL PERFORMANCE YEAR 0: CEMETERIES AND CREMATORIUMS					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-1 233	1 000	1 000	1 659	40%
Expenditure:					
Employees	3 188	5 725	5 725	5 293	-8%
Repairs and Maintenance	6	405	405	358	-12%
Other	328	5 766	5 766	4 242	-26%
Total Operational Expenditure	3 522	11 896	11 896	9 893	-17%
Net Operational Expenditure	2 289	-10 896	-10 896	8 234	24%
T 3.13.5					

CAPITAL EXPENDITURE YEAR 0: CEMETERIES AND CREMATORIUMS N/A					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2 525	2 525	3 153	20%	
Kutwanong: Creation and Upgrading of Cemeteries	45	45	42	7%	16 910
Meloding: Creation and Upgrading of Cemeteries	45	45	45	-	15 715
Phomolong: Creation and Upgrading of Cemeteries	45	45	43	4%	16 910
Virginia: Creation and Upgrading of Cemeteries	45	45	41	9%	14 466
Bronville: Creation and Upgrading of Cemeteries	45	45	21	53%	16 277
Mmamahabane: Creation and Upgrading of Cemeteries	2 300	2 300	2 961	-29%	8 500
T 3.13.6					





3.14 SOCIAL PROGRAMMES

Child Care; Aged Care; Social Programs Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Workshops, Seminars & Campaigns									
Conduct life Skills Awareness Programmes(Campaigns)	Number of awareness sessions conducted to employees	30	33	30	0	38	0	0	0
	Number of counselling sessions conducted	2500	3804	2500	0	1815	0	0	0
Pauper Burials	Number of beneficiaries assisted	70	130	70	70	85	70	70	70
Elderly: Organize recreational games for senior citizens between January and March 2018 within Matjhabeng Local Municipality	1 Recreational games for senior citizens held	1	1	1	1	0	1	1	1
People with Disabilities: Organize 1 recreational games for people with disabilities between October and Dec 2017	Recreational games for people with disabilities held	1	1	1	1	0	1	1	1
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									

T 3.14.3





Employees: Child Care; Aged Care; Social Programmes					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	0	0	0	0	0%
2	0	0	0	0	0%
3	0	0	0	0	0%
5	0	0	0	0	0%
5/4	0	0	0	0	0%
5	0	0	0	0	0%
6	0	0	0	0	0%
7/6	0	0	0	0	0%
7	0	0	0	0	0%
8/7	0	0	0	0	0%
8	0	0	0	0	0%
9	0	0	0	0	0%
10/9	0	0	0	0	0%
10	0	0	0	0	0%
11	0	0	0	0	0%
12/9	0	0	0	0	0%
12/11	0	0	0	0	0%
12	0	0	0	0	0%
13	0	0	0	0	0%
14/13	0	0	0	0	0%
14	0	0	0	0	0%
15	0	0	0	0	0%
16/15	0	0	0	0	0%
16	0	0	0	0	0%
17	0	0	0	0	0%
18/17	0	0	0	0	0%
Total	0	0	0	0	0%
<i>NB: Employees accounted for under Table 3.26.4</i>					
T.3.14.4					



3.19 LEGAL; RISK MANAGEMENT

Employees : Legal; Risk Management					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					0%
2	1	1	1	0	0%
3	2	2	2	0	0%
5					0%
5/4	1	3	1	2	67%
5					0%
6					0%
7/6	1	3	1	2	67%
7					0%
8/7					0%
8	1	2	1	1	50%
9					0%
10/9	0	2	0	2	100%
10					0%
11					0%
12/9					0%
12/11	1	1	1	0	0%
12					0%
13					0%
14/13					0%
14					0%
15					0%
16/15					0%
16					0%
17					0%
18/17					0%
Total	7	14	7	7	50%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.19.4



COMPONENT E: SECURITY AND SAFETY

3.20 PUBLIC SAFETY TRAFFIC

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

INTRODUCTION TO SAFETY & SECURITY

PUBLIC SAFETY & TRANSPORT

Objective of the Public Safety Department

The main objective of Public Safety is to ensure a safe environment within the Municipality in fulfilling its mandate which includes the provision of administrative leadership and strategic guidance to its members.

Our Approach to Improve Public Safety

The Department of Public Safety will endeavour to:

- Share Information
- Guide and support all members
- Draft policies, standard operating procedures and standing orders
- Render a reliable, customer focused service
- Apply the "Batho Pele" Principles
- Respect other person's views and suggestions
- Clarify roles and responsibilities
- Communicate with members
- Make members available for service at all times
- Abide by all legislative requirements and promote the government's mandate
- Implement capacity building programmes

INTRODUCTION TO SECURITY

OVERVIEW

SECURITY SERVICES

Security Services is entrusted with a responsibility of safeguarding valuable Council's assets and resources.

FUNCTIONS OF SECURITY SERVICES

- Safeguarding of Council property.
- Enforcing of by-laws.
- Protection of VIP's.
- Protection of personnel and clients.



- Investigations.
- Vetting of personnel and companies.
- Crowd control.

INTRODUCTION TO TRAFFIC MANAGEMENT

OVERVIEW

The Traffic Division is responsible for traffic law enforcement and the administration thereof. It also ensures:

- The technical sustainability of road traffic signs, signals and markings throughout the Municipal Area,
- The development of Road Safety Education knowledge (skills, attitude and values that enable pedestrians, cyclists, motorists, drivers and passengers to use the road safely), and
- Traffic training.

The Function of Traffic Policing

- To enforce traffic law
- To conduct public information and awareness programs
- To enforce compliance with road traffic signs, rules and regulations
- To ensure a sustainable and successful maintenance strategy of road signs, signals and markings
- To maintain committed goals through direct enforcement and Traffic Control
- To manage all administrative duties such as receiving of traffic fines, capturing of data; e.g. Traffic collisions, issuing of summonses and Court rolls as well as general office work.

T 3.20



Employees: Police Officers					
Job Level	Year -1	Year 0			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
1	0	0	0	0	0%
2	0	0	0	0	0%
3	0	0	0	0	0%
5	0	0	0	0	0%
5/4	0	0	0	0	0%
5	0	0	0	0	0%
6	0	0	0	0	0%
7/6	0	0	0	0	0%
7	0	0	0	0	0%
8/7	0	0	0	0	0%
8	0	0	0	0	0%
9	0	0	0	0	0%
10/9	0	0	0	0	0%
10	0	0	0	0	0%
11	0	0	0	0	0%
12/9	0	0	0	0	0%
12/11	0	0	0	0	0%
12	0	0	0	0	0%
13	0	0	0	0	0%
14/13	0	0	0	0	0%
14	0	0	0	0	0%
15	0	0	0	0	0%
16/15	0	0	0	0	0%
16	0	0	0	0	0%
17	0	0	0	0	0%
18/17	0	0	0	0	0%
Total	0	0	0	0	0%
<i>NB: The Municipality does not have the police department.</i>					
					T 3.20.4



INTRODUCTION TO FIRE SERVICES

OVERVIEW

Matjhabeng Fire and Rescue Services is responsible for two primary functions to our citizens, namely: emergency response to calls needing rescue and fire extinguishing services

The functions of Emergency Services of the Municipality are administered as follows and include:

OPERATIONAL

- Residential Fires
- Institutional fires
- Public assembly fires
- Commercial fires
- Industry fires
- Utility fires
- Transport fires
- Vehicle fires
- Other fires
- Vehicle accidents
- Hazardous substances incidents
- Miscellaneous assistance to people

Fire safety activities

- Fire prevention inspections.
- Building plans inspected.
- Hazardous substances installation inspections.
- Fire hydrant inspections

Public Education and Awareness Programs

- Presenting of fire awareness session / programs to school groups and community members.
- Presenting fire training sessions to the community businesses and Municipal staff

T 3.21.1



METROPOLITAN FIRE SERVICE DATA					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	638			
2	Total of other incidents attended in the year	374			
3	Average turnout time - urban areas	12 minutes			
4	Average turnout time - rural areas	25 min			
5	Fire fighters in post at year end	78			
6	Total fire appliances at year end	2			
7	Average number of appliance off the road during the year	10			

T 3.21.2

FIRE SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Appoint 20 fire officers in Mmamahabane satellite fire station	Number of fire officers appointed	20	0	20	20	0	20	-	-

T 3.21.3



Employees: Fire Services					
Job Level	Year -1	Year 0			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					
1	0	0	0	0%	0%
2	0	0	0	0%	0%
3	0	1	0	1	100%
5/4	2	2	2	0	0%
6	3	4	3	1	25%
7/6	3	4	3	1	25%
8	10	15	12	3	20%
10/9					0%
12/11	3	5	3	2	40%
14/13	0	1	0	1	100%
16/15					0%
18/17	1	8	1	7	88%
Total	59	101	79	22	22%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.21.4



FINANCIAL PERFORMANCE YEAR 0: FIRE SERVICES					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-1 290	200	200	1 594	87%
Expenditure:					
Fire fighters	32 834	34 535	34 535	32 589	-6%
Other employees	0	0	0	0	-
Repairs and Maintenance	322	320	320	109	66%
Other	2 080	14 230	14 230	9 914	30%
Total Operational Expenditure	35 235	49 086	49 086	42 612	-13%
Net Operational Expenditure	33 945	48 886	48 886	-41 018	-16%
					T 3.21.5

CAPITAL EXPENDITURE YEAR 0: FIRE SERVICES					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
<i>No Capital project</i>					
					T 3.21.6



3.22 OTHER (DISASTER MANAGEMENT, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT:

The Municipality is attending to many incidents caused by natural causes, including veld fires. In all disaster management and some public nuisance issues, Matjhabeng Local Municipality works hand in hand with Lejweleputswa District Municipality to provide relief to affected communities. During the year under review, disaster management was not included in the IDP and corrective steps have since been taken.

We need to prioritise disaster management as part of providing intervention for any disaster eventuality.

T.3.22.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT:

Disaster Management provided temporary shelters to the communities that were affected by thunderstorms

T 3.22.2



Employees: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	0	0	0	0	0%
2	0	0	0	0	0%
3	0	0	0	0	0%
5	0	0	0	0	0%
5/4	0	0	0	0	0%
5	0	0	0	0	0%
6	0	0	0	0	0%
7/6	0	0	0	0	0%
7	0	0	0	0	0%
8/7	0	0	0	0	0%
8	0	0	0	0	0%
9	0	0	0	0	0%
10/9	0	0	0	0	0%
10	0	0	0	0	0%
11	0	0	0	0	0%
12/9	0	0	0	0	0%
12/11	0	0	0	0	0%
12	0	0	0	0	0%
13	0	0	0	0	0%
14/13	0	0	0	0	0%
14	0	0	0	0	0%
15	0	0	0	0	0%
16/15	0	0	0	0	0%
16	0	0	0	0	0%
17	0	0	0	0	0%
18/17	0	0	0	0	0%
Total	0	0	0	0	0%

T.3.22.4



COMMENT ON THE PERFORMANCE OF PUBLIC SAFETY & TRANSPORT

Traffic

The Department could not achieve the objective of ensuring sustainable traffic control. Due to financial constraints the 1000 road signs and 500 000 litres of paint could not be procured.

Security

The Department could not equip the Municipal buildings with Surveillance cameras, alarms and armed response due to financial constraints. Similarly, for the department was not able to effect the appointment and training of 140 Security officers as planned.

Fire & Rescue

Department could not achieve the objective of facilitating safer communities by appointing 24 Fire-fighters as the internal candidates did not meet the requirements and will be advertised externally.

T.3.22.7



INTRODUCTION TO PARKS, SPORTS & RECREATION

Matjhabeng Local Municipality's philosophy of sports and recreation is based on the recognition of the vital importance of sports in the holistic development of the individual and the community. Sports and Recreation are an important means of building and developing the character of the individual as well as the social cohesion of the community. It builds a spirit of friendly competition, provides healthy entertainment, exercises the body, creates a climate of achievement and challenges particularly the youth to higher levels of endurance.

It is the responsibility of the Municipality to ensure that sport and recreation facilities are accessible to all through an application of the management and maintenance of sport and recreation policy. The National Sport and Recreation Act (Act 110 of 1998) provides for promotion and development of sports and recreation and coordination of the relationships between the Sports Commission, National and recreation federations and the others.

The White Paper on Sport and Recreation gives effect to stated government policy of a better life for all and to get the nation to play, hence the Municipality creates infrastructure for delivery of sport and recreation and ensures the existence of programmes that develop the human resources potential in sport and recreation.

T.3.23



3.23 PARKS, SPORTS AND RECREATION INCLUDING CEMETORIES

SERVICE STATISTICS FOR PARKS, SPORTS & RECREATION

Thabong Indoor Sports Centre and Bronville Stadium were refurbished in the year under review. The Municipality refurbished Entrances and Exit facilities at the following cemeteries: Kutlwanong, Bronville, Virginia, Meloding and Phomolong

T 3.23.1



SPORT AND RECREATION POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective									
Upgrade and Create New Sports and Recreational Facilities Phase 3 Thabong Stadium, Zuka Baloi Stadium & Kopano Indoor Centre	3	3	1	2	2	-	-	-	-
Meloding: Upgrading of Indoor Sports Complex	1	1	1	-	-	-	-	-	-
Thabong: Upgrading of the far east hall indoor sports and recreational facility	1	1	1	-	-	-	-	-	-
<p>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</p>									

T 3.23.2



Employees: Sport and Recreation					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2	1	1	1	0	0%
3	0	2	0	2	100%
5/4	5	5	4	1	20%
7/6	4	3	1	2	67%
8	3	8	3	5	63%
9	1	1	1	0	0%
10/9	0	4	0	4	100%
12/11	11	33	11	22	67%
14/13	2	16	2	14	88%
16/15	15	86	35	51	59%
18/17	369	427	204	223	52%
Total	411	586	262	324	68.4%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.23.3

FINANCIAL PERFORMANCE YEAR 0: SPORT AND RECREATION					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	-	-	34	
Expenditure:					
Employees	2 728	3 018	3 018	2 710	-20%
Repairs and Maintenance	0	-	-	-	
Other	2 334	32	32	22	-31%
Total Operational Expenditure	5 063	3 050	3 050	2 732	-10%
Net Operational Expenditure	5 063	3 050	3 050	2 699	-12%

T 3.23.4



CAPITAL EXPENDITURE YEAR 0: SPORT AND RECREATION					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	16 153	16 153	21 308	32%	
Upgrade and Create New Sports and Recreational Facilities Phase 3 Thabong Stadium, Zuka Baloi Stadium & Kopano Indoor Centre	856	856	5 293	518%	63 015
Meloding: Upgrading of Indoor Sports Complex	997	997	13 955	1300%	23 370
Thabong: Upgrading of the far east hall indoor sports and recreational facility	14 301	14 301	2 061	-86%	32 305
					T 3.23.5

COMMENT ON THE PERFORMANCE OF PARKS, SPORTS & RECREATION OVERALL

The responsibility of the Department is to ensure that all the recreational facilities are up to standard and access is not unnecessarily denied to community members. It must be emphasized that most Municipality facilities are made available at a minimal fee.

T 3.23.6



COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: Corporate policy offices, financial services, Human Resource services, ICT services, property services.

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (Mayor; Councillors; and Municipal Manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

Introduction to Executive and Council

Council

Matjhabeng Local Council is a category "B" municipality with a mayoral executive system combined with a ward participatory system. It comprises of 72 councillors, 36 directly elected from the Wards and another 36 elected by political parties on proportional basis in the following order:

Political Party	Total	PR	Ward
African National Congress (ANC)	52	22	30
Democratic Alliance (DA)	16	10	6
Economic Freedom Fighters	6	6	0
Congress of the People (COPE)	3	3	0
Freedom Front Plus (FF+)	1	1	0
United Front of Civics	1	1	0
Independent	1	0	1

The Council is the legislative authority of the Municipality and also plays an oversight role over the Executive and Administration.

Speaker

The Council Chairperson is the Speaker. This office is also responsible for public participation. The Speaker is the Chairperson of the Council: the Chief Custodian and Guardian of the legislative arm of government.

The Speaker plays two main important roles:

- Within the Council; and
- In building democracy

The Speaker presides over the Council meetings and ensures that the meetings are convened at least once a quarter. He maintains order during the meetings and ensures that meetings are held in accordance with the standing rules and orders.

The Speaker is also responsible for assessing the needs of Councillors, arranging suitable training to develop political governance capacity that will enable Councillors to carry out their oversight tasks effectively.



The Speaker does therefore facilitate the improvement of individual Councillor's skills. The Speaker manages community participation in the Municipality through ward committees. He is responsible for functionality of ward committees. He assesses the capacity of ward committees and identifies appropriate training interventions in order to build the capacity of these structures.

The Speaker is also responsible for establishment of other forums that co-ordinate the concerted effort of bringing services closer to the people.

Executive Mayor / Mayoral Committee

The Executive Mayor and the Mayoral Committee play an executive role in the municipality. The Mayoral Committee comprises of the ten (10) members heading the following portfolios committees:

IDP/Policy Development and Monitoring

Community Services

Local Economic Development, Small Business, Spatial Planning and Land Use Management

Finance

Infrastructure

Corporate Support Services

Rural Development and Land Reform – Tourism, Environmental Affairs, Agriculture including Education, Health,

Women and children

Public Safety & Transport

Human Settlements and

Sports, Art and Culture including Elderly and People with disabilities

Council Whip

Matjhabeng Municipality has a Council Whip, whose role is to enhance multiparty democracy by co-ordinating multiparty for a party liaison.

Administration

Municipal administration is the machinery for service delivery to the community. The administrative component of the municipality is headed by the Municipal Manager and comprises of various Directorates and Departments headed by Acting Executive and Executive Directors and Heads of Departments. Matjhabeng has six (6) Directorates namely Financial Services, Strategic Support Services, Corporate Support Services, Local Economic Development, Community Services and Infrastructure.

T 3.24.1



THE EXECUTIVE AND COUNCIL POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective									
To promote social cohesion and nation building through SPORT, ART AND CULTURE	Youth: Prepare and hosted MLM games for annual OR Tambo Games	1	0	1	1	0	1	1	1
	Elderly: Organise recreational games for senior citizens	1	0	1	1	0	1	1	1
	Organise recreational games for people with disability	1	0	1	1	0	1	1	1
	Hosted MLM Arts & Culture Festival	1	1	1	1	0	1	1	1
To deepen democracy through promotion of gender related activities and awareness campaigns within government.	Women's Day celebration held	1	0	1	1	0	1	1	1
	A number of HIV/AIDS material distributed (1000)	2 500	250	2500	1000	1000	1000	1000	1000
	16 Days of Activism launched	1	0	1	1	0	1	1	1
To provide Mayoral bursary scheme to the deserving students	10 new bursaries provided	10	10	10	10	10	0	0	0
									T 3.24.3



Employees: The Political Office					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0	4	4	4	0	0%
1	7	8	7	1	13%
2	9	15	9	6	40%
3	35	49	35	14	29%
5/4	50	97	50	47	48%
6	19	43	19	24	56%
7/6	61	100	61	39	39%
7	18	26	18	8	31%
8/6	0	2	0	2	100%
8/7	6	38	6	32	84%
8	72	112	72	40	36%
9	50	90	50	40	44%
10/9	100	162	100	62	38%
10	22	48	22	26	54%
12/9	200	349	200	149	43%
12/11	210	310	210	100	32%
14/13	67	165	67	98	59%
15	94	158	94	64	41%
16/15	111	242	111	131	54%
16	30	97	30	67	69%
18/17	1 172	1 610	1 172	438	27%
Total	2 337	3 725	2 337	1 388	37%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*
T 3.24.4

FINANCIAL PERFORMANCE YEAR 0: THE EXECUTIVE AND COUNCIL					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	504 477	462 031	462 031	532 151	15%
Expenditure:					
Employees	55 064	65 444	65 444	66 462	2%
Repairs and Maintenance	927	1 237	1 237	860	-30%
Other	166 599	37 291	37 291	74 356	99%
Total Operational Expenditure					36%
	222 590	103 971	103 971	141 678	
Net Operational Expenditure	281 887	358 060	358 060	390 473	9%

T 3.24.5



Capital Expenditure Year 0: The Executive and Council					
					R' 000
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	26 010	26 010	2 502	-90%	
Municipal Buildings	3 510	3 510	920	-74%	-
Office Furniture and Equipment	2 500	2 500	1 553	-94%	-
Fleet and Equipment	20 000	20 000	30	-100%	-
					T 3.24.6



3.25 FINANCIAL SERVICES

DEBT RECOVERY							
R'000							
Details of the types of account raised and recovered	Year -1		Year 0			Year 1	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	279 795	139%					
Electricity - B							
Electricity - C	556 343	70%					
Water - B	0						
Water - C	342 295	157%					
Sanitation	149 194	116%					
Refuse	93 709	129%					
Other	(69 485 355)						

B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.

T 3.25.2



FINANCIAL SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)								
To practice sound and sustainable financial management	Develop and adhere to budget time lines	1	1	1	1	-	1	1	1
Ensure timely procurement of supplies	Departmental needs analysis and departmental procurement plan	14 days	Partially achieved	14 days	14 days	-	14 days	14 days	14 days
To practice sound and sustainable financial management personnel	Implement 100% of allocated capital projects to identified projects in the 2017/2018 financial year	100%	100%	100%	100%	-	100%	100%	100%

*Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.*

T 3.25.3



Employees: Financial Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	1	1	1	0	0
2	2	2	2	0	0
3	6	5	6	+1	
5/4	7	13	7	6	
7/6	3	14	3	11	
8	8	24	8	16	
10/9	43	64	43	21	
12/11	74	77	74	3	
14/13	1	6	1	5	
16/15	0	8	0	8	100
18/17	9	10	9	1	
Total	154	224	154	70	
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>					

T.3.25.4

FINANCIAL PERFORMANCE YEAR 0: FINANCIAL SERVICES					
					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	-114 804	538 779	538 779	343 574	-36%
Expenditure:					
Employees	54 398	50 779	50 779	56 998	12%
Repairs and Maintenance	2	1 094	1 094	67	-96%
Other	67 689	260 598	260 598	79 565	-69%
Total Operational Expenditure	122 088	312 471	312 471	136 630	-56%
Net Operational Expenditure	7 284	226 308	226 308	206 944	-9%

T 3.25.5



CAPITAL EXPENDITURE YEAR 0: FINANCIAL SERVICES					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
No project was implemented					
<i>No Capital Projects in Finance.</i>					T 3.25.6



3.26 HUMAN RESOURCES SERVICES

HUMAN RESOURCE SERVICES POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives	Outline Service KPIs	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year			*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)		(vii)	(viii)	(ix)	(x)
To improve levels of productivity and Performance within Matjhabeng Local Municipality	Signed Performance Contracts for all employees	*Current Year	0.3% (Sect 56 & 57 Managers only)	1800	2337	7	2337	2337	2337
To ensure that the Matjhabeng Local Municipality is capacitated with a skilled and competent workforce across all levels in order to meet Service Delivery Objectives	Approved Organizational Structure	1	1	1	1	0	1	-	-
To ensure that the Matjhabeng Local Municipality has a Human Resources Plan aligned with the IDP and SDBIPs	Approved Human Resources Plan	1	1	1	1	0	1	-	-
To ensure that the Matjhabeng Local Municipality has HR Policy aligned with relevant legislation	Approved HR Policy	100% (Sect 56 & 57 Managers only)	1	1	1	1	1	-	-
To ensure compliance with the Employment Equity Act	Revised Employment Equity Policy and Plan	1	1	1	1	1	1	1	1
To ensure compliance with the Employment equity Act	Existence of an approved Human Resource Policy Manual	1	0	0	0	0	-	-	-
									T 3.26.3



Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2	1	1	1	0	0%
3	2	3	3	0	0%
5					
5/4	4	9	2	7	78%
5					
6					
7/6	4	8	3	5	63%
7			2		
8/7					
8	4	4	1	2	50%
9			1		
10/9	1	6	1	5	83%
10					
11					
12/9					
12/11	6	9	7	2	22%
12					
13					
14/13	0	1	0	1	100%
14					
15					
16/15					
16					
17					
18/17					
Total	22	41	22	19	46%
					T 3.26.4



FINANCIAL PERFORMANCE YEAR 0: HUMAN RESOURCE SERVICES

Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	-	-	-	
Expenditure:					
Employees	9 014	14 169	14 169	12 438	-12%
Repairs and Maintenance	0	155	155	-	100%
Other	130	1 603	1 603	191	-88%
Total Operational Expenditure	9 143	15 926	15 926	12 629	-21%
Net Operational Expenditure	9 143	15 926	15 926	12 629	-21%
					T 3.26.5

CAPITAL EXPENDITURE YEAR 0: HUMAN RESOURCE SERVICES

R' 000

Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	0	0	0	0	
No capital projects					
					T 3.26.6



3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information Technology and Communications Technology (ICT), plays an important role in supporting service delivery. In this regard, it is vital that the Municipality bridges the so-called digital divide, so that residents will have access to digital technology, affordable high-speed internet and voice services.

This will enhance the competitiveness of the Municipality. The ICT focus will remain on strengthening the ICT governance framework, including paying attention to protecting the institution's ICT network in the face of growing and sophisticated security threats, extending the reach of ICT services offered by the Municipality to communities to better enhance access to Municipal services and in the process, building on continuing efforts to bridge the digital divide and laying the foundation for a knowledge economy in the Local Municipality.

Other areas of focus are the development of ICT Disaster Recovery Plans and Business Continuity Plans to ensure the uninterrupted supply of services during disasters and operational down-times. Key objectives of this section is to maintain and develop ICT infrastructure which is up-to-date and capable of supporting the Municipality service delivery mandate.

T.3.27.1



Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1					
2					
3	1	1	1	1	0
5					
5/4	0	1	0	1	100
5					
6					
7/6	1	1	1	0	0
7					
8/7					
8	2	4	2	2	50
9					
10/9	9	3	3	6	75
10					
11					
12/9					
12/11					
12					
13					
14/13					
14					
15					
16/15					
16					
17					
18/17					
Total	13	10	7	10	

T 3.27.4



Financial Performance Year 0: ICT Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	-	-	-	
Expenditure:					
Employees	5 174	5 109	5 109	4 946	-3%
Repairs and Maintenance	1 862	528	528	224	-58%
Other	1 333	12 808	12 808	9 793	-24%
Total Operational Expenditure	8 369	18 444	18 444	14 964	-19%
Net Operational Expenditure	8 369	18 444	18 444	14 964	-19%
T 3.27.5					

Capital Expenditure Year 0: ICT Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Information Communication Technology	5 000	5 000	540	-89%	
T 3.27.6					

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

The upgrade on the VPN network continues to provide improvements in the speed / performance of the network at the external offices; namely Odendaalsrus, Virginia Main Building, Mechanical Workshop and Clinic Building offices and the connection of Customer Care. There is continued technological upgrade to improve. Audit query issues on IT range from hardware to software issues, 99% of the time our technicians address the issues within 3 working days. Our more complex issues are dealt with by specialist staff. The recruitment and retention of competent and experienced personnel remains a significant challenge. There are two volunteers in the Municipality who assist permanent staff to implement and intervene on IT matters.

T.3.27.7



3.28 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
1	0	1	0	1	100%
2	0	1	0	1	100%
3	0	1	0	1	100%
5	0	1	0	1	100%
5/4	0	1	0	1	100%
5	0	1	0	1	100%
6	0	1	0	1	100%
7/6	0	1	0	1	100%
7	0	1	0	1	100%
8/7	0	1	0	1	100%
8	0	1	0	1	100%
9	0	1	0	1	100%
10/9	0	1	0	1	100%
10	0	1	0	1	100%
11	0	1	0	1	100%
12/9	0	1	0	1	100%
12/11	0	1	0	1	100%
12	0	1	0	1	100%
13	0	1	0	1	100%
14/13	0	1	0	1	100%
14	0	1	0	1	100%
15	0	1	0	1	100%
16/15	0	1	0	1	100%
16	0	1	0	1	100%
17	0	1	0	1	100%
18/17	0	1	0	1	100%
Total	0	26	0	26	100%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.28.4



CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

INTRODUCTION

The Municipality strives at all times to ensure that employment equity is woven as a requirement for employment. In addition, organisational development (OD) has always embraced a wide range of intervention strategies that are aimed at the development of disadvantaged individuals, groups and the organisation as a total system. It primarily aims at improving the organisation's effectiveness (to do the right thing) and efficiency (to do the things right).

The Key fundamentals underpinning OD are:

- Talent management and pipeline
Organisational transformation and change management
- Succession planning and leadership continuity
- Job evaluation
- Performance management system and programme
- Business modelling ‘

T 4.0.1



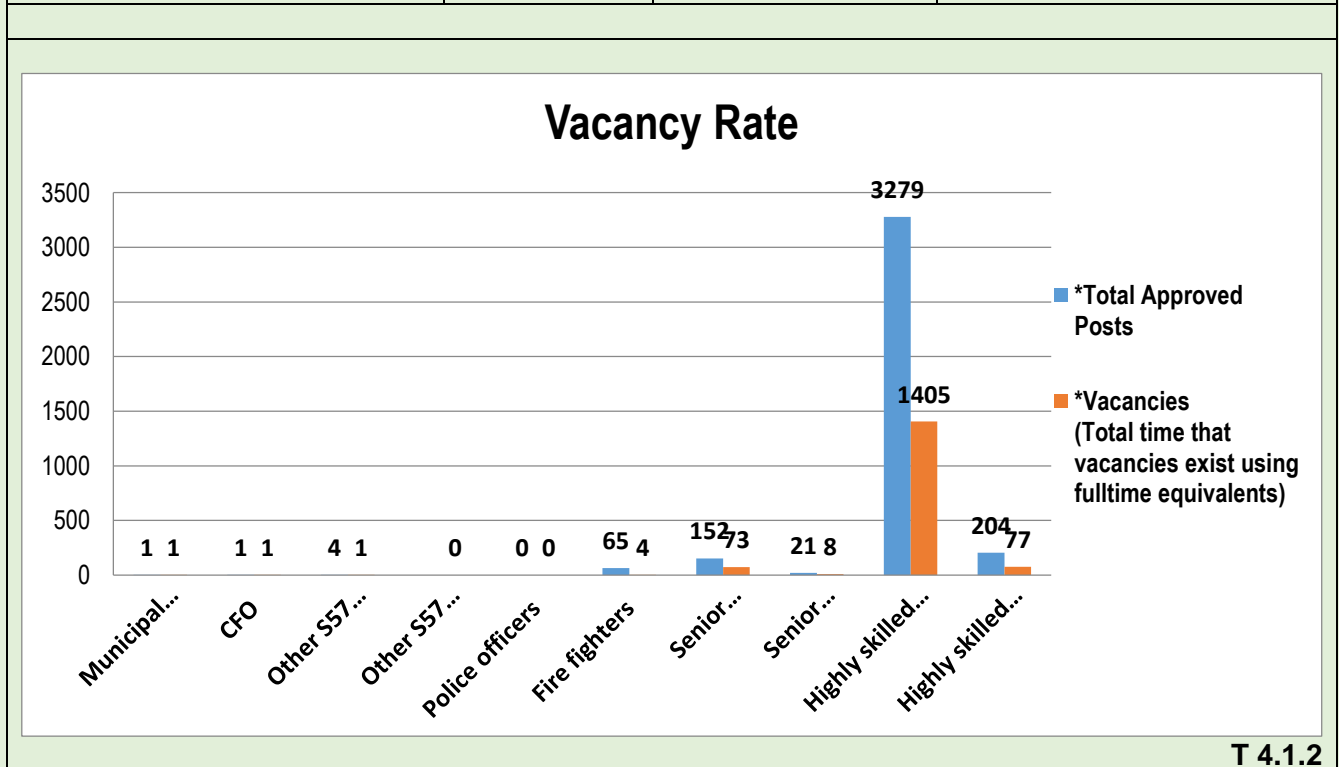
4.1 EMPLOYEE TOTAL AND VACANCIES

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water Demand, Water and Effluent Water Purification Services	108	246	150	96	39%
Electricity Services	64	158	117	41	26%
Waste Management, Waste Disposal and other Services	85	178	86	92	52%
Housing	25	495	355	140	28%
Roads Storm water and Buildings	25	51	25	26	51%
Fleet Management	168	321	168	153	48%
Planning	11	43	19	24	56%
Local Economic Development	6	18	16	2	11%
Library	8	16	13	3	19%
Legal and Risk Management	39	87	58	29	33%
Fire Services	6	14	5	9	64%
Sport and Recreation	72	101	91	10	10%
The Political Office	518	739	410	329	45%
Financial Services	112	118	42	76	3%
Human Resource Services	158	224	139	85	38%
ICT	22	41	22	19	46%
Municipal Manager's Office	13	10	11	1	-10%
Strategic Support Services	13	24	14	10	42%
Corporate Services	17	46	25	21	46%
Community Services	50	75	118	-43	-57%
Infrastructure	176	367	216	151	41%
Totals	2306	3796	2155	1 569	41%

T 4.1.1



Vacancy Rate: Year 0			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	1	100,00
CFO	1	1	100,00
Other S57 Managers (excluding Finance Posts)	4	1	25,00
Other S57 Managers (Finance posts)		0	
Police officers	0	0	
Fire fighters	65	4	6,15
Senior management: Levels 13-15 (excluding Finance Posts)	152	73	48,03
Senior management: Levels 13-15 (Finance posts)	21	8	38,10
Highly skilled supervision: levels 9-12 (excluding Finance posts)	3279	1405	42,85
Highly skilled supervision: levels 9-12 (Finance posts)	204	77	37,75
Total	3727	1570	42,13



Turn-over Rate			
Details	Appointments during the Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2	46	138	300%
Year -1	43	112	260%
Year 0	61	129	211%
			T.4.1.3

COMMENT ON VACANCIES AND TURNOVER

In the year under review, the Matjhabeng Local Municipality staff turnover rate is 260%. The staff turnover rate is a result of people reaching retirement age, death and end of contract.

T 4.1.4



COMPONENT B: MANAGING THE MUNICIPALWORK FORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The 2009 approved structure had a staffing complement as at 30th June 2018 is three seven hundred and twenty-seven (3727) including Seventy-Two (72) Councillors. The total staff composition is predominantly African Male across all occupational levels.

The Local Municipality has approved a Human Resources Plan which entailed all measures that were aimed at increasing the productivity of the entire workforce thus enhancing the performance culture. We also had the Human Capital Management policies and procedures as well as the signed Collective Agreement which were recognized by the trade Unions. Both these policies and collective agreement were aligned with applicable laws such as the Basic Conditions of Employment Act, Labour Relations Act, etc.

T 4.2.0



4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action			Contained in the EE Policy
2	Attraction and Retention			
3	Code of Conduct for employees			In terms of Municipal Systems Act
4	Delegations, Authorisation & Responsibility			
5	Disciplinary Code and Procedures		-	Disciplinary Code Collective Agreement concluded and came into effect from 1 February 2018 until 31 January 2023.
6	Essential Services		100%	New Main Collective Agreement came into operation from 1 July 2015 until 30 June 2020 including this section
7	Employee Assistance / Wellness			
8	Employment Equity			23-Feb-05
9	Exit Management			
10	Grievance Procedures		100%	New Main Collective Agreement came into operation from 1 July 2015 until 30 June 2020 including this section
11	HIV/Aids			
12	Human Resource and Development	100%		Comprehensive HRD Policy still to be adopted. Section on Workplace Integrated Learning (WIL) adopted by Corporate Services Section 80 Committee (March 2018). Still to be adopted by Council.
13	Information Technology			
14	Job Evaluation			
15	Leave			
16	Occupational Health and Safety			
17	Official Housing			
18	Official Journeys			
19	Official transport to attend Funerals			
20	Official Working Hours and Overtime			
21	Organisational Rights		100%	New Main Collective Agreement came into operation from 1 July 2015 until 30 June 2020 including this section
22	Payroll Deductions			
23	Performance Management and Development			
24	Recruitment, Selection and Appointments			
25	Remuneration Scales and Allowances			
26	Resettlement			
27	Sexual Harassment		100%	Adopted on 22/7/2008



28	Skills Development	100%		Adopted on 30/4/2002
29	Smoking			
30	Special Skills			
31	Work Organisation			
32	Uniforms and Protective Clothing			
33	Other:			
34	Other: Termination of Services due to Ill Health	100%		Adopted on 22/7/2008
35	Termination of Services due to Poor Work Performance	100%		Adopted on 22/7/2008
				T 4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT

The Municipality has reviewed all HR policies. New employees have accordingly been inducted on policies, procedures and code of conduct. The municipality designed the policy universe to align to applicable pieces of legislations, strengthen systems, reinforce procedures and review the relevance in order to ensure that the municipality adequately responded to challenges.

Corporate Services is the custodian of these policies and ensures that they are available to employees and to members of the public. The review process is undertaken by council periodically during its sittings. These policies were available for reference by staff and they were published in the website of the Municipality.

T 4.2.1.1



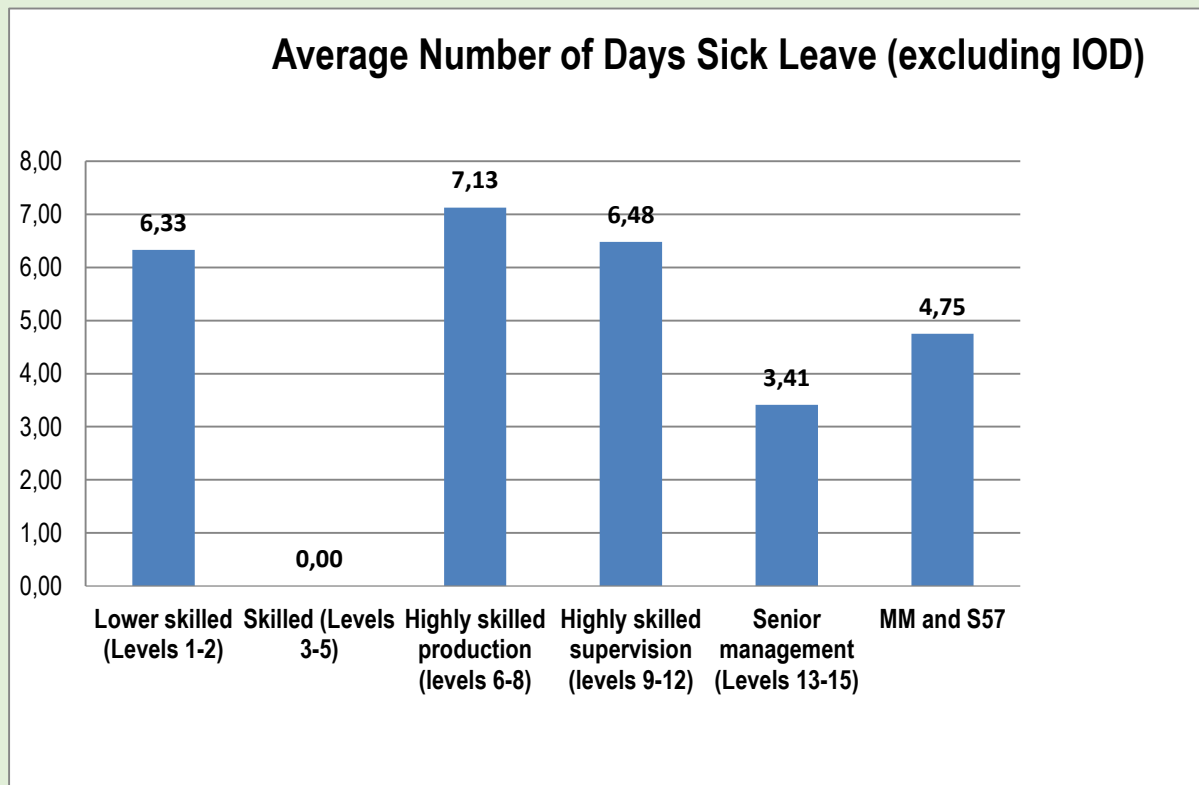
4.3 INJURIES, SICKNESS AND SUSPENSIONS

NUMBER AND COST OF INJURIES ON DUTY					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using WCA leave %	Average WCA Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	911	33	4%	28	974735
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
Total	911	33	4%	28	974735
T 4.3.1					

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Job level	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per Employees Days	Estimated cost R' 000
Lower skilled (Levels 1-2)	361	3%	32	57	6,33	R 179 849, 34
Skilled (Levels 3-5)	883	8%	74	126	7.01	R 331,705
Highly skilled production (levels 6-8)	1327	12%	163	186	7,13	R 408,346
Highly skilled supervision (levels 9-12)	2935	8%	260	453	6,48	R 455,098
Senior management (Levels 13-15)	501	3%	48	147	3,41	R 99,839
MM and S57	5946	6%	606	1253	4,75	732756
Total	11953	7%	1183	2222	5,38	R 789 9040.32
T 4.3.2						



AVERAGE NUMBER OF DAYS SICK LEAVE (EXCLUDING IOD)



T 4.3.3

COMMENT ON INJURY AND SICK LEAVE

Matjhabeng Local Municipality employees who are injured on duty receive special leave and such leave is not deducted from their sick leave credit.

Serious injuries are referred to the Regional Hospital and private hospitals that accept compensation cases and the required process is followed in terms of follow up visits.

For prolonged absence from duty as the result of injury on duty, the municipality closely monitors the absence and the employee's pension /provident fund is informed that the employee has sustained a serious injury.

T.4.3.4



Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised	Date Finalised
Assistant Cleansing Officer - SJ Noka (112343)	Gross negligence by allowing a member of public to work without proper appointment processes	29/9/2017	Disciplinary action instituted against the employee. Suspension uplifted 7/3/2018. Matter postponed on request of either the Presiding Officer, Employer Representative as well as Employee and his representative	Estimate date of finalisation: 26 June 2018
	Put council's name in disrepute by allowing a member of public to work without payment and not being employed by the Municipality			
General Worker: Ms M Molotsi (800165)	1. Fraudulent appointment letters to member of the Public in exchange for money.	29/9/2017	Disciplinary hearing partly heard. Suspension not uplifted. Postponed on various occasions of either the Presiding Officer, Employer Representative as well as Employee and his representative	Estimate date of finalisation: 25 June 2018
	2. Fraudulent action by the employee by forging the signature of the Municipal Manager.			
				T 4.3.5



DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT

POSITION	NATURE OF ALLEGED MISCONDUCT AND RAND VALUE OF ANY LOSS TO THE MUNICIPALITY	DISCIPLINARY ACTION TAKEN	DATE FINALIZED
Clerk: MS Sejane (165171)	Involved in fraudulent actions regarding illegal appointments of members of public by Me Molotsi from Community Services. Financial loss not stipulated.	Disciplinary hearing. Partly heard matter	Projected date of finalisation - End July 2018
General Worker: MJ Molotsi (800165)	1. Fraudulent appointment letters to member of the Public in exchange for money.	Disciplinary hearing. Partly heard matter	Projected date of finalisation - End June 2018
	2. Fraudulent action by the employee by forging the signature of the Municipal Manager.		
	3. Unlawful using the Employer's official document without permission by drafting falsified appointment letters to members of Public.		
	Putting Council's name in disrepute by exploiting member of public by accepting money for appointment in positions that does not exist. The employee misused her relationship with the Municipality for her own benefit.		
Acting Manager Electrical Services: KZ Mabaso (112388)	1. Signed for the invoices submitted by the company called Emarauda for payment in the amount of R868 500.00 for the repair of high mast light Infrastructure in Kutloanong and Nyakallong Units.	Disciplinary hearing. Partly heard matter	Projected date of finalisation - End July 2018
	2. Proceed to process a submission for emergency repair of High Mast Lights despite the fact that the Manager Supply Chain did not recommend the submission.		
	3. Your action made the Municipality to incur huge financial costs and losses which by their nature irregular.		
	4. You intimidate AEFE by insisting to sign for work that was completed by Electrical Contractors		
	5. You signed the invoices submitted by the company called Baile Trading for payment amount of R999 842.00 for the repair of high mast light Infrastructure in Phomolong and Mmamahabane Units.		



General Worker: IB Mankheli (165174)

On 23/01/2018 between 12h00 and 16h00 you collected 3 300kf of hot tar at the plant in Keerom Street. After signing for the hot tar, you were in a hurry and could not wait for the other papers due to the fact that there was a problem with the printer. You took a decision to dump the hot tar resulted in that the pothole at the FNB circle could not be completed. This uncompleted patch can result in claims against the Municipality. The Municipality lost R4 130.68 through your gross negligence.

Disciplinary hearing against the employee.

Projected date of finalisation -
End July / August 2018

T 4.3.6

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT

Suspensions are effected to ensure that there is no hindrance towards investigation of suspected corrupt or fraudulent activity. The investigations are conducted in such a way that they do not unfairly target officials. Officials are then afforded opportunities to answer about these allegations.

T.4.3.7



4.4 PERFORMANCE REWARDS

PERFORMANCE REWARDS BY GENDER					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	0	0	0	0
	Male	0	0	0	0
Skilled (Levels 3-5)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled production (levels 6-8)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled supervision (levels 9-12)	Female	0	0	0	0
	Male	0	0	0	0
Senior management (Levels 13-15)	Female	0	0	0	0
	Male	0	0	0	0
MM and S57	Female	0	0	0	0
	Male	0	0	0	0
Total		0	0	0	0
<i>Has the statutory municipal calculator been used as part of the evaluation process?</i>					Not applicable as no bonus was awarded
T 4.4.1					

COMMENT ON PERFORMANCE REWARDS

No performance rewards were paid to employees or Section 56/57 Managers including all employees during the year under review.

T 4.4.1.1



COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT: -

Apart from providing strategic and operational direction to training initiative and reporting on such initiatives, the respective submission of the annual Workplace Skills Plan (WSP) and Implementation Report to the Local Government Sector Education & Training Authority (LGSETA) enables the Municipality to access recovery against levy payments by way of mandatory skills grants.

Training interventions required to achieve priorities in terms of individual and departmental needs were requested through a Training Needs Analysis form, which was send to all Directorates. Training interventions which could not be implemented during 2016/17 were also carried over to the WSP for 2017/18.

All information obtained was imported to the required LGSETA Template and submitted to LGSETA on 28 April 2017. Considering the year under review, training interventions covering various occupational categories have been attended by a total of two hundred and six (206) delegates at a total cost of R 3.4 million rand. These PIVOTAL (Professional; Vocational, Technical and Academic) learning areas included Municipal Finance Management, Customer Care, Labour Relations, Infrastructure (Water and Waste Water Treatment Process Control), Information Technology, Risk Management, and formal studies via Study Assistance. The Workplace Skills Plan intends to focus on the mentioned learning areas as well as scarce and critical skills. In addition, Declarations of Intent to access Discretionary Skills Funding for Skills Programmes and Learnerships also targeting unemployed beneficiaries have been submitted to the LGSETA. Workplace Integrated Learning (WIL) initiatives included Water and Waste Water Treatment Process Control Learnerships, Internships for Finance, Information Technology, PMU and Electrical Engineering.

T.4.5.0



4.5 SKILLS DEVELOPMENT AND TRAINING

SKILLS MATRIX														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
MM and s57	Female	2	1	0	2	0	0	2	0	0	0	1	0	4
	Male	4	3	0	5	0	2	5	0	0	0	3	2	10
Councillors, senior officials and managers	Female	41	3	3	3	0	5	13	11	10	27	14	18	43
	Male	79	5	4	4	0	13	5	26	24	45	31	41	54
Technicians and associate professionals*	Female	64	5	1	1	3	4	12	4	0	0	12	5	13
	Male	68	1	2	2	4	5	29	7	0	0	12	7	31
Professionals	Female	17	2	2	2	4	3	27	4	0	0	10	5	29
	Male	39	7	7	7	19	19	53	3	0	0	29	26	60
Sub total	Female	124	11	6	8	7	12	54	19	10	27	37	28	89
	Male	190	16	13	18	23	40	92	36	24	45	75	76	155
Total		314	27	19	26	30	52	146	55	34	72	112	104	244

T 4.5.1



FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT*

Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	1	1	1
<i>Chief financial officer</i>	1	0	1	1	1	1
<i>Senior managers</i>	4	0	4	1	1	1
<i>Any other financial officials</i>	27	0	27	24	0	24
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	33	0	33	27	3	27
T 4.5.2						



SKILLS DEVELOPMENT EXPENDITURE

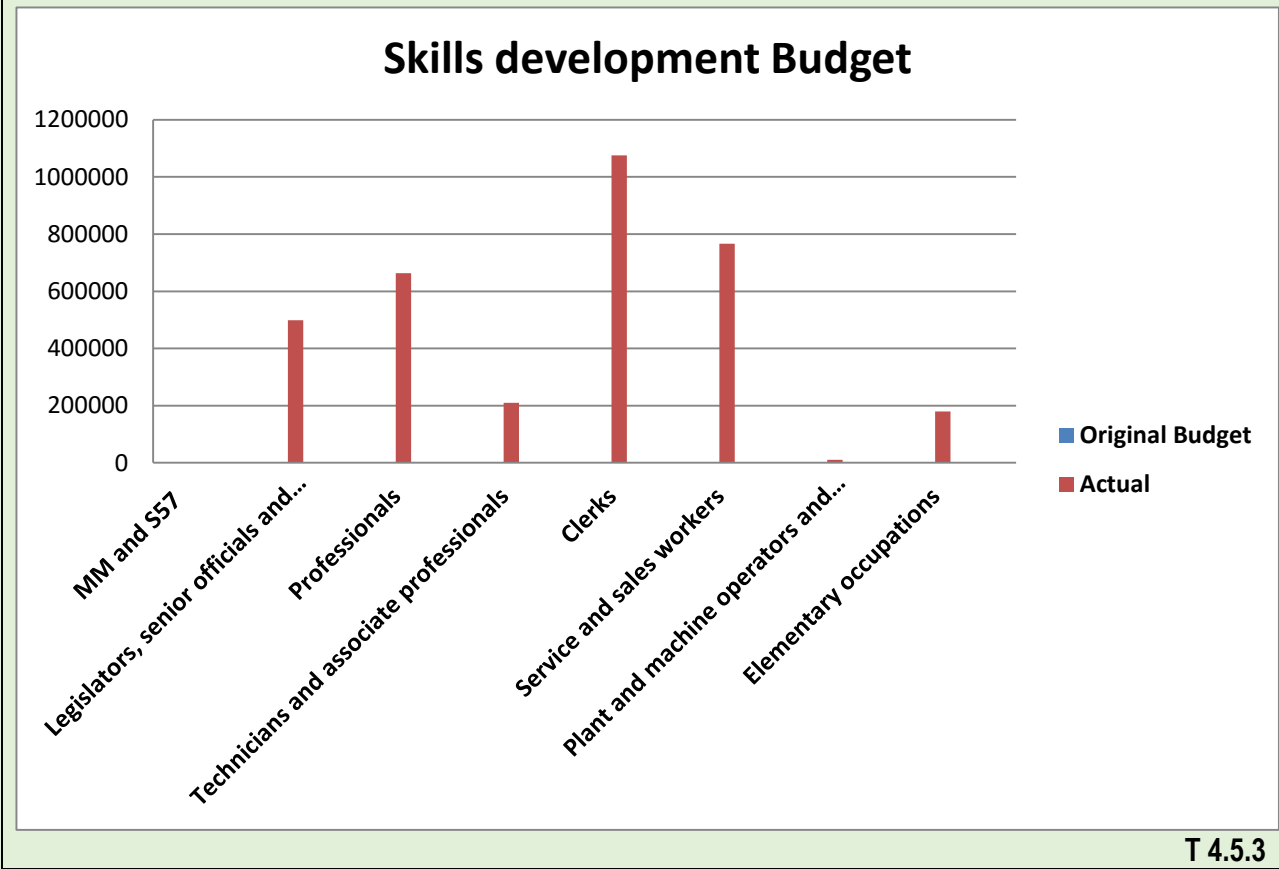
R

Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of TRAINING		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
MM and S57	Female	2								
	Male	4								
Legislators, senior officials and managers	Female	8								498984
	Male	17								
Professionals	Female	9								663302
	Male	29								
Technicians and associate professionals	Female	9								209360
	Male	13								
Clerks	Female	27								1075404
	Male	15								
Service and sales workers	Female	9								766790
	Male	17								
Plant and machine operators and assemblers	Female	0								11124
	Male	4								
Elementary occupations	Female	10								179626
	Male	28								
Sub total	Female	78								
	Male	128								
Total		206	0	0	0	0				3404590

T4.5.3



SKILLS DEVELOPMENT BUDGET



COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS

The Table below outlines the progress in terms of Senior Managers, Managers, SCM and Finance Officials who meet competency levels.

T.4.5.4



DESIGNATION	STATUS IN TERMS OF COMPETENCY LEVELS
Municipal Manager	Meets minimum competency levels
CFO	Meets minimum competency levels.
Executive Director LED and Planning	Awaiting LGSETA accreditation certificate.
Executive Director Community Services	Meets minimum competency levels
Executive Director Infrastructure	Meets minimum competency levels
Executive Director Strategic Support	Meets minimum competency levels
Executive Director Corporate Services	In progress
Manager PMU	Scheduled for next intake
Manager SCM	Meets minimum competency levels
Manager Budget	Scheduled for next intake
Senior Manager Treasury	Scheduled for next intake
T 4.5.4	



COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

T 4.6.2

EMPLOYEES WHOSE SALARY LEVELS EXCEED THE GRADE DETERMINED BY JOB EVALUATION				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A	0	0	0	0
N/A	0	0	0	0
N/A	0	0	0	0
N/A	0	0	0	0
N/A	0	0	0	0
NONE				T 4.6.3

EMPLOYEES APPOINTED TO POSTS NOT APPROVED				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exists
None	N/A	N/A	0	N/A
NB: All positions have been approved in line with the HR policies of the organization.				

T 4.6.4



COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE

No positions were upgraded during the year under review.

T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

All Councillors, Section 57 appointees and officials are disclosing financial interest in the following manner: -

Councillors and Section 57 appointees disclose their financial interests annually in line with the council policy.

Other officials also complete Financial Interest Disclosure forms as and when the need arises.

T.4.6.6



CHAPTER 5: FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL PERFORMANCE

Chapter 5 will provide information of the financial performance of the Municipality for the year under review. The chapter will include the audited financial statements, a reconciliation of the A1 budget summary, grant performance and asset management. On the main, the chapter deals with attachments of the draft annual financial statements as well as the final audit report to be provided by office of the Auditor General after the audit process is complete.

T.5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Section 122 of the Municipal Finance Management Act 56 of 2003 states that every municipality must prepare annual financial statements for each financial year. The annual financial statements for the 2015/2016 financial year was prepared in compliance with section 122 of the Municipal Finance Management Act as well as GRAP.

The draft annual financial statements for the 2017/2018 will be submitted separately to office of the Auditor General on the 31st August 2018.

T.5.1.0

COMMENT ON FINANCIAL PERFORMANCE

The variance on the financial performance was a result of the cash flow constraints and the low consumer pay rate experienced during the year under review.

T.5.1.3

FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES

R '000

Description	Year -1	Year 0		Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	666 342	589 274	589 274	361 342	-63%	-63%
Waste Water (Sanitation)	60 841	111 558	111 558	108 641	-3%	-3%
Electricity	1001 421	477 716	477 716	248 641	-48%	-48%
Waste Management	104 824	91 718	91 718	120 193	-31%	-31%
Housing	21 034	23 510	23 510	18 253	-22%	-22%
Component A: sub-total	1 854 462	1 293 776	1 293 776	857 070	-34%	-34%
Waste Water (Storm water Drainage)	0					
Roads	45 769	158 554	158 554	64 158	-59%	-59%
Transport	0					
Component B: sub-total	45 769	158 554	158 554	64 158	-59%	-59%
Planning	27 745					
Local Economic Development	13 650	19 124	19 124	16 594	-13%	-13%
Component B: sub-total	41 395	19 124	19 124	16 594	-13%	-13%
Planning (Strategic & Regulatory)	0					
Local Economic Development	0					
Component C: sub-total	0					
Community & Social Services	215 525	105 754	105 754	99 540	-6%	-6%
Environmental Protection	2 309			7 626	100%	100%
Health	0	0	0	0	-	-
Security and Safety	166 515	162 688	162 688	157 042	-4%	-4%
Sport and Recreation	98 790	88 599	88 599	2 732	-97%	-97%
Corporate Policy Offices and Other	60 624	58 915	58 915	50 914	-14%	-14%
Component D: sub-total	543 763	415 956	415 956	317 854	-24%	-24%
Total Expenditure	2 485 389	1 887 410	1 887 410	1 255 676	-33%	-33%

5.2 GRANTS

T 5.1.2

GRANT PERFORMANCE

R' 000

Description	Year -1	Year 0		Year 0 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	391 992	406 776	406 776	406 776	-	-
Equitable share	385 851	393 631	393 631	393 631	-	-
Municipal Systems Improvement	-					
Department of Water Affairs						
Levy replacement						
Other transfers/grants [insert description]	6 141	13 145	13 145	13 145	-	-
Provincial Government:	-	-	-	-		
Health subsidy	-	-	-	-		
Housing	-	-	-	-		
Ambulance subsidy	-	-	-	-		

Sports and Recreation	-	-	-	-		
Other transfers/grants [insert description]						
District Municipality: [insert description]	-	-	-	-		
Other grant providers: [insert description]	-	-	-	-		
Total Operating Transfers and Grants	391 992	406 776	406 776	406 776	-	-
						T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS

The total amount of operating transfers and grants received by the Municipality was R 391 992 000 for the year under review. This was a decrease compared to the R 406 586 000 allocation for the 2015/2016 Financial Year. The grants consisted of the Equitable Share, Finance Management Grant, EPWP Incentive and the Subsidies received and SETA grant. The Finance Management Grant is a conditional grant.

T 5.2.2

GRANTS RECEIVED FROM SOURCES OTHER THAN DIVISION OF REVENUE ACT (DORA)						
Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
A - "Project 1"	0					
A - "Project 2"	0					
B - "Project 1"	0					
B - "Project 2"	0					
Foreign Governments/Development Aid Agencies						
A - "Project 1"	0					
A - "Project 2"	0					
B - "Project 1"	0					
B - "Project 2"	0					
Private Sector / Organisations						
A - "Project 1"	0					

A - "Project 2"	0					
B - "Project 1"	0					
B - "Project 2"	0					
No Grants received from sources other than DoRA						T 5.2.3

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The objective of Asset Management is to ensure effective and efficient control, utilization, safeguarding and management of the Municipality's property, plant and equipment. GRAP 17 is applicable to the Municipality.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				R1m
Asset 1				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value	6 841	0	0	

Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 2				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value	4 039	1 498		
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
T 5.3.2				

COMMENT ON ASSET MANAGEMENT

The Asset Register has been compiled however there are still gaps in it. We are currently in the process of resolving and addressing the gaps identified by the Auditor General.

T.5.3.3

REPAIR AND MAINTENANCE EXPENDITURE: YEAR 0				
				R'000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	245 455	78 355	110 871	-54%
T 5.3.4				

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

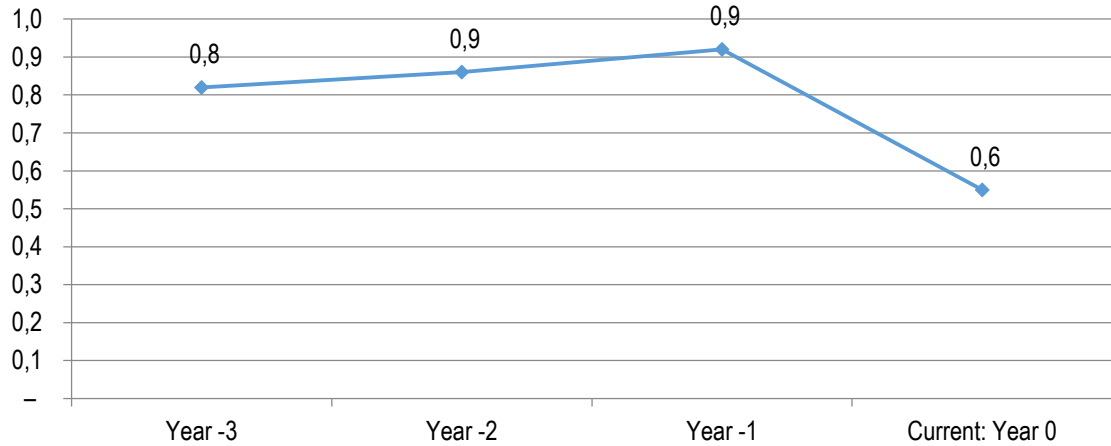
The budget for repair and maintenance for the year under review was R 216 263 000 and the actual expenditure for the year under review was at R 59 945 000 which is resulted into a variance of 72%. The reason for the under-spending was as a result of the cash flow constraints experienced during the year under review

T 5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

LIQUIDITY RATIO

Liquidity Ratio



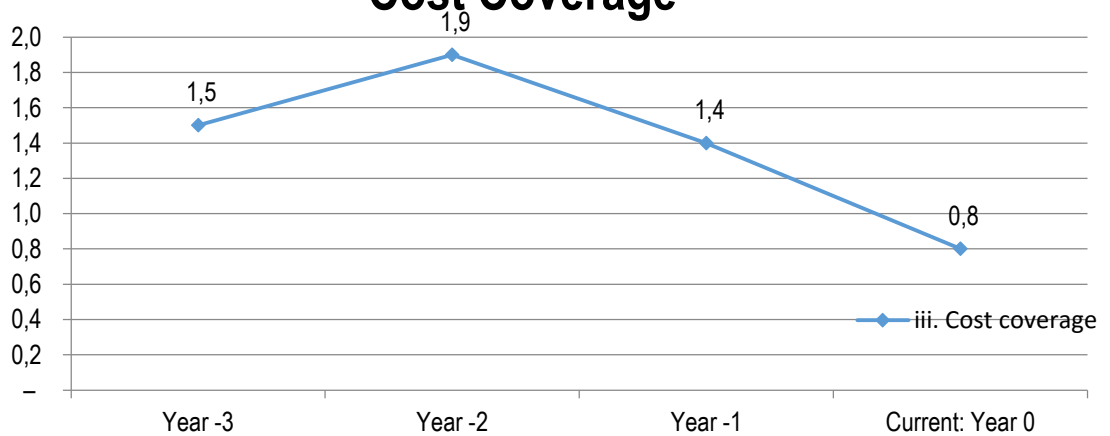
Liquidity Ratio – Measures the municipality’s ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality’s current liabilities. A higher ratio is better.

Data used from MBRR SA8

T.5.4.1

COST COVERAGE

Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T.5.4.2

TOTAL OUTSTANDING SERVICE DEBTORS

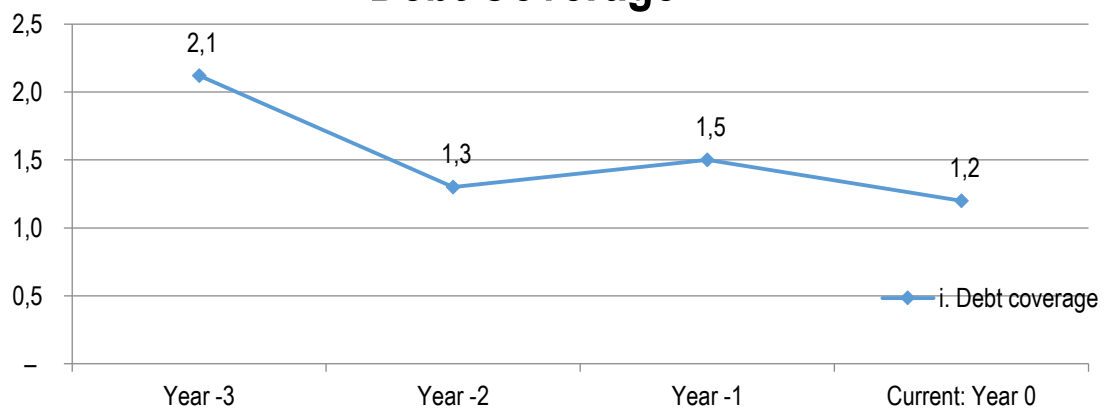
Total Outstanding Service Debtors



T.5.4.3

DEBT COVERAGE

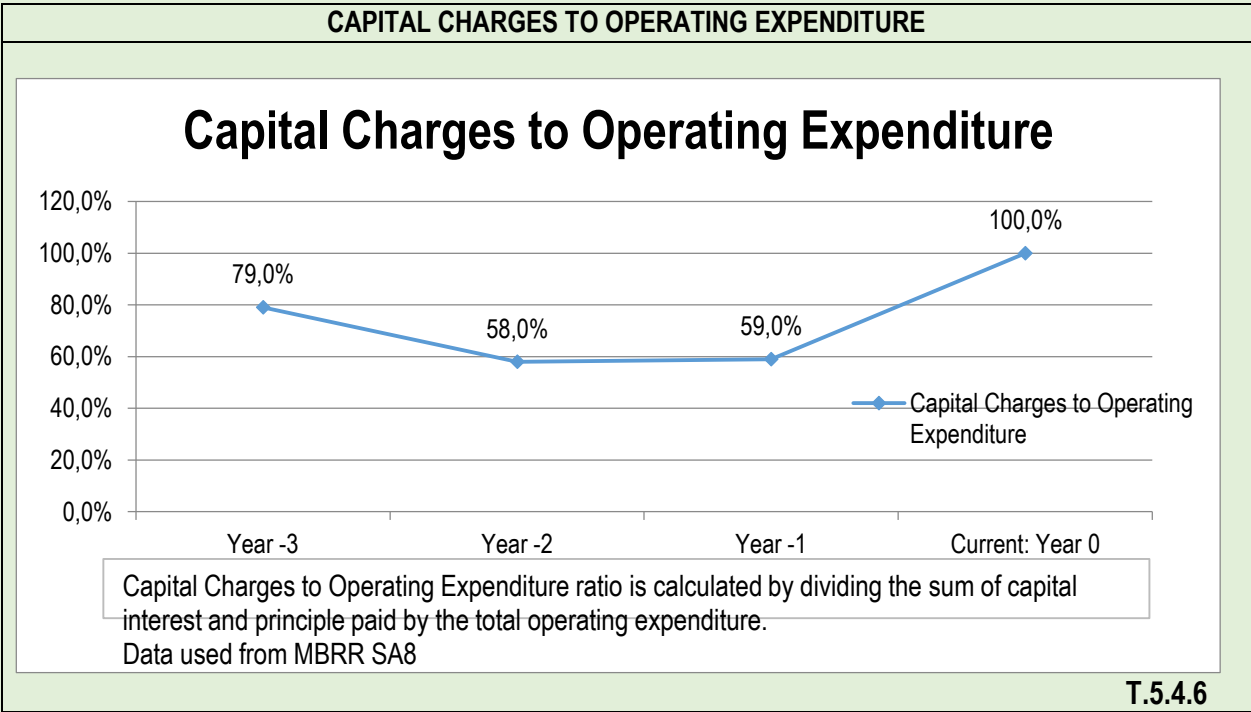
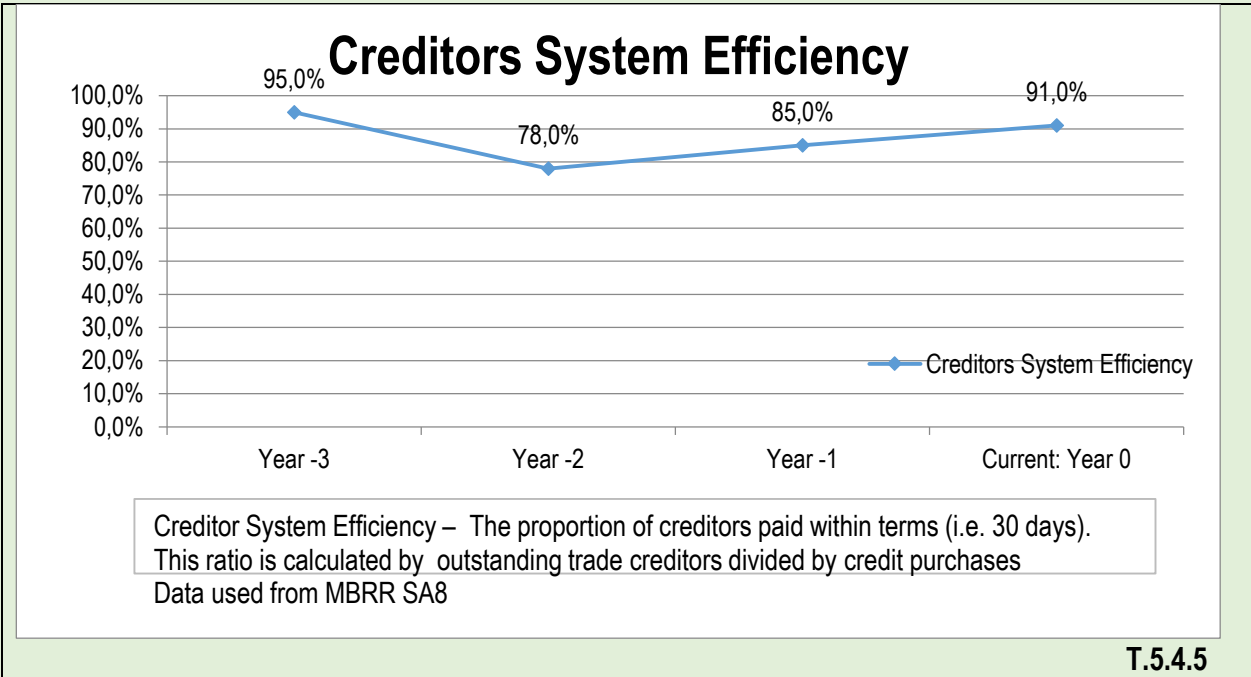
Debt Coverage



Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality
Data used from MBRR SA8

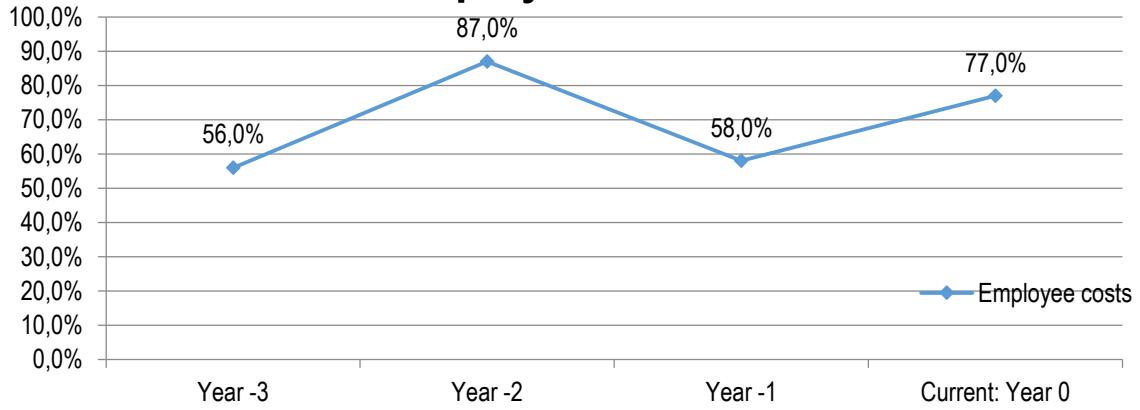
T.5.4.4

CREDITORS SYSTEM EFFICIENCY



EMPLOYEE COSTS

Employee Costs

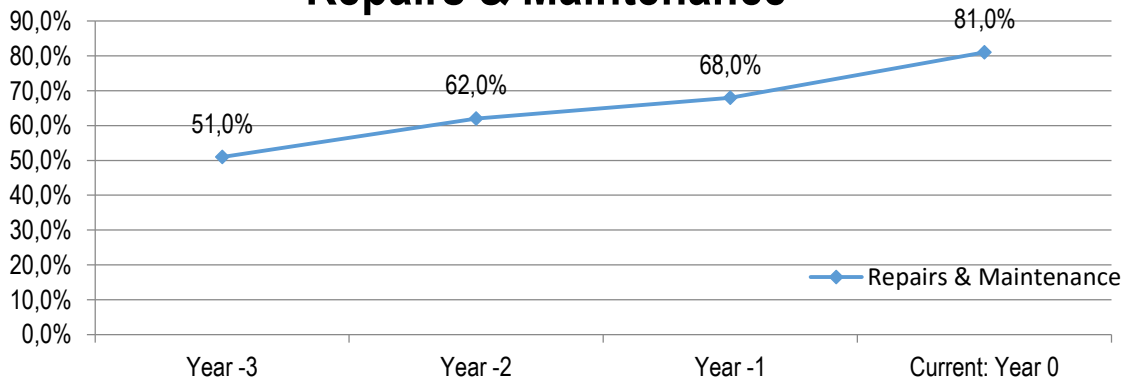


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.
Data used from MBRR SA8

T.5.4.7

REPAIRS & MAINTENANCE

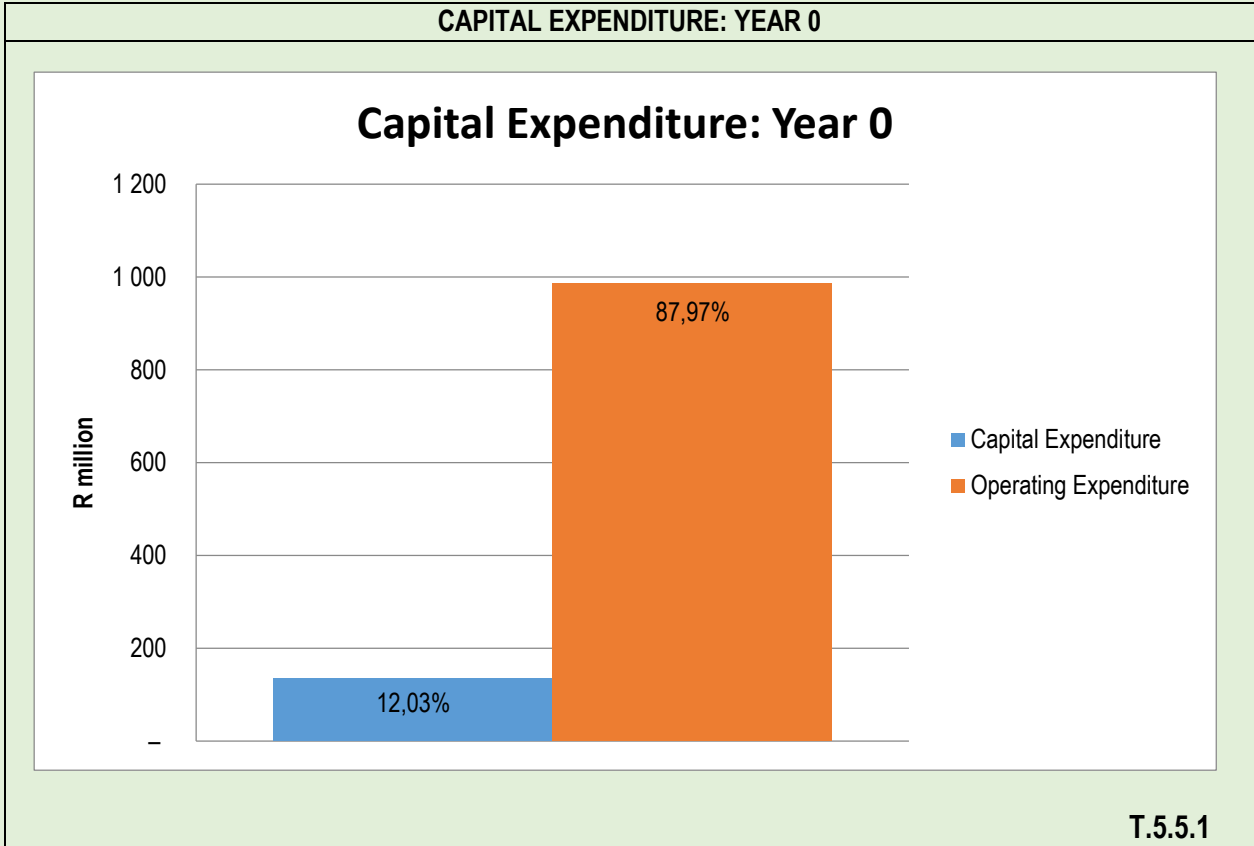
Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.
Data used from MBRR SA8

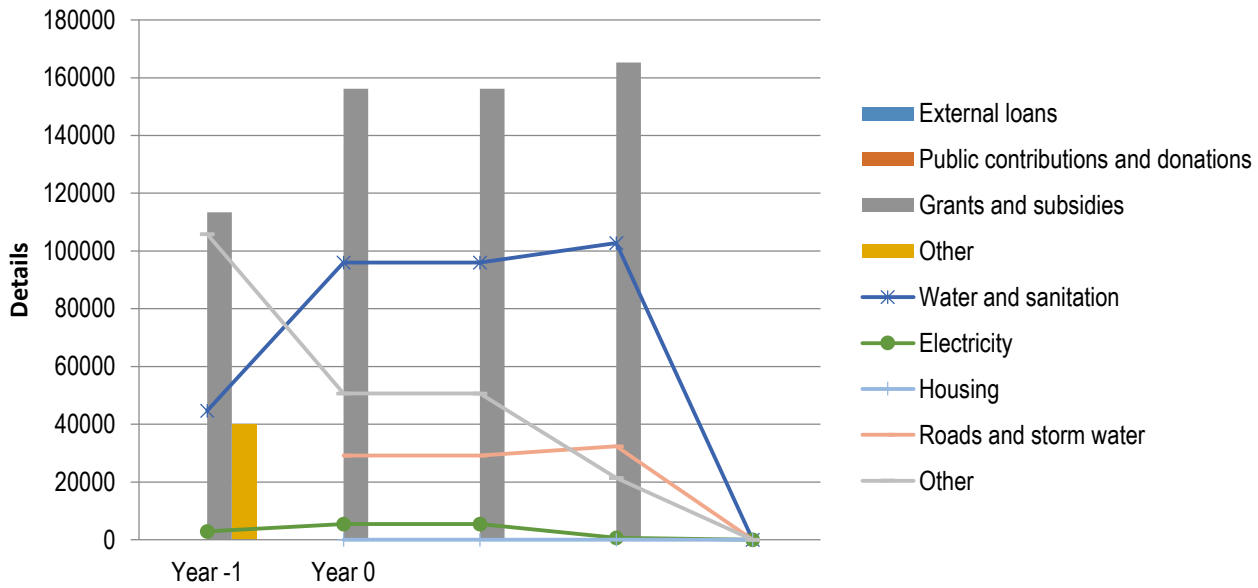
T.5.4.8

5.5 CAPITAL EXPENDITURE



SOURCE OF FINANCE AND CAPITAL EXPENDITURE

Source of Finance and Capital Expenditure



T.5.6.1

R' 000							
Details		Year -1	Year 0				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	0					
	Public contributions and donations	0					
	Grants and subsidies	113 363	156 216	156 216	165 216	6%	6%
	Other	40 000					
Total		153 363	156 216	156 216	165 216	6%	6%
<i>Percentage of finance</i>							
	External loans	0,0%					
	Public contributions and donations	0,0%					
	Grants and subsidies	100,0%					
	Other	0,0%					
Capital expenditure							
	Water and sanitation	44 621	95 967	95 967	102 741	7%	7%
	Electricity	2 842	5 445	5 445	632	-88%	-88%
	Housing	0	0	0	0	-	-
	Roads and storm water	0	29 186	29 186	32 371	11%	11%
	Other	25 987	130 598	130 598	21 365	-84%	-84%
Total		153 363	181 216	181 216	157 109	-13%	-13%
PERCENTAGE OF EXPENDITURE							
	Water and sanitation	26,4%	53%	53%	65%		
	Electricity	1,9%	3%	3%	0,4%		
	Housing	0,0%	0%	0%	0%		
	Roads and storm water	14,7%	16%	16%	21%		
	Other	57,0%	72%	72%	14%		
T 5.6.1							

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS*					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Name of Project					
B - Name of Project					
C - Name of Project					
D - Name of Project					
E - Name of Project					
<i>* Projects with the highest capital expenditure in Year 0</i>					
Name of Project - A					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - B					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - C					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - D					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - E					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
					T 5.7.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS - OVERVIEW

SERVICE BACKLOGS AS AT 30 JUNE YEAR 0

Households (HHs)

	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water				
Sanitation				
Electricity				
Waste management				
Housing				
T.5.8.2				

MUNICIPAL INFRASTRUCTURE GRANT (MIG)* EXPENDITURE YEAR 0 ON SERVICE BACKLOGS

R' 000

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport						
<i>Roads, Pavements & Bridges</i>						
<i>Storm water</i>						
Infrastructure - Electricity						
<i>Generation</i>						
<i>Transmission & Reticulation</i>						
<i>Street Lighting</i>						
Infrastructure - Water						
<i>Dams & Reservoirs</i>						
<i>Water purification</i>						
<i>Reticulation</i>						
Infrastructure - Sanitation						
<i>Reticulation</i>						
<i>Sewerage purification</i>						
Infrastructure - Other						
<i>Waste Management</i>						
<i>Transportation</i>						
<i>Gas</i>						
Other Specify:						
<i>Community facilities (Sport, Taxi & Str traders)</i>						
<i>PMU support</i>						
Total						
T.5.8.3						

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

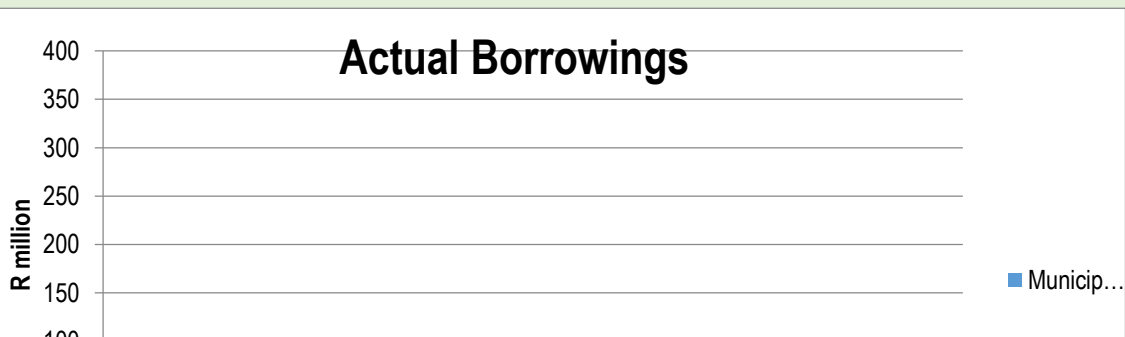
CASH FLOW OUTCOMES					R'000
Description	Year -1	Current: Year 0			
	Audited Outcome	Original Budget	Adjusted Budget	Actual	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other	1 130 022	1 484	1 484	1 009	
Government - operating	388 792	396 776	396 776	396 776	
Government - capital	113 363	156 216	156 216	165 216	
Interest	122 604	145 890	145 890	28 548	
Dividends	18	19	19	-	
Payments					
Suppliers and employees	(1 705 587)	(2 210 059)	(2 210 059)	(1 820 778)	
Finance charges	(105 980)	(112 763)	(112 763)	(1 952)	
Transfers and Grants	(32 850)	-	-	(42 737)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	(50 321)	(139 698)	(139 698)	(266 020)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE					
Decrease (Increase) in non-current debtors					
Decrease (increase) other non-current receivables					
Decrease (increase) in non-current investments					
Payments					
Capital assets	(133 363)	(181 216)	(181 216)	(157 108)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(133 363)				
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans	10 000				
Borrowing long term/refinancing					
Increase (decrease) in consumer deposits	15 000				
Payments					
Repayment of borrowing					
NET CASH FROM/(USED) FINANCING ACTIVITIES	25 000				
NET INCREASE/ (DECREASE) IN CASH HELD	326 500	(320 914)	(320 914)	(665 511)	
Cash/cash equivalents at the year begin:	8 917	335 417	335 417		
Cash/cash equivalents at the year-end:	335 417	14 503	14 503		
<i>Source: MBRR A7</i>				T 5.9.1	

5.10 BORROWING AND INVESTMENTS

ACTUAL BORROWINGS: YEAR -2 TO YEAR 0				R' 000
Instrument	Year -2	Year -1	Year 0	
Municipality	0	0	0	

Long-Term Loans (annuity/reducing balance)	0	0	0	
Long-Term Loans (non-annuity)				
Local registered stock				
Instalment Credit				
Financial Leases				
PPP liabilities				
Finance Granted By Cap Equipment Supplier				
Marketable Bonds				
Non-Marketable Bonds				
Bankers Acceptances				
Financial derivatives				
Other Securities				
Municipality Total	0	0		
Municipal Entities				
Long-Term Loans (annuity/reducing balance)				
Long-Term Loans (non-annuity)				
Local registered stock				
Instalment Credit				
Financial Leases				
PPP liabilities				
Finance Granted By Cap Equipment Supplier				
Marketable Bonds				
Non-Marketable Bonds				
Bankers Acceptances				
Financial derivatives				
Other Securities				
Entities Total	0	0		
				T 5.10.2

ACTUAL BORROWINGS



T.5.10.3

MUNICIPAL AND ENTITY INVESTMENTS

R' 000

Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
Municipality			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank	11 199	2 759	16
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements – Banks	18 239		
Municipal Bonds			
Other			
Municipality sub-total	29 438	2 759	16
Municipal Entities			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements – Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	29 438	2 759	16
			T 5.10.4



Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

General Information

Legal form of entity	An organ of state within the local sphere of government exercising executive and legislative authority.
Nature of business and principal activities	Providing municipal services, infrastructure development and furthering the interest of the local community in the Matjhabeng area, Free State Province.
The following is included in the scope of operation	Area FS184, as a high capacity local municipality, as demarcated by the Demarcation Board and indicated in the demarcation map published for FS184
Grading of local authority	Local high capacity municipality.
Executive Mayor Members of the Mayoral Committee	Speelman NW Speelman NW - Executive Major Direko DR - Spatial planning and land use management Kabi M - Policy and Planning Khalipha TD - Human Settlement Lushaba TB - Community Services Manase SD - Finance Mawela VE - Corporate Services Morris VR - Public Safety Radebe MC - Local Economic Development Radebe M L - Integrated development Planning Tshopo M E - Technical Services / infrastructure
Councillors	Badebhorst M J M Badenhorst HS Botha P F Chaka MS Claasen Malherbe C Daly A Jacobs EJ Khetsi LE Khothule MJ Lethake TW Liphoko SJ Macingwane TM Mafa D Mafaisa MG Mahlumba BH Manenye AJ Manzana NR Marais JS Masienyane M D (MPAC Chair) Masina XN Meli T S Moipatle KV Mokhomo H A

Molefi M
Molelekoa P M I
Moloja NJ
Monjovo N E

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

General Information

Moshoeu ZS
Mosia TJ
Mphikeleli M A
Mthebere NA
Nkonka TD
Ngeobo ME
Nthako TD
Ntsebeng MH
Ntuli BN
Phofeli NM
Pholo SJ
Poo IP
Presente LN
Rakaki MM
Ramabobu BM
Ramalefane SJ
Ramatisa PT
Schleborch CJ (Resigned 31/05/2017)
Sebotsa MM
Senxezi ME
Sephiri MJ
Sithole MA
Stofile B (Speaker)
Styger A
Taliyaard S M D
Thelingoane TJ
Thelingoane NE
Tlake K R
Tsatsa SJ
Tshabangu SE
Tsoaeli MS
Tsupa MR
Van Rooyen MS
Van Schalkwyk HCT

Accounting Officer

Tsoaeli T

Chief Financial Officer (CFO)

Sejake S (Acting)

Registered office

Civic Centre
319 Stateway
Welkom
Free State
9460

Postal address

PO Box 708
Welkom
Free State
9460

Bankers

ABSA Bank Limited
First National Bank

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

General Information

Attorneys

A full list of attorneys used during the year is available at the municipal offices.

Enabling legislation

Constitution of the Republic of South Africa, 1996(Act No 108 of 1996)

Municipal Finance Management Act ,2003 (Act No. 56 of 2003)

Municipal Property Rates Act ,2004 (Act No.6 of 2004)

Municipal Structures Act, 1998 (Act No,117 of 1998)

Municipal Systems Act ,2000 (Act No. 32 of 2000)

Website

www.matjhabeng.fs.gov.za

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Index

The reports and statements set out below comprise the financial statements presented to the council:

Index	Page
Accounting Officer's Responsibilities and Approval	5
Accounting Officer's Report	6
Statement of Financial Position	7
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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 6 to 86, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2017.

Tsoaeli T
Municipal Manager

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2017.

1. Review of activities

Main business and operations

The municipality is engaged in providing municipal services, infrastructure development and furthering the interest of the local community in the Matjhabeng area, Free State Province and operates principally in South Africa.

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

2. Going concern

We draw attention to the fact that at 30 June 2017, the municipality had accumulated surplus of R 2 361 909 711 and that the municipality's total assets exceed its liabilities by R 2 361 909 711.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

3. Subsequent events

During a council meeting held 31 August 2017 council resolved to write off the following amounts in respect of Irregular expenditure and Fruitless and wasteful expenditure as follows:

Council certified an amount of R413 701 258.00 incurred during 2016/2017 financial year as irrecoverable and to be written off as irregular expenditure.

Council certified an amount of R157 128 450 incurred during 2016/2017 financial year as irrecoverable and to be written off as fruitless and wasteful expenditure.

4. Accounting Officer

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

Surname and initials:

Tsoaeli T

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016 Restated*
Assets			
Current Assets			
Inventories	10	6 727 272	9 055 237
Other receivables	11	22 594 263	27 059 034
Receivables from non-exchange transactions	12	123 606 074	131 261 067
VAT receivable	13	451 214 336	182 623 935
Receivables from exchange transactions	14	628 351 286	589 688 720
Cash and cash equivalents	15	2 768 694	11 520 330
		1 235 261 925	951 208 323
Non-Current Assets			
Investment property	3	943 569 450	732 286 404
Property, plant and equipment	4	4 474 627 747	4 527 767 758
Heritage assets	5	7 104 349	7 104 349
Other financial assets	6	332 598	330 990
Receivables from non exchange transaction	8	27 871	511 134
Receivables from exchange transaction	9	276 196	4 060 246
		5 425 938 211	5 272 060 881
Total Assets		6 661 200 136	6 223 269 204
Liabilities			
Current Liabilities			
Bank overdraft	15	7 644 182	2 603 485
Unspent conditional grants and receipts	16	-	1 004 295
Payables from exchange transactions	18	3 753 085 015	2 815 800 231
Consumer deposits	19	38 320 875	36 250 584
Employee benefit obligation	7	12 535 673	11 163 511
		3 811 585 745	2 866 822 106
Non-Current Liabilities			
Employee benefit obligation	7	437 313 953	394 801 261
Provisions	17	50 390 727	49 457 418
		487 704 680	444 258 679
Total Liabilities		4 299 290 425	3 311 080 785
Net Assets		2 361 909 711	2 912 188 419
Accumulated surplus		2 361 909 711	2 912 188 419

* See Note 44

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	1 055 961 257	944 122 582
Rental of facilities and equipment	21	12 969 472	9 117 277
Commissions received	22	11 118 362	11 122 174
Other income	23	20 474 249	27 147 462
Interest received	24	154 335 991	127 102 109
Dividends received	24	14 033	17 251
Licences and permits	27	79 752	67 371
Total revenue from exchange transactions		1 254 953 116	1 118 696 226
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	279 795 592	262 455 047
Transfer revenue			
Government grants & subsidies	26	505 354 799	527 662 693
Donations received	28	209 300 121	40 887 463
Fines	54	5 040 953	11 207 303
Total revenue from non-exchange transactions		999 491 465	842 212 506
Total revenue		2 254 444 581	1 960 908 732
Expenditure			
Employee related costs	29	(654 633 722)	(611 810 850)
Remuneration of councillors	30	(28 790 999)	(27 190 642)
Depreciation	31	(210 591 424)	(207 909 516)
Finance costs	32	(225 560 704)	(119 574 046)
Debt impairment	33	(350 487 460)	(642 251 730)
Repairs and maintenance		(71 864 414)	(39 768 465)
Bulk purchases	34	(893 422 073)	(854 953 164)
Contracted services	35	(167 483 479)	(110 460 829)
General Expenses	36	(208 156 182)	(157 826 422)
Impairment loss	56	-	(255 832)
Total expenditure		(2 810 990 457)	(2 772 001 496)
Operating deficit		(556 545 876)	(811 092 764)
Actuarial gain / (loss) on employee benefits	7	6 265 561	(20 628 827)
Fair value adjustments	37	1 608	38 323 690
Gain on disposal of assets and liabilities	55	-	16 098
		6 267 169	17 710 961
Deficit for the year		(550 278 707)	(793 381 803)

* See Note 44

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	3 683 788 029	3 683 788 029
Adjustments		
Prior year adjustments	21 782 191	21 782 191
Balance at 01 July 2015 as restated*	3 705 570 220	3 705 570 220
Changes in net assets		
Surplus for the year as previously reported	(750 719 211)	(750 719 211)
Total changes	(750 719 211)	(750 719 211)
Opening balance as previously reported	2 954 851 009	2 954 851 009
Adjustments		
Prior year adjustments	(42 662 593)	(42 662 593)
Restated* Balance at 01 July 2016 as restated*	2 912 188 419	2 912 188 419
Changes in net assets		
Surplus for the year	(550 278 708)	(550 278 708)
Total changes	(550 278 708)	(550 278 708)
Balance at 30 June 2017	2 361 909 711	2 361 909 711

* See Note 44

Matjhabeng Local Municipality

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Financial Statements for the year ended 30 June 2017

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		1 110 657 899	853 818 583
Grants		504 350 504	522 642 502
Interest income		2 207 220	3 230 005
Dividends received		14 033	17 251
Other receipts		54 147 559	53 057 432
		1 671 377 215	1 432 765 773
Payments			
Employee costs		(650 570 382)	(600 014 777)
Suppliers		(863 645 013)	(736 560 343)
Finance costs		(260 194)	(114 539)
		(1 514 475 589)	(1 336 689 659)
Net cash flows from operating activities	39	156 901 626	96 076 114
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(159 530 453)	(93 156 132)
Proceeds from sale of property, plant and equipment	4	-	16 450
Proceeds from sale of financial assets		-	18 862 179
Net cash flows from investing activities		(159 530 453)	(74 277 503)
Cash flows from financing activities			
Employee benefit obligation payments		(11 163 507)	(12 848 529)
Net increase/(decrease) in cash and cash equivalents		(13 792 334)	8 950 082
Cash and cash equivalents at the beginning of the year		8 916 845	(33 240)
Cash and cash equivalents at the end of the year	15	(4 875 489)	8 916 842

* See Note 44

Matjhabeng Local Municipality

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Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	1 196 988 000	-	1 196 988 000	1 055 961 257	(141 026 743)	Note 57.1
Rental of facilities and equipment	11 469 000	-	11 469 000	12 969 472	1 500 472	Note 57.2
Licences and permits	42 000	-	42 000	79 752	37 752	Note 57.3
Commissions received	11 230 000	-	11 230 000	11 118 362	(111 638)	< 10%
Other income	84 292 000	-	84 292 000	20 474 249	(63 817 751)	Note 57.4
Interest received - investment	122 604 000	-	122 604 000	154 335 991	31 731 991	Note 57.5
Gains on disposal of assets	20 000 000	20 000 000	40 000 000	-	(40 000 000)	Note 57.6
Dividends received	18 000	-	18 000	14 033	(3 967)	Note 57.7
Total revenue from exchange transactions	1 446 643 000	20 000 000	1 466 643 000	1 254 953 116	(211 689 884)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	201 665 000	-	201 665 000	279 795 592	78 130 592	Note 57.8
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Transfer revenue

Government grants & subsidies	502 155 000	-	502 155 000	505 354 799	3 199 799	<10%
Public contributions and donations	-	-	-	209 300 121	209 300 121	Note 57.9
Fines	4 374 000	-	4 374 000	5 040 953	666 953	Note 57.10
Total revenue from non-exchange transactions	708 194 000	-	708 194 000	999 491 465	291 297 465	

Total revenue	2 154 837 000	20 000 000	2 174 837 000	2 254 444 581	79 607 581	
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Expenditure

Employee cost	(620 099 000)	-	(620 099 000)	(654 633 722)	(34 534 722)	<10%
Remuneration of councillors	(28 552 000)	-	(28 552 000)	(28 790 999)	(238 999)	<10%
Depreciation	(87 000 000)	-	(87 000 000)	(210 591 424)	(123 591 424)	Note 57.11
Impairment loss	(70 000 000)	-	(70 000 000)	-	70 000 000	Note 57.12
Finance costs	(105 980 000)	-	(105 980 000)	(225 560 704)	(119 580 704)	Note 57.13
Debt impairment	-	-	-	(350 487 460)	(350 487 460)	Note 57.14
Repairs and maintenance	(230 691 000)	-	(230 691 000)	(71 864 414)	158 826 586	Note 57.15
Bulk purchases	(676 436 000)	-	(676 436 000)	(893 422 073)	(216 986 073)	Note 57.16
Contracted Services	(80 000 000)	-	(80 000 000)	(167 483 479)	(87 483 479)	Note 57.17
General Expenses	(137 977 000)	-	(137 977 000)	(208 156 183)	(70 179 183)	Note 57.18
Total expenditure	(2 036 735 000)	-	(2 036 735 000)	(2 810 990 458)	(774 255 458)	

Operating Surplus	118 102 000	20 000 000	138 102 000	(556 545 877)	(694 647 877)	
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Actual gain (loss) on employee benefits	-	-	-	6 265 561	6 265 561	Note 57.19
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Fair value adjustments	-	-	-	1 608	1 608	Note 57.20
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	-	-	-	6 267 169	6 267 169	
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Deficit before taxation	118 102 000	20 000 000	138 102 000	(550 278 708)	(688 380 708)	
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Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount	118 102 000	20 000 000	138 102 000	(550 278 708)	(688 380 708)	

Matjhabeng Local Municipality

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Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	365 000 000	-	365 000 000	6 727 272	(358 272 728)	57.21
Other receivables	100 000 000	-	100 000 000	22 594 263	(77 405 737)	57.22
Receivables from non-exchange transactions	-	-	-	123 606 075	123 606 075	57.23
VAT receivable	-	-	-	451 214 336	451 214 336	57.24
Receivables from exchange transactions	2 200 000 000	-	2 200 000 000	628 351 286	(1 571 648 714)	57.23
Cash and cash equivalents	70 000 000	-	70 000 000	2 768 694	(67 231 306)	>15%
	2 735 000 000	-	2 735 000 000	1 235 261 926	(1 499 738 074)	

Non-Current Assets

Investment property	480 000 000	-	480 000 000	943 569 450	463 569 450	57.27
Property, plant and equipment	5 000 000 000	-	5 000 000 000	4 474 627 747	(525 372 253)	57.26
Heritage assets	-	-	-	7 104 349	7 104 349	57.24
Other financial assets	1 322 000	-	1 322 000	332 598	(989 402)	57.28
Receivables from non exchange transaction	-	-	-	27 871	27 871	57.23
Receivables from exchange transaction	7 000 000	-	7 000 000	276 196	(6 723 804)	57.23
	5 488 322 000	-	5 488 322 000	5 425 938 211	(62 383 789)	
Total Assets	8 223 322 000	-	8 223 322 000	6 661 200 137	(1 562 121 863)	

Liabilities

Current Liabilities

Payables from exchange transactions	1 900 000 000	-	1 900 000 000	3 753 085 017	1 853 085 017	57.25
Consumer deposits	30 000 000	-	30 000 000	38 320 875	8 320 875	57.36
Employee benefit obligation	-	-	-	12 535 673	12 535 673	57.28
Bank overdraft	-	-	-	7 644 182	7 644 182	57.37
	1 930 000 000	-	1 930 000 000	3 811 585 747	1 881 585 747	

Non-Current Liabilities

Employee benefit obligation	300 000 000	-	300 000 000	437 313 953	137 313 953	57.28
Provisions	20 000 000	-	20 000 000	50 390 727	30 390 727	58.28
	320 000 000	-	320 000 000	487 704 680	167 704 680	
Total Liabilities	2 250 000 000	-	2 250 000 000	4 299 290 427	2 049 290 427	
Net Assets	5 973 322 000	-	5 973 322 000	2 361 909 710	(3 611 412 290)	

Net Assets

Net Assets Attributable to

Owners of Controlling Entity

Reserves

Accumulated surplus	5 973 322 000	- 5 973 322 000	2 361 909 710	(3 611 412 290)
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Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates, penalties & collection charges	181 498 000	-	181 498 000	-	(181 498 000)	
Service charges	1 048 679 000	-	1 048 679 000	921 278 854	(127 400 146)	
Grants	502 155 000	-	502 155 000	504 350 504	2 195 504	>10%
Interest income	122 604 000	-	122 604 000	2 207 220	(120 396 780)	
Dividends received	18 000	-	18 000	14 033	(3 967)	>10%
Other revenue	81 343 000	-	81 343 000	54 147 559	(27 195 441)	57.29
	1 936 297 000	-	1 936 297 000	1 481 998 170	(454 298 830)	
Payments						
Suppliers and employee costs	(1 705 588 000)	-	(1 705 588 000)	(1 324 836 349)	380 751 651	57.25
Finance costs	(105 980 000)	-	(105 980 000)	(260 195)	105 719 805	57.30
Other payments	(32 850 000)	-	(32 850 000)	-	32 850 000	57.25
	(1 844 418 000)	-	(1 844 418 000)	(1 325 096 544)	519 321 456	
Net cash flows from operating activities	91 879 000	-	91 879 000	156 901 626	65 022 626	
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment	20 000 000	20 000 000	40 000 000	-	(40 000 000)	57.31
Decrease/(Increase) in non current debtors	287 983 000	-	287 983 000	-	(287 983 000)	57.32
Decrease/(Increase) in non current debtors	35 000 000	-	35 000 000	-	(35 000 000)	57.32
Purchase of capital assets	(133 363 000)	(20 000 000)	(153 363 000)	(159 530 453)	(6 167 453)	>10%
Net cash flows from investing activities	209 620 000	-	209 620 000	(159 530 453)	(369 150 453)	
Cash flows from financing activities						
Increase/(Decrease) in consumer deposits	15 000 000	-	15 000 000	-	(15 000 000)	57.32
Short term loans	10 000 000	-	10 000 000	-	(10 000 000)	57.33
Employee Benefit obligation payment	-	-	-	(11 163 507)	(11 163 507)	57.34
Net cash flows from financing activities	25 000 000	-	25 000 000	(11 163 507)	(25 000 000)	
Net increase/(decrease) in cash and cash equivalents	326 499 000	-	326 499 000	(13 792 334)	(329 127 827)	
Cash and cash equivalents at the beginning of the year	(322 324 000)	-	(322 324 000)	8 916 845	331 240 845	57.35

Cash and cash equivalents at the end of the year	4 175 000	-	4 175 000	(4 875 489)	2 113 018
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Reconciliation

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

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

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

These accounting policies are consistent with the previous period and in some cases additional information was included in the accounting policies.

1.1 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The municipality used the prime interest rate at year end to discount future cash flows.

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Useful lives of waste and water network and other assets

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

Employee benefit obligation

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7.

Provision for impairment of receivables

On consumer receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

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

Matjhabeng Local Municipality

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Financial Statements for the year ended 30 June 2017

Accounting Policies

1.4 Investment property (continued)

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

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

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

Fair value

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

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

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

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

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

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

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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1.5 Property, plant and equipment (continued)

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Subsequent measurements:

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

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

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

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Transport assets	Straight line	4 - 15 years
Infrastructure	Straight line	3 - 100 years
Other movable assets	Straight line	2 - 20 years
Landfill rehabilitation asset	Straight line	8 - 20 years
Buildings	Straight line	2 - 50 years

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

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

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

Depreciation commences when the asset is ready for its intended use and ceases when the asset is derecognised.

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

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

1.6 Site restoration and dismantling cost

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

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1.6 Site restoration and dismantling cost (continued)

If the related asset is measured using the cost model:

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

1.7 Heritage assets

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

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

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.8 Financial instruments

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

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

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1.8 Financial instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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1.8 Financial instruments (continued)

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

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

Classification

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

Class	Category
Other Financial assets	Financial asset measured at fair value
Other receivables	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Fair value measurement considerations

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

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

Reclassification

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

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

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of

financial assets is impaired.

Financial assets measured at amortised cost:

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1.8 Financial instruments (continued)

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

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

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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1.8 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

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

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

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

Financial liabilities

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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1.8 Financial instruments (continued)

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

Presentation

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

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

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

Distributions to holders of residual interests are debited by the entity directly to net assets, net of any related income tax benefit where applicable. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit where applicable.

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

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

1.9 Tax

Value added tax (VAT)

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

1.10 Leases

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

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

Finance leases - lessee

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

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

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

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

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1.10 Leases (continued)

Operating leases - lessor

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

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

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

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

Operating leases - lessee

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

1.11 Inventories

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

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

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

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

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

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

1.12 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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1.12 Impairment of cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Identification

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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1.12 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

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

1.13 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

1.14 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or

- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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

- an entity's decision to terminate an employee's employment before the normal retirement date; or

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Accounting Policies

1.14 Employee benefits (continued)

- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits

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

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

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and

benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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1.14 Employee benefits (continued)

Other long term employee benefit

The municipality has an obligation to provide long service benefits to all of its employees. According to the rules of the long service benefit scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long benefits are accounted for through the statement of financial performance.

1.15 Provisions and contingencies

Provisions are recognised when:

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

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

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

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

Provisions are not recognised for future operating deficits.

A contingent liability is:

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:

- (i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

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1.16 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.17 Revenue from exchange transactions

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

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

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

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1.17 Revenue from exchange transactions (continued)

Interest, royalties and dividends

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

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

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

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.18 Revenue from non-exchange transactions

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

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

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

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

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

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

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

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

Recognition

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

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

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Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Measurement

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

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

Taxes

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

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

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

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

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

Fines

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

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

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

1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 Borrowing costs

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

1.21 Comparative figures

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

1.22 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and

- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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1.22 Unauthorised expenditure (continued)

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

1.23 Fruitless and wasteful expenditure

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

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

1.24 Irregular expenditure

Irregular expenditure as defined in section 32 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury circular 68 which was issued in terms of sections 32 of the Municipal Finance Management Act, Act 56 of 2003 on 10 May 2013 requires the following:

Irregular expenditure that was incurred and identified during the current financial and which was written off before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which approval for write off is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only written off in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not written off by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been written off and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 Budget information

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

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

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1.25 Budget information (continued)

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2016 to 30/06/2017.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

1.26 Related parties

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

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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

1.27 Events after reporting date

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

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

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

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

1.28 Consumer deposits

Consumer deposits are subsequently recorded in accordance with the accounting policy of trade and other payables.

1.29 Unspent conditional grants and receipts

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

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Figures in Rand

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2016

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, an effective date has not yet been set by the Minister of Finance.

GRAP 20: Related parties

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

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

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

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

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

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

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

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

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;

- Remuneration; and
- Significant influence

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

- Control;

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2. New standards and interpretations (continued)

- Related party transactions; and
- Remuneration of management

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

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard. The

Impact of this standard is currently being assessed.

GRAP32: Service Concession Arrangements: Grantor

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

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

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

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard. The

Impact of this standard is currently being assessed.

GRAP108: Statutory Receivables

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

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

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

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard. The

Impact of this standard is currently being assessed.

GRAP 109: Accounting by Principals and Agents

This Interpretation of the Standards of GRAP provides guidance to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

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

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

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

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

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2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard. The Impact of this standard is currently being assessed.

IGRAP 17 Service Concession Arrangement Where a Grantor Controls a Significant Residual Interest in an Asset

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

The effective dates is not yet gazetted by the minister

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard. The Impact of this standard is currently being assessed.

3. Investment property

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	943 569 450	-	943 569 450	732 286 404	-	732 286 404

Reconciliation of investment property - 2017

	Opening balance	Additions	Transfers	Total
Investment property	732 286 404	209 300 121	1 982 925	943 569 450

Reconciliation of investment property - 2016

	Opening balance	Fair value adjustments	Total
Investment property	693 954 498	38 331 906	732 286 404

Pledged as security

No property was pledged as security for any financial liability.

There are no contractual obligations on investment property.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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4. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	135 720 027	(38 448 689)	97 271 338	132 781 319	(34 603 820)	98 177 499
Transport assets	129 143 105	(57 002 537)	72 140 568	129 043 855	(48 353 773)	80 690 082
Infrastructure	8 249 143 554	(4 013 104 635)	4 236 038 919	8 100 951 927	(3 826 275 324)	4 274 676 603
Other movable assets	38 741 705	(21 657 636)	17 084 069	32 423 762	(17 344 027)	15 079 735
Landfill rehabilitation assets	79 926 415	(27 833 562)	52 092 853	80 022 530	(20 878 691)	59 143 839
Total	8 632 674 806	(4 158 047 059)	4 474 627 747	8 475 223 393	(3 947 455 635)	4 527 767 758

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Land and buildings	98 177 499	2 938 708	(3 844 869)	97 271 338
Transport assets	80 690 082	99 250	(8 648 764)	72 140 568
Infrastructure	4 274 676 603	148 191 628	(186 829 312)	4 236 038 919
Other movable assets	15 079 735	6 317 943	(4 313 609)	17 084 069
Landfill rehabilitation assets	59 143 839	(96 115)	(6 954 870)	52 092 854
Total	4 527 767 758	157 451 414	(210 591 424)	4 474 627 748

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Additions through entity combinations	Disposals	Depreciation	Impairment loss	Total
Land and buildings	102 022 368	-	-	-	(3 844 869)	-	98 177 499
Transport assets	82 797 153	6 509 144	-	(352)	(8 430 526)	(185 337)	80 690 082
Infrastructure	4 333 275 171	126 689 603	-	-	(185 288 171)	-	4 274 676 603
Other movable assets	17 687 186	844 848	-	-	(3 381 803)	(70 496)	15 079 735
Landfill rehabilitation assets	64 455 317	-	1 652 667	-	(6 964 145)	-	59 143 839
	4 600 237 195	134 043 595	1 652 667	(352)	(207 909 514)	(255 833)	4 527 767 758

Pledged as security

None of these assets were pledged as security.

Other information

Property, plant and equipment that was not used for any period of time during the reporting period that significantly impacted the delivery of goods and services of the entity (Carrying amount)

Transport assets

9 467 408	10 611 502
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A total number of 46 transport assets as disclosed above are kept locked up at the premises of a supplier of services due to alleged non-payment for services delivered to the municipality. The supplier refused access to the premises or the vehicles to municipal staff. The municipality is in a process to contest the invoices and claims of the supplier. The case is currently served in court and the list of assets are recorded on the Sheriffs records. The assets were taken by the Sherrif on 21 October 2014.

Some of these assets were released on 07 July 2017 after arrangements were made with supplier.

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4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2017

	Included within	Included within	Included within	Total
	<u>Infrastructure</u>	<u>Community</u>	<u>Buildings</u>	
Work in progress	261 386 196	86 506 093	2 938 708	350 830 997

Reconciliation of Work-in-Progress 2016

	Included within	Included within	Total
	<u>Infrastructure</u>	<u>Community</u>	
Work in progress	187 632 902	51 213 245	238 846 147

The municipality did not have any long overdue work in progress projects that have taken significant longer periods to complete.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Repairs and maintenance per class of asset

Buidings	3 194 667	2 348 636
Infrastructure	56 865 797	35 262 863
Vehicles	11 803 950	2 156 966
	<u>71 864 414</u>	<u>39 768 465</u>

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5. Heritage assets

	2017			2016		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	4 747 835	-	4 747 835	4 747 835	-	4 747 835
Mayoral chains	2 356 514	-	2 356 514	2 356 514	-	2 356 514
Total	7 104 349	-	7 104 349	7 104 349	-	7 104 349

Reconciliation of heritage assets 2017

	Opening balance	Total
Historical buildings	4 747 835	4 747 835
Mayoral chains	2 356 514	2 356 514
	7 104 349	7 104 349

Reconciliation of heritage assets 2016

	Opening balance	Total
Historical buildings	4 747 835	4 747 835
Mayoral chains	2 356 514	2 356 514
	7 104 349	7 104 349

Pledged as security

None of these assets were pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

6. Other financial assets

Designated at fair value

Unlisted shares

332 598

330 990

The unlisted shares consist of 17,238 (2016:17,238) equity shares in Senwes Limited and 26,435 (2016:26,435) equity shares in Senwesbel Limited.

Non-current assets

Designated at fair value

332 598

330 990

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6. Other financial assets (continued)

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 2

Class 1 (Unlisted shares)

	332 598	330 990
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Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

Financial assets pledged as collateral

Collateral

Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities

	-	-
--	---	---

7. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the post employment medical aid benefit

(408 950 821)	(368 850 962)
---------------	---------------

Present value of the long service awards benefit

(40 898 805)	(37 113 810)
--------------	--------------

(449 849 626)	(405 964 772)
----------------------	----------------------

Non-current liabilities

(437 313 953)	(394 801 261)
---------------	---------------

Current liabilities

(12 535 673)	(11 163 511)
--------------	--------------

(449 849 626)	(405 964 772)
----------------------	----------------------

These obligations are not a funded arrangement, no separate assets have been set aside currently to meet these obligations.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance

405 964 772	349 773 364
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Net expense recognised in the statement of financial performance

43 884 854	56 191 408
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449 849 626	405 964 772
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7. Employee benefit obligations (continued)		
Net expense recognised in the statement of financial performance		
Service cost	23 436 725	17 499 056
Interest cost	37 877 201	30 912 050
Actuarial (gains) / losses	(6 265 561)	20 628 827
Expected benefits paid	(11 163 511)	(12 848 525)
	43 884 854	56 191 408

Post-retirement medical aid plan

The municipality has a post-employment medical aid fund for its pensioners. The post-retirement medical aid benefits are in accordance with Resolution 8 of the South African Local Government Bargaining Council (SALGBC), signed on 17 January 2003, which states that an employee who retires from employment with an employer and who immediately prior to his or her retirement, enjoyed the benefit of the subsidy of his or her medical aid contributions by his or her employer, will continue to receive a subsidy calculated as follows:

- If the employee is 55 years or older on 1 July 2003, his or her subsidy from the employer as at the date of retirement will be 60% to a maximum amount of the norm of the cost of his or her medical aid scheme contributions as at the day immediately prior to the date of his or her retirement;
- If the employee is 50 years or older on 1 July 2003, his or her subsidy will be 50% to a maximum amount of the norm of the cost of his or her medical scheme contributions as at the day immediately prior to the date of his or her retirement.

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes: -

- Bonitas
- Hosmed
- Discovery
- Key-health
- LA Health
- Samwumed

Long service benefits

The municipality's liability for long-service benefits relating to vested leave benefits to which employees may become entitled upon completion of five years service and every five years thereafter. These leave benefits are in accordance paragraph 11 of the South African Local Government Bargaining Council (SALGBC) collective agreement on conditions of service for the Free State division of SALGBC which was signed on July 2010.

In accordance with South African Local Government Bargaining Council (SALGBC) issued circular 1 of 2011 (issued 27 June 2011 with an effective date of 1 March 2011), specific bonuses is payable to employees for long service. Bonuses are payable in the following scales:

Years of service completed	Percentage of annual salary as bonus	Additional leave days
> 5 Years	2%	5 days
> 10 Years	3%	10 days
> 15 Years	4%	15 days
> 20 Years	5%	15 days
> 25 - 45 Years	6%	15 days

Calculation of actuarial gains and losses

Actuarial (gains) / losses - long service	91 946	7 393 777
Actuarial (gains) / losses - medical aid	(6 357 507)	13 235 050
	(6 265 561)	20 628 827

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7. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

CPI (medical aid)	6.82 %	7.07 %
CPI (long service)	5.52 %	6.34 %
Discount rate (Medical aid)	9.94 %	9.54 %
Discount rates used (long service awards)	8.72 %	8.65 %
Medical aid inflation rates (medical aid)	8.32 %	8.57 %
Net discount rate (long service awards)	2.07 %	0.93 %
Net discount rate (medical aid)	1.50 %	0.93 %
Salary increase rate (long service awards)	6.52 %	7.00 %
Continuation percentage	100.00 %	100.00 %

Other assumptions

The effect of a one percentage increase / decrease in the net discount rate is as follows for the 2017 financial year:

	1% point increase	1% point decrease
Employer's accrued liability (long service awards)	43 723 279	38 345 505
Employer's expenses cost (long service awards)	3 930 410	3 389 219
Employer's accrued liability (medical aid)	352 390 788	480 131 001
Service cost (medical aid)	19 923 394	29 028 099
Interest (long service awards)	3 696 792	3 228 747
Interest (medical aid)	38 010 669	42 481 710

The municipality expects to pay benefits of R9,888,182 towards post-retirement medical aid and R2,647,491 towards long service benefits to its employee benefits in the next financial year.

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

	2017 R	2016 R	2015 R	2014 R	2013 R
Defined benefit obligation	(449 849 626)	(405 964 772)	(349 773 364)	(322 410 090)	(305 077 529)

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7. Employee benefit obligations (continued)

Defined contribution plan

The municipality makes provision for post-retirement benefits to all employees and councilors, who belong to different defined retirement contribution plans which are administrated by various pension, provident and annuity funds.

These plans are subject to the Pension Fund Act, 1956 (Act No. 24 of 1956) and include defined contribution plans.

The municipality is under no obligation to cover any unfunded benefits. The only obligation of the municipality is to make the specified contributions.

The following plans are multi-employer funds and are defined contribution plans: -

South African Local Authorities Pension Fund (SALA)

- Free State Municipal Pension Fund (FSMPF)

- Municipal Councilors Pension Fund (MCPF)

Sufficient information was not available to use defined benefit accounting for the funds and it was accounted for as defined contribution plans due to the following reasons:

- The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers; - One set of financial statements are compiled for all the funds and not for each participating employer; and
- The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

This is in line with the exemption in GRAP 25 paragraph 31 which states that where information required for proper defined benefit accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans.

The amount recognised as an expense for the defined contribution plan is

	43 884 854	56 191 408
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8. Receivables from non exchange transaction

Receivables from non-exchange transactions pledged as security:

None of the consumer receivables were pledged as security.

Renegotiated terms:

None of the receivables that are fully performing have been renegotiated in the last year. **Fair**

value of receivables:

The carrying value of the consumer receivables recorded at amortised cost approximate their fair values.

Receivables from non-exchange transactions impaired:

As of 30 June 2017, receivables from non-exchange transaction (non-current) of R1 133 295 (2016: R1 980 562) were impaired and provided for.

The following factors was considered in determining the impairment: -

Aging of the outstanding debt.

- Whether or not any payment was received during the year.

- Whether the account is active or inactive.

- Whether the account is that of an owner or a tenant.

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9. Receivables from exchange transaction		
Non current arrangements - services	9 885 935	20 257 060
Allowance for impairment	(9 609 739)	(16 196 814)
	276 196	4 060 246
Services aging for arrangements		
91+ days	276 196	4 060 246
Receivables from exchange transactions pledged as security:		
None of the receivables from exchange transactions were pledged as security.		
Renegotiated terms:		
None of the receivables that are fully performing have been renegotiated in the last year		
Fair value of receivables		
The carrying value of the consumer receivables recorded at amortised cost approximate their fair values.		
Receivables from exchange transactions impaired:		
As of 30 June 2017, receivables from exchange transaction (non-current) of R9 609 739 (2016: R16 196 814) were impaired and provided for.		
The following factors was considered in determining the impairment: -		
Aging of the outstanding debt.		
- Whether or not any payment was received during the year.		
- Whether the account is active or inactive.		
- Whether the account is that of an owner or a tenant.		
10. Inventories		
Consumable stores	4 785 336	7 499 133
Water in reservoirs and pipelines	1 941 936	1 556 104
	6 727 272	9 055 237
Stock losses due to theft (2017: Case number 95/02/2017),(2016: Case number 596/06/2016)	216 888	81 239
Inventories recognised as an expense during the year - Water. Refer to note 34	468 651 889	451 755 625
Inventories recognised as an expense during the year - Other. Refer to note 36.		
Inventory pledged as security		
None of the inventory was pledged as security for any financial liability of the municipality.		
11. Other receivables		
Accrued interest	64 222	106 572
Consumer deposits receivable	5 884 740	5 884 740

Deposits	9 850	9 850
Sundry receivables	6 809 798	3 142 722
Traffic fines receivable	9 825 653	17 915 150
	22 594 263	27 059 034

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11. Other receivables (continued)

Other receivables pledged as security

None of the other receivables were pledged as security during the year.

Fair value of other receivables

The carrying value of consumer deposits approximate their fair values.

Other receivables past due but not impaired

None of the other receivables are considered to be impaired.

Other receivables impaired:

As of 30 June 2017, none of the other receivables were impaired and provided for.

The following factors was considered in determining the impairment: -
Aging of the outstanding debt.

- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

12. Receivables from non-exchange transactions

Consumer receivables - rates

311 218 706 304 942 921

Allowance for impairment - rates

(187 612 632) (173 681 854)

123 606 074 131 261 067

Receivables from non-exchange transactions pledged as security

None of the receivables from non-exchange transactions were pledged as security.

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from non-exchange transactions past due but not impaired

At 30 June 2017, R7 708 429.79 (2016: R34 465 028.50) were past due but not impaired.

1 month past due

317 076 8 443 858

2 months past due

354 016 5 027 868

3 months past due

7 037 338 20 993 303

Rates aging

Current (0 -30 days)

18 353 268 20 396 614

31 - 60 days

8 304 823 12 175 846

61 - 90 days

7 547 819 11 269 804

91 days +

278 173 962 263 592 353

Less: Allowance for impairment

(188 745 927) (175 662 416)

123 633 945 131 772 201

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12. Receivables from non-exchange transactions (continued)

Fair value of receivables

The carrying value of the receivables from non-exchange transactions recorded at amortised cost approximate their fair values.

Receivables from non-exchange transactions impaired:

As of 30 June 2017, receivables from non-exchange transactions of R188 745 927 (2016: R175 662 416) were impaired and provided for.

The following factors was considered in determining the impairment: -

Aging of the outstanding debt.

- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

Renegotiated terms:

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

13. VAT receivable

VAT	451 214 336	182 623 935
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14. Receivables from exchange transactions

Gross balances

Electricity	256 439 743	218 888 057
Water	989 882 473	827 087 969
Sewerage	386 802 316	315 515 909
Refuse	261 249 361	213 330 414
Other receivables	3 973 078	4 571 836
Rentals	59 156 816	49 799 357
Sundries	93 419 672	85 704 088
Unmetered consumption - water	46 575 226	21 229 023
Unmetered consumption - electricity	73 215 306	61 300 537
Less: Non-current consumer receivables (Arrangements)	(9 885 935)	(20 257 060)

2 160 828 056 1 777 170 130

Less: Allowance for impairment

Electricity	(141 210 727)	(117 335 467)
Water	(778 272 326)	(593 406 095)
Sewerage	(292 445 969)	(240 983 687)
Refuse	(202 356 399)	(166 776 359)
Rentals	(50 639 929)	(30 281 866)
Sundries	(74 133 423)	(52 114 723)
Other receivables	(3 027 736)	(2 780 029)
Less: Non-current consumer receivables (Arrangements)	9 609 739	16 196 814

(1 532 476 770) (1 187 481 412)

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14. Receivables from exchange transactions (continued)

Net balance

Electricity	115 229 016	101 552 591
Water	211 610 146	233 681 874
Sewerage	94 356 347	74 532 222
Refuse	58 892 962	46 554 056
Rentals	8 516 887	19 517 491
Sundries	19 286 250	33 589 365
Other receivables	945 342	1 791 807
Unmetered consumption - water	46 575 226	21 229 023
Unmetered consumption - electricity	73 215 306	61 300 537
Non-current consumer receivables (Arrangements)	(276 196)	(4 060 246)
	628 351 286	589 688 720

Electricity

Current (0 -30 days)	41 569 055	36 294 677
31 - 60 days	12 055 073	14 550 075
61 - 90 days	7 823 851	6 983 545
91 + days	194 991 763	161 059 761
Less: Impairment	(141 210 727)	(117 335 467)
	115 229 015	101 552 591

Water

Current (0 -30 days)	44 561 919	53 473 992
31 - 60 days	25 449 343	33 175 663
61 - 90 days	36 447 532	21 276 106
91+ days	883 423 678	719 162 209
Less: Impairment	(778 272 326)	(593 406 096)
	211 610 146	233 681 874

Sewerage

Current (0 -30 days)	12 871 708	11 311 220
31 - 60 days	13 631 524	8 829 417
61 - 90 days	8 947 181	8 206 870
91+ days	351 351 903	287 168 402
Less: Impairment	(292 445 969)	(240 983 687)
	94 356 347	74 532 222

Refuse

Current (0 -30 days)	7 974 627	6 927 306
31 - 60 days	8 830 600	5 306 232
61 - 90 days	5 773 118	5 027 914
91+ days	238 671 016	196 068 963
Less: Impairment	(202 356 399)	(166 776 359)
	58 892 962	46 554 056

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14. Receivables from exchange transactions (continued)		
Rentals		
Current (0 -30 days)	2 715 969	698 592
31 - 60 days	873 003	692 311
61 - 90 days	858 361	695 457
91+ days	54 709 483	47 712 998
Less: Impairment	(50 639 929)	(30 281 866)
	8 516 887	19 517 492
Sundries		
Current (0 -30 days)	2 809 091	2 779 062
31 - 60 days	1 700 878	2 629 583
61 - 90 days	2 480 463	2 177 667
91+ days	86 429 240	78 068 217
Less: Impairment	(74 133 423)	(52 114 723)
	19 286 249	33 539 806
Sundry receivables consist mainly of connection fees, escort fees, miscellaneous fees as per tariff list, pounding fees and driving fees.		
Other		
Current (0 -30 days)	40 516	95 193
31 - 60 days	17 986	22 593
61 - 90 days	15 836	13 873
91+ days	3 898 739	4 440 177
Less: Impairment	(3 027 736)	(2 780 030)
	945 341	1 791 806
Unmetered consumption - water		
Current (0 -30 days)	46 575 226	21 229 023
Unmetered consumption - electricity		
Current (0 -30 days)	73 215 306	61 300 537

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14. Receivables from exchange transactions (continued)

Summary of receivables by customer classification

Consumers

Current (0 -30 days)	81 091 001	79 005 751
31 - 60 days	54 501 933	54 850 684
61 - 90 days	57 123 416	39 260 011
91+ days	1 671 055 537	1 389 090 723
	<u>1 863 771 887</u>	<u>1 562 207 169</u>
Less: Allowance for impairment	(1 474 135 709)	(1 141 125 215)
	389 636 178	421 081 954

Business, Industrial and commercial

Current (0 -30 days)	40 250 611	31 279 626
31 - 60 days	12 270 694	14 093 803
61 - 90 days	9 505 326	9 271 877
91+ days	349 619 113	316 382 331
	<u>411 645 744</u>	<u>371 027 637</u>
Less: Allowance for impairment	(225 362 417)	(204 713 465)
	186 283 327	166 314 172

National and provincial government

Current (0 -30 days)	6 176 835	7 893 944
31 - 60 days	2 699 845	5 858 899
61 - 90 days	1 896 057	4 685 234
91 + days	32 859 791	4 219 563
	<u>43 632 528</u>	<u>22 657 640</u>

Indigents

Current (0 -30 days)	4 109	26 454
31 - 60 days	2 047	87 306
61 - 90 days	11 052	41 379
91 + days	1 424 978	2 559 767
	<u>1 442 186</u>	<u>2 714 906</u>
Less: Allowance for impairment	(1 438 516)	(2 714 906)
	3 670	-

Farms and agriculture

Current (0 -30 days)	3 371 329	2 962 810
31 - 60 days	1 386 477	2 491 026
61 - 90 days	1 354 521	2 392 735
91 + days	33 542 855	44 761 283
Less: Allowance for impairment	(29 895 793)	(36 825 715)
	<u>9 759 389</u>	<u>15 782 139</u>

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14. Receivables from exchange transactions (continued)

Receivables from exchange transactions past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2017, R 37 455 693 (2016: R 27 144 485) were past due but not impaired.

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

1 month past due	2 699 845	10 814 218
2 months past due	1 896 057	3 064 512
3 months past due	32 859 791	13 265 755

Receivables from exchange transactions pledged as security

None of the receivables from exchange transactions were pledged as security.

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from exchange transactions impaired:

As of 30 June 2017, receivables from exchange transactions of R1 532 476 770 (2016: R1 187 481 412) were impaired and provided for.

The following factors was considered in determining the impairment: -

Ageing of the outstanding debt.

- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

Renegotiated terms:

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

Fair value of receivables from exchange transactions:

The carrying value of the receivables from exchange transactions recorded at amortised cost approximate their fair values.

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand and advances	9 474	9 474
Short-term deposits	2 759 220	10 637 028
Collections account	-	873 828
Bank overdraft	(7 644 182)	(2 603 485)
	(4 875 488)	8 916 845
Current assets	2 768 694	11 520 330
Current liabilities	(7 644 182)	(2 603 485)
	(4 875 488)	8 916 845

No restrictions have been imposed on the municipality in terms of the availability of its cash and cash equivalents for use. The

total amount of undrawn facilities available for future operating activities and commitments are as follows:

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15. Consumer debtors disclosure (continued)

ACB mag tape debit facility	2 000 000	2 000 000
Housing guarantee	500 000	500 000
Fleet card	60 000	60 000

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates.

Cash and cash equivalents pledged as collateral

None of the cash and cash equivalents were pledged as collateral.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
ABSA - Primary cheque account Acc no (40-5370-5465)	4 451 405	(482 599)	2 187 120	(5 130 060)	(836 542)	(775 550)
ABSA Market Cheque account Acc no (40-5644-3399)	100 315	918 032	1 497 072	(2 514 123)	(1 766 943)	(793 822)
FNB Collection Cheque account - Acc no (542-3117-3409)	-	873 828	785 576	-	873 828	785 576
ABSA Savings account Acc no (91-9461-7107)	2 754 004	9 870 795	1 000	2 754 004	9 870 795	1 000
ABSA Savings account Acc no (91-0668-4115)	1 064	1 000	1 201	1 059	1 000	1 201
ABSA Savings account Acc no (91-1114-1338)	1 056	1 000	1 011	1 051	1 000	1 011
ABSA Savings account Acc no (91-0668-4238)	1 065	1 000	1 077	1 060	1 000	1 077
ABSA Savings account Acc no (91-0668-4157)	1 016	1 000	1 001	1 014	1 000	1 001
ABSA Savings account Acc no (91-2351-5666)	1 016	1 000	1 002	1 014	1 000	1 002
FNB Call account Acc no (614- 04001177)	-	5 140	5 074	-	5 140	5 074
FNB Call account Acc no (620- 0350-3019)	-	756 093	709 079	-	756 093	709 079
Total	7 310 941	11 946 289	5 190 213	(4 884 981)	8 907 371	(63 351)

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Integrated national electrification programme (INEP)	-	600 001
Energy efficiency and demand side management programme (EEDSM)	-	404 294
	-	1 004 295

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16. Unspent conditional grants and receipts (continued)

Movement during the year

Balance at the beginning of the year	1 004 295	6 024 486
Additions during the year	504 350 505	522 142 502
Income recognition during the year	(505 354 800)	(527 162 693)
	-	1 004 295

The nature and extent of government grants recognised in the financial statements are an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. See note 26 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

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17. Provisions

Reconciliation of provisions - 2017

	Opening Balance	Discounting	Change in the net discount rate	Total
Rehabilitation of landfill sites	49 457 418	1 029 424	(96 115)	50 390 727

Reconciliation of provisions - 2016

	Opening Balance	Discounting	Change in the net discount rate	Total
Rehabilitation of landfill sites	50 144 032	(2 339 282)	1 652 668	49 457 418

Rehabilitation of landfill sites

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).

Management has included the best estimated amount as the actual amount is uncertain. The payment of total closure and rehabilitation dates are uncertain.

The provision has been determined by an independent firm of consultants through investigation to determine the best estimated rehabilitation costs for the waste disposal sites at the end of its useful life.

The discount rate used for the landfill sites is based on a risk free rate which is in line with the useful life of the landfill sites. The municipality has five active landfill sites, as per the asset register:

Landfill	Estimated useful life
Allanridge	8 years (2016: 9 years)
Henneman (Phomolong)	11 years (2016: 12 years)
Odendaalsrus	23 years (2016: 24 years)
Virginia (Transfer Station)	11 years (2016: 12 years)
Bronville (Welkom)	5 years (2016: 6 years)

There were no landfill sites developed, planned, rehabilitated or closed during the current or prior year.

Discount rate assumptions (Additional information to the prior year financial statements)

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

	30 June 2017	30 June 2016	30 June 2015
Discount rate (D)	8.78 %	8.76 %	9.08 %
Consumer price inflation (C)	5.00 %	5.58 %	6.70 %
Net discount rate $((1+D)/(1+H)-1)$	3.60 %	3.02 %	2.23 %

Movement in the closing balance of the provision

Active landfill sites - 30 June 2016	Opening balance 1 July 2015	Discounting	Movement due to change in net discount rate	Closing balance 30 June 2016

Odendaalsrus	12 649 265	(2 050 839)	774 277	11 372 703
Bronville (Welkom)	22 554 307	296 171	406 371	23 256 849
Allanridge	4 833 489	(89 122)	127 121	4 871 488

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17. Provisions (continued)

Henneman (Phomolong)	8 056 132	(394 951)	274 915	7 936 096
Virginia (Transfer Station)	2 050 839	(100 542)	69 985	2 020 282
	50 144 032	(2 339 283)	1 652 669	49 457 418

Active landfill sites - 30 June 2017

	Opening balance 1 July 2016	Discounting	Movement due to change in net discount rate	Closing balance 30 June 2017
Odendaalsrus	11 372 703	(535 523)	(45 735)	10 791 445
Bronville (Welkom)	23 256 849	1 214 951	(22 488)	24 449 312
Allanridge	4 871 488	170 474	(7 411)	5 034 551
Henneman (Phomolong)	7 936 096	143 094	(16 325)	8 062 865
Virginia (Transfer Station)	2 020 282	36 427	(4 155)	2 052 554
	49 457 418	1 029 423	(96 114)	50 390 727

18. Payables from exchange transactions

Accrued bonus	8 699 633	8 390 026
Accrued leave pay	67 057 194	64 977 157
Deferred income - pre paid electricity	1 600 000	1 300 000
Deposits received - halls and facilities	15 175	31 904
Eskom	1 464 169 380	957 081 689
Payments received in advance from consumer receivables	48 826 585	39 099 724
Salary control accounts	42 577 765	35 290 424
Sedibeng Water	1 886 576 057	1 552 021 591
Trade payables	233 563 226	157 607 716
	3 753 085 015	2 815 800 231

Fair value of trade and other payables

The carrying value of trade and other payables approximate their fair values.

19. Consumer deposits

Electricity and water	37 792 822	36 173 545
Key deposits	528 053	77 039
	38 320 875	36 250 584

Guarantees held in lieu of electricity and water deposits amounted to R 6,040,465 (2015: R 6,040,465)

Deposits are paid by consumers on application for new electricity and water connections. The deposits are repaid when the electricity and water connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account balance.

Deposits are paid by lessees on application for new rental properties of the municipality. No

interest is paid to consumers on deposits held.

The carrying value of consumer deposits approximate their fair values.

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20. Service charges		
Sale of electricity	556 343 610	488 626 226
Sale of water	342 295 037	322 440 413
Sewerage and sanitation charges	149 194 731	128 256 386
Refuse removal	93 709 261	78 928 071
Less: Income foregone - indigents	(41 396 044)	(45 666 204)
Less: Municipal utilities	(44 185 337)	(28 462 310)
	1 055 961 258	944 122 582
21. Rental of facilities and equipment		
Premises		
Premises	12 548 473	8 790 737
Facilities and equipment		
Rental of facilities	420 998	326 540
	12 969 471	9 117 277
22. Commission received		
Commissions received	11 118 362	11 122 174
23. Other income		
Connection fees	991 399	834 970
Disconnection fees	9 600 169	15 595 105
Meter fees	1 267 474	1 905 176
Monitoring fees	925 093	942 173
Services rendered	2 386 749	2 414 801
Sundry income	3 636 771	3 619 092
Sundry services	1 666 595	1 836 145
	20 474 250	27 147 462
24. Interest and dividends received		
Dividend revenue		
Unlisted shares - Local	14 033	17 251
Interest revenue		
Bank and investments	2 207 220	3 230 005
Interest charged on consumer receivables	152 128 771	123 872 104
	154 335 991	127 102 109
	154 350 024	127 119 360

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25. Property rates		
Rates received		
Commercial	125 361 490	169 549 572
Residential	86 085 094	83 795 254
Small holdings and farms	8 733 892	8 208 120
State	59 615 116	1 179 009
Less: Income foregone - indigents	-	(276 908)
	279 795 592	262 455 047

Included in property rates are income forgone. Income forgone can be defined as any income that the municipality is entitled to by law to levy, but which has subsequently been forgone by way of rebate or remission.

Valuations

Commercial	5 340 389 912	4 323 778 590
Residential	12 724 813 001	12 574 978 411
Small holdings and farms	3 231 362 480	3 233 122 480
State	1 809 671 200	1 532 569 900
Exempted	119 219 000	1 271 624 102
	23 225 455 593	22 936 073 483

Valuations on land and buildings are performed every four years. The last general valuation roll came into effect on 1 July 2015, and is based on market-related values. Supplementary valuations are processed when completed by the valuer annually, to take into account changes to individual property values due to alterations and subdivisions.

The first R 75,000 of the valuation of residential property is exempted from rates.

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26. Government grants and subsidies

Operating grants

Equitable share	385 851 295	402 908 668
Extended public works program (EPWP)	1 131 000	1 072 000
Finance management grant (FMG)	1 810 000	1 675 000
Municipal systems improvement grant (MSIG)	-	930 000
Subsidies received	2 000 000	500 000
Sector education and training authority (SETA)	1 199 505	3 330 319
	391 991 800	410 415 987

Capital grants

Energy efficiency and demand side management programme (EEDSM)	-	2 595 706
Municipal infrastructure grant (MIG)	113 363 000	114 651 000
	113 363 000	117 246 706
	505 354 800	527 662 693

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	119 503 505	124 754 025
Unconditional grants received	385 851 295	402 908 668
	505 354 800	527 662 693

Equitable Share

Current year receipts	385 851 295	402 908 668
Conditions met - transfer to revenue	(385 851 295)	(402 908 668)
	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal infrastructure grant (MIG)

Current-year receipts	113 363 000	114 651 000
Conditions met - transferred to revenue	(113 363 000)	(114 651 000)
	-	-

This grant is used to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households.

Finance Management Grant (FMG)

Current-year receipts	1 810 000	1 675 000
Conditions met - transferred to revenue	(1 810 000)	(1 675 000)
	-	-

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

Municipal systems improvement grant (MSIG)

Current-year receipts	-	930 000
Conditions met - transferred to revenue	-	(930 000)

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26. Government grants and subsidies (continued)

The purpose of this grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government and the Municipal Systems Act, 2000 (Act No. 32 of 2000).

Integrated national electrification program (INEP)

Balance unspent at beginning of year	600 001	1 018 931
Current-year receipts	-	600 000
Grant withheld by National Treasury through equitable share	(600 001)	(1 018 930)
	-	600 001

Conditions still to be met - remain liabilities (see note 16).

This grant is used to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure.

* In terms of the MFMA Circular No. 48, all conditional allocations (excluding interest earned thereon) that at year-end are not utilised must revert back to National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects.

Energy efficiency and demand side management programme (EEDSM)

Balance unspent at beginning of year	404 294	1 936 848
Current-year receipts	-	3 000 000
Conditions met - transferred to revenue	-	(2 595 706)
Grant withheld by National Treasury through equitable share	(404 294)	(1 936 848)
	-	404 294

Conditions still to be met - remain liabilities (see note 16).

The purpose of this grant is to assist the municipalities to reduce their energy consumption through deployment of electricity and other energy saving measures.

* In terms of the MFMA Circular No. 48, all conditional allocations (excluding interest earned thereon) that at year-end are not utilised must revert back to National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects.

Expanded public works programme (EPWP)

Balance unspent at beginning of year	-	743 889
Current-year receipts	1 131 000	1 072 000
Conditions met - transferred to revenue	(1 131 000)	(1 072 000)
Grant withheld by National Treasury through equitable share	-	(743 889)
	-	-

The purpose of this grant is to subsidise municipalities to expand on work creation efforts through the use of labour intensive delivery methods in identified focus areas.

Sector education and training authority (SETA)

Balance unspent at beginning of year	-	2 324 817
Current-year receipts	1 199 506	1 005 502
Conditions met - transferred to revenue	(1 199 506)	(3 330 319)

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26. Government grants and subsidies (continued)

	-	-
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The purpose of this grant is to do skills development among employees and improve the auditing skills for municipalities.

Integrated National Electrification Programme (INEP)

Current-year receipts	-	6 900 000
Conditions met - transferred to revenue	-	(6 900 000)
	-	-

The purpose of this grant is to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to Eskom to address the electrification backlog of occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve the quality of supply in Eskom licensed areas. These allocations made to Eskom on behalf of municipalities based on applications from Eskom for no licensed municipalities.

The capital outlay in the Matjhabeng area was at the following townships: Thabong, Thandanani and Phomolong. Electricity is supplied by Eskom directly to these townships and not the municipality.

Subsidies

Current-year receipts (Provincial Treasury)	-	500 000
Current-year receipts (Cogta)	2 000 000	-
Conditions met - transferred to revenue	(2 000 000)	(500 000)
	-	-

Cooperative Governance and Traditional Affairs paid for the professional fees based on the turn around plan on behalf of the Municipality, in the prior year Provincial Treasury paid audit fees on behalf of the municipality to the Auditor General.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, 2014 (Act No. 10 of 2014), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

27. Licences and permits

Licences and permits	79 752	67 371
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28. Donations received

Infrastructure & Investment property	209 300 121	40 887 463
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The infrastructure of the township Thandanani 2010 was donated to the Municipality by the Department of Human Settlement during the prior financial year.

During the current financial year two properties, Merriespruit and Masimong were donated by 'the Department of Human Settlement and Harmony Gold Mine to the municipality.

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29. Employee related costs		
Basic salaries	357 793 739	342 152 912
Bonuses	25 216 218	23 495 894
Pension	52 280 431	47 253 894
Other long term employee benefits	1 910 089	2 294 440
Employee benefits - medical aid	29 231 458	21 499 080
Group life insurance	1 552 792	1 353 647
Housing allowances	3 664 008	3 676 556
Leave pay provision charge	11 958 399	17 771 803
Medical aid	37 359 426	29 655 910
Other allowances	25 543 063	19 598 254
Overtime payments	67 307 940	63 497 852
Transport allowance	31 489 024	30 859 660
UIF	3 661 965	3 440 683
SDL	5 665 170	5 260 263
	654 633 722	611 810 848

Remuneration of Municipal Manager - Lepheane MF

Annual Remuneration	1 769 030	1 745 493
Leave pay	407 050	-
Contributions to UIF, Medical and Pension Funds	69 660	43 846
	2 245 740	1 789 339

The Municipal Manager was placed on special leave as per the council resolution number (5/2/2)(5/1/2/1) dated 14 February 2017.

Remuneration of Municipal Manager - Tsoaeli TE

Annual Remuneration	1 106 985	1 005 997
Car Allowance	363 894	363 894
Contributions to UIF, Medical and Pension Funds	206 285	182 864
	1 677 164	1 552 755

The Chief Financial Officer (Mr Tsoaeli) has been acting as Municipal Manager as from 15 February 2017.

Remuneration of Chief Financial Officer - Williams LB

Annual Remuneration	693 101	-
Car Allowance	187 142	-
Contributions to UIF, Medical and Pension Funds	126 915	-
	1 007 158	-

Manager Budget (Williams LB) has been acting as the Chief Financial Officer as from 14 February 2017.

Remuneration of Director Infrastructure - Maswanganyi HB (Tlhabane)

Annual Remuneration	946 649	-
Car Allowance	240 000	-
Contributions to UIF, Medical and Pension Funds	42 879	-
	1 229 528	-

Remuneration of Director Corporate Support Services - Wetes FF

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29. Employee related costs (continued)

	2017	2016
Annual Remuneration	1 219 790	994 699
Contributions to UIF, Medical and Pension Funds	60 991	25 011
	1 280 781	1 019 710

Remuneration of Director Community Services - Mogopodi MRE

Annual Remuneration	845 354	989 446
Car Allowance	83 603	143 319
Contributions to UIF, Medical and Pension Funds	113 389	171 094
	1 042 346	1 303 859

The Director Corporate Services(Mogopodi MRE) left the services of the municipality as at 28 February 2017.

Remuneration Director Community Services - Atolo MT

Annual Remuneration	647 459	-
Car Allowance & Housing Subsidy	216 768	-
Contributions to UIF, Medical and Pension Funds	140 899	-
	1 005 126	-

Remuneration Director Strategic Support Services - Makofane TB

Annual Remuneration	1 189 349	1 156 318
Contributions to UIF, Medical and Pension Funds	37 203	24 913
	1 226 552	1 181 231

Remuneration Director Local Economic Development & Planning - Msweli XF

Annual Remuneration	969 188	1 152 104
Car Allowance	77 000	132 000
Contributions to UIF, Medical and Pension Funds	38 919	47 731
	1 085 107	1 331 835

The Director Local Economic Development & Planning(Msweli XF) has left the services of the municipality as at 28 February 2017

Remuneration Director Local Development & Planning - Mothekhe MMG

Annual Remuneration	639 186	-
Car Allowance	213 264	-
Contributions to UIF, Medical and Pension Funds	158 623	-
	1 011 073	-

30. Remuneration of councillors

Executive Mayor	1 050 798	964 775
Councillors	27 740 202	26 225 867

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30. Remuneration of councillors (continued)

In-kind benefits

The Mayoral Committee Members are full-time employees of the municipality. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of separate Council owned vehicle for official duties, one full time driver and a bodyguard. The

Speaker has use of separate Council owned vehicle for official duties and a part time driver.

Details of remuneration for the year ended 30 June 2017

Name of councillor	Annual remuneration	Car allowance	Contributions to UIF, medical and pension funds	30 June 2017 Total
Badenhorst MJ	240 075	72 250	2 265	314 590
Bedenhost HS	216 422	64 462	-	280 884
Banyane ME	24 026	7 502	2 265	33 793
Beneke R	24 026	7 502	2 265	33 793
Botha PF	213 672	72 250	28 490	314 412
Chaka CP	26 140	7 502	2 265	35 907
Chaka MS	267 547	-	13 248	280 795
Claasen Malherbe C	216 422	64 462	-	280 884
Dali VN	22 777	7 502	3 518	33 797
Daly A	216 422	64 462	-	280 884
De Villiers MT	24 026	7 502	2 265	33 793
Direko DR	15 971	4 076	-	20 047
Direko DR	484 969	144 049	8 640	637 658
Fanie DS	24 026	7 502	2 265	33 793
Fourie JJC	24 026	7 502	2 265	33 793
Jacobs EJ	206 287	64 462	9 935	280 684
Kabi M	36 901	11 578	4 958	53 437
Kabi ME	427 450	144 048	28 973	600 471
Khalipha TD	442 314	144 049	14 400	600 763
Khalipha TD	35 866	11 578	4 958	52 402
Khetsi LE	206 287	64 462	9 935	280 684
Khothule MJ	206 287	64 462	9 935	280 684
Kockera SC	22 777	7 502	3 518	33 797
Letlhake TW	208 759	64 462	7 513	280 734
Liphoko SJ	216 422	64 462	-	280 884
Lushaba TB	15 971	4 076	-	20 047
Lushaba TB	490 332	144 049	12 281	646 662
Mabote TL	24 026	7 502	2 265	33 793
Macingwane TM	207 523	64 462	8 724	280 709
Mafa DM	216 865	72 250	28 489	317 604
Mafaisa MG	198 160	64 462	18 074	280 696
Mafongosi ZV	24 026	7 502	2 265	33 793
Mahlumba BH	262 754	69 580	16 403	348 737
Makgowe PV	23 812	7 502	3 518	34 832
Malefane DE	24 026	7 502	2 265	33 793
Manenye AJ	206 287	64 462	9 935	280 684
Manese SD	384 219	123 487	7 200	514 906
Manzana NR	202 274	64 462	13 955	280 691
Marais JS	242 384	72 250	-	314 634

Masienyane MD	54 458	17 423	6 513	78 394
Masienyane MD	15 317	5 028	1 440	21 785
Masienyane MD	464 284	86 877	40 207	591 368
Masina XN	244 968	64 462	7 513	316 943

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30. Remuneration of councillors (continued)				
Mawela VE	142 739	45 109	2 880	190 728
Mbambo AX	22 777	7 502	3 518	33 797
Mbana AM	14 531	4 076	1 440	20 047
Mbana AM	51 855	18 667	6 889	77 411
Mbana AM	223 345	72 498	7 200	303 043
Meli TS	215 840	72 250	27 378	315 468
Menyatso KJ	53 104	18 667	5 637	77 408
Mfebe MSE	51 855	18 667	6 889	77 411
Mholo PP	26 140	7 502	2 265	35 907
Mlangeni MG	24 026	7 502	2 265	33 793
Moipatle KV	198 160	64 462	18 074	280 696
Mokhomo HA	281 109	77 367	29 561	388 037
Mokotedi TG	24 026	7 502	2 265	33 793
Molefi M	260 500	-	21 386	281 886
Molelekoa PMI	233 249	72 250	12 201	317 700
Molelekoa PA	23 812	7 502	3 518	34 832
Molete TN	24 026	7 502	2 265	33 793
Moloja NJ	192 707	64 462	23 532	280 701
Molupe RT	22 777	7 502	3 518	33 797
Monjovo NE	214 707	72 250	28 490	315 447
Morris VR	37 981	11 578	4 958	54 517
Morris VR	442 314	144 049	14 400	600 763
Mosala MS	24 026	7 502	2 265	33 793
Moshoeu ZS	206 287	64 462	9 935	280 684
Mosia TJ	208 602	64 462	8 724	281 788
Mothege MA	25 061	7 502	2 265	34 828
Motshabi MP	53 104	18 667	5 637	77 408
Mphikeleli MA	291 796	77 367	13 272	382 435
Mthebere NA	216 422	64 462	-	280 884
Naude HJ	18 127	5 789	2 265	26 181
Ngangelizwe S	70 786	24 890	8 768	104 444
Ngesi TM	106 254	30 278	-	136 532
Nkonka BB	192 707	64 462	23 532	280 701
Nqeobo ME	93 263	27 844	-	121 107
Nqeobo ME	24 026	7 502	2 265	33 793
Nthako TD	220 930	52 884	8 724	282 538
Ntlele KI	24 026	7 502	2 265	33 793
Ntsebeng MH	191 267	64 462	24 972	280 701
Ntsebeng MH	51 855	18 667	6 889	77 411
Nthuli BN	206 287	64 462	9 936	280 685
Petleki KI	22 777	7 502	3 518	33 797
Phetise ME	24 891	7 502	3 518	35 911
Phofeli NM	210 662	64 462	5 760	280 884
Pholo SJ	200 089	64 462	17 977	282 528
Pina NJ	24 026	7 502	2 265	33 793
Poo IP	250 558	4 076	26 114	280 748
Presente LN	216 422	64 462	-	280 884
Qwesha GL	22 777	7 502	3 517	33 796
Radebe MC	36 901	11 578	4 958	53 437
Radebe ML	14 531	4 076	1 440	20 047
Radebe MC	419 819	144 049	37 716	601 584
Radebe ML	448 200	144 049	12 960	605 209
Radebe ML	51 855	18 667	6 889	77 411
Rakaki MM	206 287	64 462	9 935	280 684
Ramabobu BM	175 226	51 713	-	226 939

Ramalefane SJ	254 697	-	26 114	280 811
Ramatisa	257 114	-	23 695	280 809
Riet MI	25 061	7 502	2 265	34 828
Rubulana L	53 104	18 667	5 637	77 408

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30. Remuneration of councillors (continued)				
Schlebusch CJ	189 606	64 462	26 576	280 644
Sebotsa MM	220 540	41 305	18 881	280 726
Senxezi ME	207 782	64 462	8 640	280 884
Sephiri MJ	15 317	5 028	1 440	21 785
Sephiri MJ	424 957	141 681	37 716	604 354
Sephiri MJ	51 855	18 667	6 889	77 411
Sifatya Z	24 026	7 502	2 265	33 793
Sithole MA	206 287	64 462	9 935	280 684
Speelman NW	24 026	7 502	2 265	33 793
Speelman NW	740 766	205 588	-	946 354
Stofile B	543 636	184 382	44 913	772 931
Styger A	240 075	72 250	2 265	314 590
Taliwe FE	59 720	18 667	5 637	84 024
Taljaard SDM	222 986	72 250	19 358	314 594
Thateng MJ	25 061	7 502	2 265	34 828
Thelingoane TJ	229 940	72 250	12 201	314 391
Thelingoane NE	196 924	64 462	19 313	280 699
Tlake KR	225 101	72 250	19 358	316 709
Tlhone ML	42 073	8 526	4 320	54 919
Tlhone ML	63 900	5 184	8 246	77 330
Tsatsa SJ	213 672	72 250	28 490	314 412
Tshabangu SE	216 422	64 462	-	280 884
Tshopo ME	15 971	4 076	-	20 047
Tshopo ME	450 954	144 049	5 760	600 763
Tsoaeli ME	207 753	64 462	9 935	282 150
Tsubane ME	23 812	7 502	3 518	34 832
Tsubella KS	29 249	3 758	2 642	35 649
Tsupa MR	200 505	64 462	17 973	282 940
Twala MJ	53 104	18 667	5 637	77 408
Van Rooyen MS	240 075	72 250	2 265	314 590
Van Rooyen KV	25 061	7 502	2 265	34 828
Van Schalkwyk HCT	229 940	72 250	12 201	314 391
Vanga NM	22 777	7 502	3 517	33 796
Madumise MM(Court Order)	23 875	-	-	23 875
	21 180 734	6 102 767	1 248 130	28 531 631

Details of remuneration for the year ended 30 June 2016

Name of councillor	Annual remuneration	Car allowance	Contributions to UIF, medical and pension funds	30 June 2016 Total
Badenhorst MJ	202 865	69 471	26 415	298 751
Banyane ME	202 865	69 471	26 415	298 751
Beneke R	202 865	69 471	26 415	298 751
Botha PF	187 839	69 471	41 441	298 751
Chaka CP	202 865	69 471	26 415	298 751
Dali VN	187 839	69 471	41 441	298 751
De Villiers MT	202 865	69 471	26 415	298 751
Fanie DS	202 865	69 471	26 415	298 751
Fourie JJC	202 865	69 471	26 415	298 751
Kabi M	187 839	69 471	41 441	298 751
Khalipha TD	187 839	69 471	41 441	298 751
Kockera SC	187 839	69 471	41 441	298 751

Mabote TL	202 865	69 471	26 415	298 751
Madumise MM	202 865	69 471	26 415	298 751
Mafa DM	187 839	69 471	41 441	298 751
Mafongosi ZF	202 865	69 471	26 415	298 751

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30. Remuneration of councillors (continued)				
Makgowe PV	187 839	69 471	41 441	298 751
Malefane DE	202 865	69 471	26 415	298 751
Marais JS	229 280	69 471	-	298 751
Masienyane MD	428 361	161 335	76 512	666 208
Mbambo AX	187 839	69 471	41 441	298 751
Mbana AM	458 540	172 858	80 903	712 301
Meli TS	187 839	69 471	41 441	298 751
Menyatso KJ	461 044	172 858	78 399	712 301
Mfebe SE	458 540	172 858	80 903	712 301
Mholo PP	202 865	69 471	26 415	298 751
Mlangeni MG	202 865	69 471	26 415	298 751
Mokhomo HA	187 839	69 471	41 441	298 751
Mokotedi TG	202 865	69 471	26 415	298 751
Molelekoa PMI	202 865	69 471	26 415	298 751
Molelekoa PA	187 839	69 471	41 441	298 751
Molete TN	202 865	69 471	26 415	298 751
Molupe RT	187 839	69 471	41 441	298 751
Monjovo NE	187 839	69 471	41 441	298 751
Morris VR	187 839	69 471	41 441	298 751
Mosala MS	202 865	69 471	26 415	298 751
Mothege MA	202 865	69 471	26 415	298 751
Motshabi MP	473 566	172 858	65 877	712 301
Mphikeleli MA	202 865	69 471	26 415	298 751
Naude HJ	202 865	69 471	26 415	298 751
Ngangelizwe S	630 392	230 478	102 862	963 732
Ngeobo ME	151 957	52 103	20 003	224 063
Ntlele KI	202 865	69 471	26 415	298 751
Ntsebeng MH	458 540	172 858	80 903	712 301
Petleki KI	187 839	69 471	41 441	298 751
Phetise ME	187 839	69 471	41 441	298 751
Pina NJ	202 865	69 471	26 415	298 751
Qwesha GL	187 839	69 471	41 441	298 751
Radebe MC	187 839	69 471	41 441	298 751
Radebe ML	458 540	172 858	80 903	712 301
Riet MI	202 865	69 471	26 415	298 751
Rubulana L	473 566	172 858	65 877	712 301
Sephiri MJ	458 540	172 858	80 903	712 301
Sifatya Z	202 865	69 471	26 415	298 751
Speelman NW	202 865	69 471	26 415	298 751
Stofile B	488 720	184 382	85 295	758 397
Styger A	202 865	69 471	26 415	298 751
Taliwe FE	473 566	172 858	65 877	712 301
Taljaard SDM	187 839	69 471	41 441	298 751
Thateng MJ	202 865	69 471	26 415	298 751
Thelingoane TJ	202 865	69 471	26 415	298 751
Tlake KR	187 839	69 471	41 441	298 751
Tihone ML	567 700	48 000	96 601	712 301
Tsatsa SJ	187 839	69 471	41 441	298 751
Tsubane ME	187 839	69 471	41 441	298 751
Tsubella KS	233 270	34 800	30 681	298 751
Twala MJ	473 566	172 858	65 877	712 301
Van Rooyen MS	202 865	69 471	26 415	298 751
Van Rooyen KV	202 865	69 471	26 415	298 751
Van Schalkwyk HCT	202 865	69 471	26 415	298 751
Vanga NM	187 839	69 471	41 441	298 751

17 986 800

6 260 583

2 930 384

27 177 767

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Notes to the Financial Statements

Figures in Rand	2017	2016
31. Depreciation and amortisation		
Property, plant and equipment	210 591 424	207 909 516
32. Finance costs		
Bank	260 195	114 537
Employee benefits	37 877 201	30 912 050
Trade and other payables	186 393 885	90 886 741
Provisions	1 029 424	(2 339 282)
	225 560 705	119 574 046
33. Debt impairment		
Contributions to bad debt provision	350 487 460	642 251 730
Reconciliation of allowance for impairment		
Balance at the beginning of the year	(1 379 340 642)	(903 419 595)
Contribution to allowance	(350 487 460)	(648 290 390)
VAT provision on impairment	(189 379 045)	-
Prior period error	-	6 038 660
Debt impairment written off against allowance	188 374 711	166 330 683
	(1 730 832 436)	(1 379 340 642)
Prior Period error on Impairment		
The prior year impairment was overstated with Matjhabeng accounts amounting to R6 038 660.		
34. Bulk purchases		
Electricity	424 770 185	403 197 539
Water	468 651 889	451 755 625
	893 422 074	854 953 164
35. Contracted services		
Legal services	19 103 569	18 258 434
Meter reading services	14 118 945	13 567 502
Professional services	59 713 281	30 517 964
Security services	61 485 946	42 812 969
Valuation services	13 061 737	5 303 960
	167 483 478	110 460 829

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36. General expenses		
Advertising	4 698 442	5 746 504
Audit fees	7 181 583	7 196 542
Bank charges	3 273 312	2 965 664
Cleaning	906 057	1 159 716
Community development and training	8 765 464	2 940 345
Conferences and seminars	241 973	32 500
Connection and disconnection of meters	11 178 089	6 251 903
Entertainment	1 507 566	1 232 734
Insurance	27 480 548	34 327 170
License fees	5 939 030	5 038 910
Marketing	130 500	25 500
Medical expenses	156 450	470
Motor vehicle expenses	61 320 766	33 903 909
Operating cost of equipment	15 022 073	11 829 513
Pest control	240 719	40 552
Printing and stationery	2 706 756	2 414 032
Subscriptions and membership fees	8 662 085	9 369 748
Subsistence and travel	4 561 965	3 158 366
Sundry expenses	6 468 794	3 574 219
Telephone and fax	11 283 640	13 516 470
Training	2 626 631	2 165 232
Uniforms	12 772 265	9 973 251
Expired traffic fines	9 797 847	-
Assets expensed	1 105 828	963 171
Chemicals	88 800	-
Other expenses	39 000	-
	208 156 183	157 826 421
37. Fair value adjustments		
Investment property (Fair value model)	-	38 331 907
Other financial assets		
• Other financial assets (Designated as at FV through P&L)	1 608	(8 217)
	1 608	38 323 690
38. Auditors' remuneration		
Fees	7 181 583	7 196 542

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2016

39. Cash generated from operations

Deficit	(550 278 708)	(793 381 806)
Adjustments for:		
Depreciation and amortisation	210 591 424	207 909 516
Loss on sale of assets and liabilities	-	(16 098)
Fair value adjustments	(1 608)	(38 323 690)
Impairment deficit	-	255 832
Debt impairment	350 487 460	642 251 730
Movements in retirement benefit assets and liabilities	23 436 725	17 499 056
Movements in provisions	1 029 424	(2 339 282)
Actuarial gain / (loss)	(6 265 561)	20 628 827
Donations received	(209 300 121)	(40 887 463)
Interest received - receivables	(152 128 771)	(123 872 104)
Finance cost - Employee benefit obligation	37 877 201	30 912 050
Finance cost - Trade and other payables	186 393 885	90 886 741
Changes in working capital:		
Inventories	2 327 965	359 017
Other receivables	4 464 771	(5 604 155)
Consumer debtors	(220 153 694)	(333 132 508)
Other receivables from non-exchange transactions	(4 945 256)	(19 626 538)
Payables from exchange transactions	750 890 895	490 744 666
VAT	(268 590 401)	(44 124 955)
Unspent conditional grants and receipts	(1 004 295)	(5 020 190)
Consumer deposits	2 070 291	957 468
	156 901 626	96 076 114

40. Financial instruments disclosure

Categories of financial instruments

2017

Financial assets

	At fair value	At cost	Total
Other receivables	-	22 594 263	22 594 263
Receivables from non exchange transactions	-	123 606 074	123 606 074
Receivables from exchange transactions	-	628 351 286	628 351 286
Cash and cash equivalents	-	2 768 694	2 768 694
Other financial assets	332 598	-	332 598
Receivables from non-exchange transactions (non current)	-	27 871	27 871
Receivables from exchange transactions (non current)	-	276 196	276 196
	332 598	777 624 384	777 956 982

Financial liabilities

	At cost	Total
Payables from exchange transactions	3 753 085 015	3 753 085 015
Consumer deposits	38 320 875	38 320 875
Bank overdraft	7 644 182	7 644 182
	3 799 050 072	3 799 050 072

2016

Financial assets

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Financial instruments disclosure (continued)

	At fair value	At cost	Total
Other receivables	-	27 059 034	27 059 034
Receivables from non-exchange transactions	-	131 261 067	131 261 067
Receivables from exchange transactions	-	589 688 720	589 688 720
Cash and cash equivalents	-	11 520 330	11 520 330
Other financial assets	330 990	-	330 990
Receivables from non-exchange transactions (non current)	-	511 134	511 134
Receivables from exchange transactions (non current)	-	4 060 246	4 060 246
	330 990	764 100 531	764 431 521

Financial liabilities

	At cost	Total
Payables from exchange transactions	2 815 800 231	2 815 800 231
Consumer deposits	36 250 584	36 250 584
Unspend conditional grant and receipts	1 004 295	1 004 295
Cash and cash equivalents (Bank overdraft)	2 603 485	2 603 485
	2 855 658 595	2 855 658 595

41. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	77 144 143	119 311 853
• Prior period error	-	3 455 511
	77 144 143	122 767 364

Total capital commitments

Already contracted for but not provided for	77 144 143	122 767 364
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This committed expenditure relates to infrastructure projects and will be financed by available bank facilities, funds internally generated and grants received. The comparative figure was restated during the current financial year.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	1 236 257	1 150 329
- in second to fifth year inclusive	2 197 571	3 433 828
	3 433 828	4 584 157

The municipality has operating lease agreements for the following classes of assets: -
Buildings

Leases are negotiated for an average term of three years and rentals change contractually..

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42. Contingencies

Contingent liabilities

Several claims are in the process against the municipality (a register containing all the detail is available at the municipal offices), the nature, amount and case number of the different litigations are as follows:

Nature of litigation	Possible rand value of claim - 2017	Possible rand value of claim - 2016	Number of litigations - 2017	Number of litigations - 2016
Civil litigation	42 411 478	52 016 081	14	28
Claims for services rendered	3 482 813	397 813	4	6
Conveyancing	-	80 000	1	3
Demolition order	-	-	-	4
Eviction notice	60 000	60 000	6	5
High Court application	-	-	-	1
Interdict application	-	-	2	2
Investigation	-	-	-	1
Labour related matter	5 892 934	2 597 279	11	8
Legal opinion	-	-	3	2
Motion proceedings	162 689	-	2	1
Public liability claim	849 134	487 444	5	4
	52 859 048	55 638 617	48	65

Prior period error:

The comparative figures for contingent liabilities were restated due to duplicates on the contingent liability register used for the 30 June 2016 financial statements.

Contingent assets

Several claims are in the process on behalf of the municipality (a register containing all the detail is available at the municipal offices), the nature, amount and case number of the different litigations are as follows:

Nature of litigation	Possible rand value of claim - 2017	Possible rand value of claim - 2016	Number of litigations - 2017	Number of litigations - 2016
Civil litigation	314 782	91 619	1	1
High Court application	-	-	-	1
Labour related matter	298 414	26 666	2	5
Legal opinion	10 343 637	-	1	2
	10 956 833	118 285	4	9

Prior period error:

The comparative figures for contingent assets were restated due to duplicates on the contingent asset register used for the 30 June 2016 financial statements.

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43. Related parties

Relationships

Members of key management

Refer to note 29

Members of Council

Refer to note 30

Related party balances

No related party balances were identified for the current and prior reporting period.

Related party transactions

Purchases from (sales to) related parties

MBV Security	14 271 987	9 075 282
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Key management and Councillors receive and pay for services on the same terms and conditions as other rate payers. These transactions are recorded at arm's length.

Payments made to MBV Security is for security services rendered to Matjhabeng Local Municipality. The owner of MBV Security is married to a municipal employee who holds the position of Senior Manager Treasury.

44. Prior period error and change in accounting policy

Prior year figures were restated due to prior period errors, the nature of the prior period errors were due to the following: -

VAT was restated due errors that were identified in payables and expenditure in the 2016 financial year;

- Investment property was restated due to the incorrect classification as property plant and equipment;

- Payables and contracted service were restated due to legal cases that were finalised in the current financial year for services rendered in the prior years;

- Finance cost and general expenditure were restated due to legal matters that were finalised in the current financial year; -

PPE and depreciation were restated due to recognition of newly found assets.

- Fruitless and wasteful expenditure was restated due to the restatement to payables.

- The disclosure amount on employee benefits was restated due to a typing error in the previous year. -

Commitments was restated due to the restatement of payables.

- Contingencies was restated due to duplications in the 2016 contingency register used to compile the financial statements

Bulk purchases was restated due to one sedibeng account that was not included in the 2015/2016 financial year and confirmed by the sedibeng confirmation as at 30 June 2016.

Receivables and service charges were restated due to the removal of Municipal accounts in the books of the municipality.

Debt impairment was restated due to revesal of municipal accounts that were fully impaired in the books of the municipality.

The correction of the errors, reclassifications and change in accounting policy resulted in the adjustment of the following line items of the financial statements:

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44. Prior period error and change in accounting policy (continued)

	Original audited 2016 figures	Prior period errors	Restated 2016 figures
Statement of Financial Position			
Receivables from non-exchange transactions	123 700 990	7 560 076	131 261 066
Receivables from exchange transactions	591 257 675	(1 568 956)	589 688 719
VAT receivable	141 534 807	41 089 128	182 623 935
Investment property - Cost	730 614 229	1 672 175	732 286 404
Property, plant and equipment	4 517 976 923	9 790 834	4 527 767 757
Payables from exchange transactions	(2 692 812 194)	(122 988 042)	(2 815 800 236)
Statement of Financial Performance			
Service charges	945 308 825	(1 186 243)	944 122 582
Depreciation	(206 316 233)	(1 593 283)	(207 909 516)
Finance costs	(119 480 326)	(93 720)	(119 574 046)
Repairs and maintenance	(39 804 219)	35 754	(39 768 465)
Bulk purchases	(810 072 732)	(44 880 433)	(854 953 165)
Contracted services	(106 421 922)	(4 038 908)	(110 460 830)
General expenses	(160 763 861)	2 937 439	(157 826 422)
Debt impairment	(648 290 390)	6 038 660	(642 251 730)
Fair value adjustment	38 205 550	118 140	38 323 690
Total	2 304 637 122	(107 107 379)	2 197 529 743
Accumulated surplus	(2 976 633 196)	64 444 486	(2 912 188 710)
	-	(42 662 893)	-

Notes to the Financial Statements

	Original audited 2016 figures	Prior period errors	Restated 2016 figures
Fruitless and wasteful expenditure	165 002 645	93 720	165 096 365
Employee benefits	49 642 382	6 549 026	56 191 408
Commitments	119 311 853	3 455 511	122 767 364
Contingent liabilities	75 944 280	(20 305 663)	55 638 617
Contingent assets	433 067	(551 352)	118 285
Irregular expenditure	305 669 955	3 818 622	309 488 577
	-	(6 940 136)	-

45. Comparative figures

Prior year figures were restated due to prior period errors and misclassifications. Refer to note 44, prior period errors.

46. Risk management

Financial risk management

This note presents information about the municipality's exposure to each of the financial risks below and the municipality's objectives, policies and processes for measuring and managing financial risks. The Council has overall responsibility for the establishment and oversight of the municipality's risk management framework.

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Figures in Rand

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2016

46. Risk management (continued)

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	3 753 085 015	-	-	-
Consumer deposits	38 320 875	-	-	-
Bank overdraft	7 644 182	-	-	-

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	2 815 800 231	-	-	-
Consumer deposits	36 250 584	-	-	-
Unspent conditional grants and receipts	1 004 295	-	-	-
Bank overdraft	2 603 485	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables comprise of a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2017	2016
Other financial assets	332 598	330 990
Other receivables	22 594 263	27 059 034
Receivables from non-exchange transactions	-	123 700 990
Receivables from exchange transactions	628 351 286	591 257 675
Cash and cash equivalents	2 768 694	11 520 330
Receivables from non exchange transactions (non current)	27 871	511 134
Receivables from exchange transactions (non current)	276 196	4 060 246

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

47. Going concern

We draw attention to the fact that at 30 June 2017, the municipality had accumulated surplus of R 2 361 909 711 and that the municipality's total assets exceed its liabilities by R 2 361 909 711.

The municipality had a deficit of R 550 278 707. (2016: R 793 381 803) for the year. The current liabilities exceeds the current

assets by R2 576 323 820. (2016: R1 915 613 789).

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47. Going concern (continued)

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

The municipality incurred material water and electricity losses, refer to note 52 for detail.

The municipality provided for material impairments of receivables from exchange and non-exchange transactions, refer to notes 8, 9, 12 and 14.

48. Events after the reporting date

During a council meeting held 31 August 2017 council resolved to write off the following amounts in respect of Irregular expenditure and Fruitless and wasteful expenditure as follows:

Council certified an amount of R413 701 258 incurred during 2016/2017 financial year as irrecoverable and to be written off as irregular expenditure

Council certified an amount of R157 128 450 incurred during 2016/2017 financial year as irrecoverable and to be written off as Fruitless and Wasteful expenditure.

49. Unauthorised expenditure

Opening balance	977 994 508	3 959 722 706
Unauthorised expenditure	1 031 091 788	812 398 971
Less: Amounts written off by the council	(977 994 508)	(3 794 127 169)
	1 031 091 788	977 994 508

Unauthorised expenditure relate to the overspending of the departmental budgets. The main reason for the overspent was due to no budget for impairment of financial assets, underbudgeting of bulk purchases and depreciation.

50. Fruitless and wasteful expenditure

Opening balance	165 096 365	504 645 763
Fruitless and wasteful expenditure	186 771 314	149 978 569
Prior period error adjustment 2016 figures	-	93 720
Amounts written off by the council	(157 128 450)	(489 621 687)
	194 739 229	165 096 365

Detail of fruitless and wasteful expenditure

Eskom	182 169 995	113 453 819
Other avoidable expenditure and losses	-	4 902 271
Other creditors	243 124	1 020 469
Late contribution on pension funds	504 904	270 420
SARS VAT	2 954 548	4 531 702
Interest and penalties - Compensation commission	898 743	824 913
Material losses - avoidable water losses	-	25 068 695
	186 771 314	150 072 289

Fruitless and wasteful expenditure include interest and penalties charged for late payment to suppliers.

The fruitless and wasteful expenditure was investigated during the financial period by Section 32 Committee and determined to be irrecoverable and no criminal or disciplinary actions were taken.

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50. Fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure amounting to R157,128,450 was certified by Council to be irrecoverable and to be written-off.

51. Irregular expenditure

Opening balance	429 171 360	939 053 077
Add: Irregular Expenditure - prior year	-	3 818 622
Irregular expenditure current year	323 171 276	305 669 955
Less: Amounts written off by council	(413 701 258)	(819 370 294)
	338 641 378	429 171 360

Analysis of expenditure awaiting write off per age classification

Current year	323 171 276	309 488 577
Prior years	15 470 102	119 682 783
	338 641 378	429 171 360

Details of irregular expenditure - 30 June 2017

	Disciplinary steps taken/criminal proceedings	
Non compliance with MFMA and SCM regulations	None	318 720 464
Non compliance with Office bears Act	None	4 450 812
		323 171 276

Irregular expenditure amounting to R425,352,739 was investigated during the financial period by Section 32 Committee in order to comply with Section 32(2) and (4) of the MFMA.

Investigations determined that no criminal or disciplinary actions were to be taken and that irregular expenditure is irrecoverable.

Irregular expenditure amounting to R413,701,258 was certified by council to be irrecoverable and to be written-off.

The Accounting Officer continues to establish controls to detect and prevent these types of expenditures and the municipality has adopted the use of centralised database from Treasury.

Detailed particulars of irregular expenditure is contained in the register maintained in terms of the requirements of MFMA Circular No.68

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	5 792 809	6 268 599
Current year subscription / fee	7 437 331	5 792 809
Amount paid - current year	(5 852 809)	(6 268 599)
	7 377 331	5 792 809

Being the subscription fee to the South African Local Government Association (SALGA).

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

Material losses

Distribution losses - Electricity	74 080 387	75 434 684
Distribution losses - Water	299 865 808	205 292 597
	373 946 195	280 727 281

Electricity losses

An average of 13.25% (2016: 18.70%) of bulk electricity purchased during the year were loss due to distribution losses incurred during the year.

Water losses

An average of 51.30% (2015: 50.45%) of bulk water purchased during the year were loss due to distribution losses incurred during the year.

Audit fees

Opening balance	1 527 162	3 359 918
Current year audit fees	8 187 005	8 174 985
Interest charged	81 805	167 470
Amount paid - current year	(6 957 312)	(8 355 653)
Amount paid - previous years	(1 527 163)	(1 319 558)
Audit fees paid by Treasury	-	(500 000)
	1 311 497	1 527 162

PAYE, UIF and SDL

Opening balance	7 829 628	6 516 447
Current year payroll deductions and council contributions	104 711 329	85 579 624
Amount paid - current year	(96 046 411)	(77 749 996)
Amount paid - previous years	(7 829 628)	(6 516 447)
	8 664 918	7 829 628

Pension and Medical Aid Deductions

Opening balance	12 410 258	11 280 871
Current year payroll deductions and council contributions	154 224 320	138 128 272
Amount paid - current year	(140 982 372)	(125 718 014)
Amount paid - previous years	(12 410 258)	(11 280 871)
	13 241 948	12 410 258

VAT

VAT receivable	451 214 336	182 623 935
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VAT output payables and VAT input receivables are shown in note 13.

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2017:

30 June 2017

	Outstanding more than 90 days R
Badenhorst MJM	4 555
Chaka CP	23 747
Khothule MJ	132 490
Mafaisa MG	34 032
Mahlumba BH	11 691
Manenye AJ	58 033
Meli TS	21 555
Molelekoa PMI	6 053
Mthebere NA	22 281
Ngesi TM	194 816
Nthako TD	605
Pholo SJ	50 361
Ramatisa PT	18 038
Schlebusch CJ	9 212
Tihone ML	23 866
Tshabangu SE	1 016
	612 351

30 June 2016

	Outstanding more than 90 days R
Banyane ME	6 254
Kockera SC	174 066
Mabote TL	16 861
Madumise MM	15 357
Mangeni MG	3 337
Molelekoa PA	72
Molelekoa PMI	4 004
Nttlele KI	17 241
Phetise ME	7 218
Qwesha GL	4 823
Riete MI	8 919
Tihone ML	19 524
Tsubane ME	57 564
Twala MJ	97 021
	432 261

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

Fraud investigations

The municipality conducted the following fraud investigation for the prior financial year:

- Case number: 527/05/2016
- Case number: 451/02/2016

As at 30 June 2017 these cases were still under investigations

Case number: 451/02/2016 - Fraud by service provider

The service provider Tiro Ya Nnete Trading and projects was given official orders no. 0001047515 and 0001047593 on the 9th and 19th November 2015 for the supply and delivery of tar for an amount of R154 080.58 respectively, however the services were never rendered to the municipality despite having received payment on the 11th of November 2015 for order no. 0001047515. After a thorough investigation it was found that the service provider forged the signature of Mr. Ewan Eloff on the invoice he submitted at Supply Chain in order to receive payment fraudulently. He later came clear with his actions admitting to the fraud he had committed. The case was reported to Mr. Bokvel Pieterse to investigate and open a criminal case where necessary. It was recommended that all orders issued to this service provider be cancelled and any fraudulent payment done to be recovered from him. The Department of Public Safety and Transport would investigate the matter and open possible criminal cases. It was also recommended that the supplier be permanently removed from the Service Providers database of Matjhabeng.

Case number: 527/05/2016 - Banking details amendments

On the 13th of May 2016 payments were made to suppliers - Circle Tooling, Free State Sun and Ricmisa Trading for a total of R787 779.91. Contrary to the normal payment process, the final payment report pulls through different banking details although the payments were captured correctly on the system (Solar). After a thorough investigation it was found that there is no audit trail on cash focus to indicate that the banking details were changed or amended on ABSA cash focus. Correct banking details also appear on the IF80 report derived from Solar. It was therefore concluded that the changes could have occurred on the Z drive. Therefore it seems the payments were directed to the incorrect payees. The IT department was contacted for investigation but no information could be obtained. This case is still under investigation with the Thabong SAPS branch.

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53. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

30 June 2017

	Exceptional case	Sole supplier	Emergency	Total
July 2016	85 932	-	2 457 349	2 543 281
August 2016	7 384	-	3 735 355	3 742 739
September 2016	10 000	-	1 949 073	1 959 073
October 2016	118 125	-	1 096 712	1 214 837
November 2016	50 000	-	1 060 665	1 110 665
December 2016	-	-	1 217 227	1 217 227
January 2017	-	-	2 721 074	2 721 074
February 2017	185 378	-	237 723	423 101
March 2017	80 289	-	3 431 585	3 511 874
April 2017	-	-	3 562 629	3 562 629
May 2017	-	-	918 620	918 620
June 2017	-	-	1 190 555	1 190 555
	537 108	-	23 578 567	24 115 675

30 June 2016

	Exceptional case	Sole supplier	Emergency	Total
August 2015	-	58 177	-	58 177
September 2015	-	92 750	-	92 750
October 2015	-	-	483 804	483 804
November 2015	296 100	68 460	525 672	890 232
December 2015	760 565	24 840	246 639	1 032 044
January 2016	68 800	422 266	97 200	588 266
February 2016	693 577	-	741 114	1 434 691
March 2016	106 965	1 181 306	1 005 123	2 293 394
April 2016	412 347	296	408 356	820 999
May 2016	746 459	507 213	631 186	1 884 858
June 2016	405 899	107 107	197 129	710 135
	3 490 712	2 462 415	4 336 223	10 289 350

54. Fines

Revenue from non exchange transactions

Traffic fines

5 040 953 11 207 303

55. Gain (loss) on disposal of assets and liabilities

Property plant and equipment

Gain (loss) on disposal of assets - transport assets

- 16 098

The gain realised on the disposal of transport assets was due to accident damaged vehicles replaced or written off by the insurance company.

56. Impairment loss

Impairment of property, plant and equipment

- 255 832

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57. Budget differences

Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of more than 10% are explained below:

Note 57.1 - Less service were consumed than budgeted for.

Note 57.2 - More rental income was billed than expected at the beginning of the year.

Note 57.3 - More licenses and permit fees was received than expected.

Note 57.4 - Less other income was billed than expected, other income is dependent on other factors such as economic buying power.

Note 57.5 - More interest was received than expected on financial assets.

Note 57.6 - No fixed assets were sold during the year.

Note 57.7 - Less dividends were declared then expected at the beginning of the year.

Note 57.8 - Due to the new valuation roll the property rates income did increase.

Note 57.9 - No budget was made for donation to be received during the year.

Note 57.10 - More fines were issued than expected and the fines are recorded according to IGrap. Note

57.11 - Depreciation was under budgeted for.

Note 57.12 - Impairment loss was under budgeted for.

Note 57.13 - More finance cost was incurred than expected.

Note 57.14 - No budget was made for debt impairment.

Note 57.15 - Repairs and maintenance was under budgeted for.

Note 57.16 - Bulk purchases was under budgeted for.

Note 57.17 - Contracted services was under budgeted for.

Note 57.18 - General expenditure was under budgeted for.

Note 57.19 - No budget was made for actuarial gains or losses.

Note 57.20 - No budget was made for the fair value adjustment of financial assets and liabilities.

Note 57.21 - Inventories were over budgeted based on the assumptions that water leaks and potholes will be repaired.

Note 57.22 - More rental was budgeted for based on the new donated building received from mining companies.

Note 57.23 - Budget made on receivable does not take in to account the effects of debt impairment in to account, and furthermore included in the budget for receivables from exchange are receivables from non exchange.

Note 57.24 - No Budget was made for VAT receivable, Heritage assets

Note 57.25 - Less budget was made available on trade and other payables and less payments were made to suppliers. Note 57.26 - More money was budgeted that received for capital projects.
Note 57.27 - Donations and additions to Investments property made more impact that originally budged for.

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57. Budget differences (continued)

Note 57.28 - Less was budgeted for as it was based only on one Landfill site.

Note 57.28 - Property rates are included under service charges and the difference is due to inadequate revenue collections. Note 57.29 - More collections on Other revenue was expected due to new donated assets for rental purposes.

Note 57.30 - Finance cost on bank was contained than expected.

Note 57.31 - There were no disposals made for 2016/2017 financial year.

Note 57.32 - Refer to note 39 for the movement in working capital.

Note 57.33 - There were no short term loans made in the current financial year.

Note 57.34 - No Budget was made for Employee benefits obligations payments.

Note 57.35 - Cash and cash equivalents at the beginning of the year were less than expected as per Budget due to less investment reserves in the bank.

Note 57.36 - Additional accounts were opened more than anticipated.

Note 57.37 - No budget was made available for Overdraft as it was not anticipated during the budget process.



GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “ <i>what we use to do the work</i> ”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation



Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: <i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> <i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>



APPENDICES

APPENDIX A – COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE?

APPENDIX A - COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE						
Councillors, Committees Allocated and Council Attendance						
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Council Meetings Attendance	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT				%	%
Badenhorst HS	P/T	LED	W	9 of 10	90%	10%
Badenhorst MJ	P/T	Finance	PR	9 of 12	75%	25%
Botha PF	P/T	MPAC/ LLF	PR	10 of 12	80%	20%
Chaka MS	P/T	LED SMME	W	10 of 10	100%	0%
Daly A	P/T	Policy Development	W	7 of 10	70%	30%
Direko DR	F/T	LED/ LLF	PR	10 of 10	100%	0%
Jacobs EJ	P/T	Housing	PR	9 of 10	90%	10%
Kabi M	F/T	Policy Development	PR	7 of 12	58%	42%
Khalipha TD	F/T	Housing	W	11 of 12	90%	10%
Khetsi LE	P/T	LED/ LED SMME	PR	4 of 10	40%	60%
Khothule MJ	P/T	LED SMME	W	8 of 10	80%	20%
Lethake TW	P/T	Public Safety/Policy	PR	9 of 10	90%	10%
Liphoko SJ	P/T	Infrastructure/Dispute	W	9 of 10	90%	10%
Lushaba TB	F/T	Community Services	PR	6 of 10	60%	40%
Macingwane MT	P/T	Finance/Housing	PR	4 of 10	40%	60%
Mafa DM	P/T	MPAC	W	10 of 12	80%	20%
Mafaisa MG	P/T	Community Services / Dispute	PR	9 of 10	90%	10%
Mahlumba BH	P/T	Corporate Services / Rules	W	10 of 10	100%	0%
Malherbe C	P/T	Infrastructure	W	9 of 10	90%	10%
Manenye AJ	P/T	Community Services / Housing	PR	10 of 10	100%	0%
Manese SD	F/T	Finance/ LLF	PR	8 of 8	100%	0%
Marais JS	P/T	MPAC	PR	9 of 12	75%	25%
Manzana NR	P/T	Housing/LED/Dispute	W	9 of 10	90%	10%
Masienyane MD	F/T	MPAC	W	10 of 12	80%	20%
Masina XN	P/T	Finance/LED/ Corporate/Rules	PR	8 of 10	80%	20%
Mawela VE	F/T	Corporate Services/ LLF	PR	3 of 3	100%	0%
Meli TS	P/T	LED SMME	W	11 of 12	90%	10%
Moipatle KSV	P/T	Finance/Dispute	PR	9 of 10	90%	10%
Mokhomo HA	P/T	Policy Dev./LED SMME/ Dispute	W	10 of 12	80%	20%



Molefi M	P/T	MPAC	W	12 of 12	100%	0%
Molelekoa PMI	P/T	Policy Development / Corporate	W	12 of 12	100%	0%
Moloja NJ	P/T	Housing	W	12 of 12	100%	0%
Monjovo NE	P/T	Infrastructure/Housing / Dispute	W	8 of 12	66%	34%
Morris VR	P/T	Public Safety	W	10 of 12	80%	20%
Moshoeu ZS	P/T	IDP	W	8 of 10	80%	20%
Mosia TJ	P/T	MPAC	W	10 of 10	100%	0%
Mphikeleli MA	P/T	Corporate Services/ LLF	W	12 of 12	100%	0%
Mthebere NA	P/T	Community Serv/Policy/Dispute	PR	3 of 10	30%	70%
Nkonka BB	P/T	Public Safety/Policy/Rules	W	10 of 10	100%	0%
Nqeobo ME	P/T	Housing/Rules	PR	3 of 3	100%	0%
Nthako TD	P/T	IDP	W	8 of 10	80%	20%
Ntsebeng MH	P/T	Finance/Housing	PR	12 of 12	100%	0%
Ntuli BN	P/T	LED/ Rules	W	10 of 10	100%	0%
Phofeli NM	P/T	Community Services	PR	8 of 10	80%	20%
Pholo SJ	P/T	Rules	W	10 of 10	100%	0%
Poo IP	P/T	Finance	W	10 of 10	100%	0%
Presente LN	P/T	Public Safety	PR	10 of 10	100%	0%
Radebe MC	F/T	LED SMME	PR	11 of 12	90%	10%
Radebe ML	F/T	IDP	PR	11 of 12	90%	10%
Rakaki MM	P/T	Corporate Services	PR	10 of 10	100%	0%
Ramabodu BM	P/T		PR	6 of 8	75%	25%
Ramalefane SJ	P/T	Infrastructure/ Community	W	10 of 10	100%	0%
Ramatisa PT	P/T	Public Safety/Housing / LED SMME	W	9 of 10	90%	10%
Schlebusch CJ	P/T	Infrastructure	W	8 of 9	90	10%
Sebotsa MM	P/T	Policy Development	W	10 of 10	90%	10%
Senzezi ME	P/T	MPAC	PR	4 of 6	40%	60%
Sephiri MJ	F/T	Council Whip	PR	9 of 12	75%	25%
Sithole AM	P/T	Public Safety	PR	4 of 10	40%	60%
Speelman NW	F/T	Executive Mayor	PR	9 of 12	75%	25%
Stofile B	F/T	Speaker	PR	12 of 12	100%	0%
Styger A	P/T	Finance	PR	11 of 12	90%	10%
Taljaard SDM	P/T	Infrastructure/ Community/Public	PR	8 of 12	67%	33%
Thelingoane NE	P/T	Public Safety/Rules	PR	11 of 12	90%	10%
Thelingoane TJ	P/T	LED	W	10 of 10	100%	0%
Tlake KR	P/T	Public Safety	W	11 of 12	90%	10%
Tsatsa SJ	P/T	Infrastructure/ Community/LED	W	10 of 12	80%	20%
Tshabangu SE	P/T	Finance/MPAC/ Dispute	W	7 of 10	70%	30%
Tshopo ME	F/T	Infrastructure	PR	8 of 10	80%	20%
Tsoaeli ME	P/T	Infrastructure/Corporate / Rules	PR	6 of 9	40%	60%
Tsupa MR/Deceased	P/T	MPAC	PR	9 of 10	90%	10%



Van Rooyen MS	P/T	Corporate Services/Dispute	W	10 of 12	80%	20%
Van Schalkwyk HCT	P/T	LED	W	12 of 12	100%	0%
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>						T A



APPENDIX B - COMMITTEES (OTHER THAN MAYORAL/ EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES	
Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Chairpersons Committee	Co-ordination of Ward Councillors affairs
Audit Committee	Performance of Auditing
Municipal Public Accounts Committee (MPAC)	Oversight on financial activities of the Municipality
Rules Section 79 Committee	Monitor implementation of Rules
Municipal Demarcation Committee	Discuss and make recommendations to Council on determination of Municipal boundaries
Housing Dispute Resolution Committee	Handles community disputes over ownership and occupancy of sites
Naming and Renaming Committee	
<i>T B</i>	

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager	Municipal Manager – Mr T Tsoaeli
	Senior Manager Administration – Mr Z Lingani
Strategic Support Services	Executive Director - Mr T Makofane
Corporate Support Services	Executive Director –Mr F Wetes
	Senior Manager Council Administration – Mr M Atolo
	Senior Manager Human Resource – Mr S Nhlapo
	Senior Manager Legal Services –Mr M Vanga
Infrastructure	Executive Director – Ms B Maswanganyi
	Senior Manager Electrical -Vacant (Acting position)
	Senior Manager Civil - Vacant
LED	Executive Director – Vacant
	Senior Manager LED - Vacant
	Senior Manager Housing - Ms M Mothekge
Community Services	Executive Director – Ms Z. Tindleni
	Senior Manager Parks, Sports and Recreation - Ms K Maloka
	Senior Manager Public Safety and Transport - Mr RT Mokhuoa
Finance	Chief Financial Officer: Mr T Panyani
	Senior Manager Budget - Mr LB De Bruyn
	Senior Manager Treasury - Ms C Dingani
<i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).</i>	
TC	

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

MUNICIPAL / ENTITY FUNCTIONS

MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Building regulations	Y	
Electricity and gas reticulation	Y	
Municipal public transport	N	N
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Y	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	N	N
Storm water management systems in built-up areas	Y	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Y	
Billboards and the display of advertisements in public places	Y	
Cemeteries, funeral parlours and crematoria		
Municipal roads	Y	
Street lighting	Y	
Traffic and parking	Y	
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		T.D

APPENDIX E – WARD REPORTING (FUNCTIONALITY OF WARD COMMITTEES)

**FUNCTIONALITY OF WARD COMMITTEES
BROAD COMMENTS ON PUBLIC PARTICIPATION**

- The office has for development and a single public participation programme of the municipality; there has not been any response to that;
- The office remains grossly inadequate to satisfactorily respond to the expectations of meaningful public participation; there is literally only one car and one driver to service 36 wards;
- In recent years, there has been a proliferation of provincial and national departments as well as other public entities rolling out their outreach programmes to the municipality, which have further stretched our limited capacity;
- There is a need to improve communication and interaction between the Offices of the Speaker and the Mayor for monitoring and reporting on the IDP and Budget-related consultations. This also extends to Imbizos as they are led by the Office of the Executive Mayor;
- In the last financial year, the 'impromptu' meetings facilitated by the 'ad hoc' committee on the launching of projects disrupted a significant number of our the planned wards constituency meetings;
- The input in the annual report is done relying on the monthly reports of the ward councillors. Some wards do carry out their activities but do not report. This therefore means that in actual practice, the reality is better what is reported;
- In the last year, the Office of the Speaker also established the stakeholder's forum within Matjhabeng, which seeks to broaden the space of public participation beyond the ward committees;
- Ward Constituency meetings constantly discuss service delivery issues. But they also include feedback on the latest developments and challenges.

T. E

FUNCTIONALITY OF WARD COMMITTEES					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr MM Sebotsa	YES			
	Nthau Mokhatala				
	Nkhatho Pitso Andrew				
	Letsoenyo Mmamathe Emily				
	Dikole Papadi Elizabeth				
	Mokoma Petrus Mahlomola				
	Lethoko Mantsali Mary				
	Lebetsa Motshehi Joseph				
	Matlokotsi Thobatsi Michael				
	Hlohlongoane Moshoeshe Abel				
	Mabetoe Sabata Elias				
2	Cllr SE Tshabangu	YES			
	Mbele Dikeledi F				
	Malefane Mpheane Johannes				
	Moluka Teboho Kingsley				
	Rasenyalo Elsie Nomangwane				
	Kurumane Lucia Nomathemba				
	Khanare Sephiri Elliot				
	Motsamai Mampe Clementina				
	Motsumi Ditabe Jonas				
	Makhalanyane Matshidiso Maria				
	Sam Ntsezi Elias				

3	Cllr MA Mothege	YES			
	Shembele Puleng Consolation				
	Khoza Vusimuzi Rudolph				
	Sethole Sello Boitumelo Samuel				
	Lethoko Kelebone Elizabeth				
	Suping Mantoa Sarah				
	Moabi Maleshwane Agnes				
	Reyneke Hendrik Johannes				
	Daffue Luanne Orpa				
	Lebatla Kedibone Anna				
	Kopela Moithumi Lydia				
4	Cllr SJ Liphoko	YES			
	Lisanyane Thabo Samuel				
	Ramohanoé Nkone Clement				
	Motapanyane Oupa Jonas				
	Majoro Maphomolo Sarah				
	Mokhoabane Tshepo Albert				
	Mafekeng Dithlare Naomi				
	Mothebe Dikeledi Paulinah				
	Khaude Ntoahae Jeremia				
	Matlokotsi Neo Egnatious				
	Theletsane Mabalane Leeu				
5	Cllr PMI Molelekoa	YES			
	Makhobu Nombuyiselo Patricia				
	Mile Pule Paul A				
	Moeti Boy Johannes				
	Mathebula Mamori Agnes				
	Lelimo Ntaoleng D				
	Porotloane Wendy				
	Dyalivani Archiebold Thembinkosi				
	Helepi Abraham Bassie				
	Tshanjana Nomvula Mary				
	Seli Thabo Zacharia				
6	Cllr BH Mahlumba	YES			
	Mokhetle Sekwati John				
	Hlatshayo Likeleli Mary				
	Cata Mxolisi Enoch				
	Mankayi Sindiswa Jereline				
	Mahloko Rameno John				
	Marumo Matsietsi Meriam				
	Mapukata Mongezi				
	Lesapo Champeni Jacob				
	Nkone Dimakatso Lea				
	Raleteng Pheello Daniel				
7	Cllr NE Monjovo	YES			
	Mokone Lehlohonolo Isaac				
	Maile Lebeko John				
	Kototsa Adam Ntoagae				

	Sesing Mamohodi Selina				
	Qina Niniwe Emie				
	Ramateane Dibuseng Annah				
	Sipheka Thabo Wilson				
	Nawane Dimakatso A				
	Pitso Kgauhelo Casalis				
	Mohapi Thabiso Elias				
8	Cllr MD Masienyane	YES			
	Tsiloane Moklatsi Karel				
	Molotsana Penya Joseph				
	Ledada Novelakhe Rosie				
	Monakele Keletso Beverley				
	Makape Everitt Ntasi				
	Mbele Elizabeth Maletsatsi				
	Mohlallo Mbeko David				
	Hlalele Moria Godfrey				
	Hlaole Lizeth Neo				
	Jantjie Lerato Inocentia Patience				
9	Cllr HS Badenhorst				
	Pieterse Steven				
	Strydom Charles Bernardus				
	Du Plessis Johannes Marthinus				
	Makhaza Khetiwe Sarah				
	Van Sittert Frans Johannes				
	Smit Dirk				
	Selikoe Teboho Samuel				
	Vermaak Marthinus				
	Vermeulen Jaccobus				
	Smit Dorethea Maria				
10	Cllr SJ Ramalefane	YES			
	Tsotetsi Thabang Jeffrey				
	Majara Gloria Moleboheng				
	Pita Moleko Jan				
	Moso Thandeka Queen				
	Makoti Thozamile Lucas				
	Koloti Sechaba MacDonald				
	Leseme Nongazi Jane				
	Molosi Moipone Emily				
11	Cllr VR Morris	YES			
	Dlamini Joalane Anna				
	Lutchmia Edith Maria				
	Meli Isaac Mphikeledi				
	Moletsane Tihoriso Alice				
	Jasson Winston Graham				
	Oosthuizen Sandra Joan				
	Silo Papi Thys				
	Taaibos Alina				
	Douw Maurice				

	Visagie Gert				
12	Cllr ZS Moshoeu	YES			
	Noto Ranyamane Phillip				
	Ntsala Mahloho Paulina				
	Motse Joseph Moabi				
	Monnanyana Baholo Elias				
	Seoe L Lawrence				
	Lebona Nokwangoye Beveline				
	Machabe Toko Petrus				
	Moesi David				
	Mokhutle Mokudunyane Violet				
	Maqala N Cornelia				
13	Cllr TJ Thelingoane	YES			
	Tsetse Masabata Augustina				
	Sekoere Mafusi Sylvia				
	Setlaelo Nthabiseng Gladys				
	Lijane Moswaisa April				
	Gugushe Mzwandile William				
	Moses Morena David				
	Mothabe Molefi Hendrik				
	Mokeretla Mantwa Selina				
	Likoebe Motlaletsatsi Maria				
	Leba Boniswa Prudence				
14	Cllr MS Chaka	YES			
	Bonasi Vuyani Stephen				
	Motse Moselentja Elizabeth				
	Pontseng Morero Anicia				
	Nthako Nnuku Anna				
	Manjani Mziwonakele Johannes				
	Mtshambela Malefu E				
	Koppie Masebata Josiphine				
	Mtyawentombi Anna Modiehi				
	Hoshola Maphoka Maria				
	Senoko Disebo Esther				
15	Cllr BN Ntuli	YES			
	Ntsane Dikeledi Violet				
	Tsoloane Caroline Mafega				
	Fungu Ntombizodwa Selinah				
	Radebe Dimakatso Joyce				
	Rapuleng Thabo Ezekiel				
	Sekhohola Malefu Cynthia				
	Mthiyane Sigebeshu Helson				
	Diraditsile Sello James				
	Mthini Nombuyiselo Selina				
	Radebe Mamatlakeng Esther				
16	Cllr TS Meli	YES			
	Baloyi Mokoane Joseph				
	Thuthane Sandile J				

	Mokhoabane Godfrey Lebohng			
	Sijako Mbuyiselo Algeon			
	Moleleki Pule Johannes			
	Mohlokonya Teboho Benedict			
	Lala Thembile John			
	Motsie Mapaseka Alice			
	Molefi Mamothupi Nensi Lorah			
	Ranake Nothuthuzelo Mothy			
17	Cllr TD Khalipha	YES		
	Lefora Annastacia Pilleng			
	Maja Leomile Lucia			
	Kalipa Thandisa			
	Vundisa Patrick Mhlawuli			
	Tshokotshela Nyaniso John			
	Motaung Samuel Lebohng			
	Maloka Sebolelo Mameso			
	Litthebe Anti Marriam			
	Thaisi Tumelo Meshack			
	Mpulampula Grace			
18	Cllr NJ Moloja	YES		
	Matsie Martha Ntshali			
	Duba Weziwe Venolia			
	Solfafa Nogevisaya Leah			
	Sekolome Nnana Agnes			
	Monyane Nceba Alfred			
	Mashiqa Ntombizodwa Selina			
	Nyila Dumile Isaac			
	Dlamini Molefe Phillip			
	Leteane Kamohelo Goodwill			
	Buang Janet Kethleen Fedile			
19	Cllr PT Ramatisa	YES		
	Nkala Nomasoto Anna			
	Mojaki Maletsatsi Jeanette			
	Kapoko Tankiso Edward			
	Moloke Mapaseka Sanna			
	Magquaka Pongo Isaac			
	Ramatisa Morongoenyana Roslina			
	Sempapalele Ntoane Nehemia			
	Matsau Tshiu Daniel			
	Makhalanyane Diphapang Ismael			
	Moshane Maseng Jacob			
20	Cllr BB Nkonka	YES		
	Thathe Sani Mamoroke Sophia			
	Mofokeng Rosy			
	Machedi Dimakatso Patricia			
	Chabangu Hloekile Harriet			
	Mololo Ntelekoa Ishmael			
	Letsatsi Mantota Ela			

	Lekoni Anna Moselantja				
	Sefotha Motshewa Adelina				
	Molefi Lordwick Gift				
	Towa Manana Selinah				
21	Cllr SJ Pholo	YES			
	Caleni Paseka Elias				
	Mahlaku Simon Maleho				
	Tjatji Masabata Selina				
	Roberts Mapulane Emily				
	Mokulutlo Tebogo Clement				
	Moletsane Anna Selloane				
	Pitso Moeketsi Shadrack				
	Xaba Molelekeng Martha				
	Ramatsoele M Marie				
	Sanda Buyisiswa Cornellia				
22	Cllr IP Poo	YES			
	Mphatsoe Lilly				
	Dlamini Nomhlolo Hlophekile				
	Mashoe Mahlabane Abraham				
	Matlabe Selloane Paulina				
	Motsiri Ntshiuoa Elizabeth				
	Phakisi Naledi Vincent				
	Maqhosha Dikeledi Eunice				
	Botipe Mamajeremane Liesbet				
	Ninini Xolile France				
	Jack Sphiwe				
23	Cllr KR Tlake	YES			
	Mahlaba Diabo Dinah				
	Nyengule Ndaba Sam				
	Seforo Rethabile Gladys				
	Moahloli Mosiuoa Jonas				
	Moloi Vuyiswa Lucia				
	Moletsane Lekgowe Daniel				
	Tshofu Lahlwiwe Magdeline				
	Selekisho Shuping Adam				
	Mkula SF				
	Moshe Kelebogile Angelina				
24	Cllr MA Mphikeleli	YES			
	Van Wyk Nokoko Maria				
	Majake Adelinah Ntshisane				
	Moji Matshela Phina				
	Sikiti Nowethu				
	Taaso Sello Victor				
	Zwelibanzi Thunzi				
	Pheko Mpoyakae Emily				
	Mphithi Lungiswa Julia				
	Pule Sekonyela Jacob				
	Njokweni Mbulelo				

25	Cllr TD Nthako	YES			
	Hlalele Tsunyana Klaas				
	Mphasa Tau Petrus				
	Sothoane Mohau				
	Mokheseng Molahlehi Shadrack				
	Namanyane Lefulesele Anna				
	Sondag Ntatowa Maria				
	Moeketsi Tsiliso Hlomoane				
	Mokgahlane Keboletse Sannah				
	Tshiloane Dineo Mavis				
	Ntjenga Paseka Meshack				
26	Cllr SJ Tsatsa	YES			
	Khemise Engelina				
	Mahase Mottlatsi Vincent				
	Mtyantombi Makosonke Hendrik				
	Mkuzula Mhlabeni Petrus				
	Mphuthi Pinky Matlakala				
	Nyathi Mamokete Sophia				
	Mqokolo Zanele				
	Lelimo Noeleen Annah				
	Metula Ludidi Alexander				
	Motswahole Mamodala Elizabeth				
27	Cllr MS Van Rooyen	YES			
	Kabi Tshehlo Alfred				
	Dire Malefu Magriet				
	Saai Boy				
	Khosa Nosipho Desiree				
	Hlalele Zakaia Thabiso				
	Mokoma Nkululeko Azania				
	Makhathe Joy Donald				
	Duiker Maolehile Elisa				
	Mlangeni Nompoti Mavis				
	Kabi Dineo Evelyn				
28	Cllr T Mosia	YES			
	Magwala Christopher Thabo				
	Naniso Florence Hleketani				
	Radebe Matsiliso Margaret				
	Motaung Oupa Petrus				
	Letsolo Morena Edwin				
	Chabane Nelson Motlalentoa				
	Khumalo Bongani Ezra				
	Letsie Veronica Moleboheng				
	Jentu Danile				
	Fubu Moses Lumkile				
29	Cllr DM Mafa	YES			
	Mokhere Mokhali Joshua				
	Khohliso Thelma Thandeka				
	Nkone Ntebaleng				

	Menyatso Pontsho Priscilla				
	Thibeli Mantshesane Lydia				
	Morake Mahlomola Victor				
	Tsenyeho Teboho Alfred				
	Mtata Mokaimang Amos				
	Seloni Thabo Paulus				
	Nkatho Tlale Jacob				
30	Cllr M Molefi	YES			
	Soldati Noxolo Phyllis				
	Male Nozuko Princess				
	Ndiza Dumisani Sabata Gerald				
	Mogapi Sehalula Elizabeth				
	Nkambule Nonhlanhla Winnifrienda				
	Beje Thobeka Patricia				
	Potsane Refiloe Jacob				
	Ngamlani Vincent Themba				
	Maboea Hanyane Johan				
	Lekale Mothobi Paulus				
31	Cllr HA Mokhomo	YES			
	Semela Alfred Ramolo				
	Morake Lehlohonolo McDonald				
	Mohoje Mpho Given				
	Ndlazi Nosiphiwe Silda				
	Ninzi Gcinikhaya Milton				
	Malebo Sehloho Nathnael				
	Nodunyelwa Mzwakhe				
	Kekana Pulane Julia				
	Ramatusa NS				
	Mokutu Mpoetsi Roseline				
32	Cllr HCT Van Schalkwyk	YES			
	Jaho Mbulelo Samson				
	Dithebe Selloane Elizabeth				
	Qakoshe Malekodi Sina				
	Mphale Thabiso Johannes				
	Chakalane Mapontsho Julia				
	Koto Matlapane Alleta				
	Van der Westhuizen Francina Carolina				
	Ntholeng Mosala Mathews				
	Goetsch Alan Victor				
	Matthysen Vernon Henry				
33	Cllr C Malherbe	YES			
	Mokhothu Pulane Annah				
	Tyaliti Vuyelwa				
	Rankali Michael Sello				
	Thulo Mosoeu Abram				
	Monosi Mokhethi				
	Mabine Ramanki Frans				
	Cronje Hendrik Jacobus				

	Hamer Johannes				
	Doig Dorothy Claudia				
34	Cllr A Daly	YES			
	Letaoana Lefu Zacharia				
	Sothoane Mmathota Rosina				
	Chwane Masetonki Mirriam				
	Khosa Mitta				
	Sitshisa Zukiswa				
	Thakeli Mapuleng Anna				
	Temeki Manono				
	Brand Lettie				
	Badenhorst Lyndall				
	Janse Van Rensburg Werner				
35	Cllr NR Manzana	YES			
	Tshabalala Maseabata Wendy				
	Weymers Evodia Lerato				
	Tihobo Modiehi Imorgan				
	Mafabatho Kelebogile Prudence				
	Ntsala Masimone Pacalina				
	Matumbu Bulelwa				
	Mabote Nteboheng Julia				
	Hlaole Ramosoeu Joel				
	Kayane Mamoipone Emily				
	Ncaphayi Mbulelo				
36	Cllr MJ Khothule	YES			
	Mabele Baby Beverly				
	Velebayi Mthandazo Isaac				
	Ramongalo Tsietsi Dirk				
	Seli Sello Abram				
	Kgopane Wilhemina Matseko				
	Xozwa Luzoko Gerald				
	Mokabo Molefi Lazarus				
	Mojaki Tshidinyana Lydia				
	Nchoba Dieketseng Judith				
	Rakgoale Mathapelo Yvonne				
	Mokati Maletsie				

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APPENDIX F – WARD INFORMATION

WARD TITLE: WARD NAME (NUMBER)				
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
1				
2				
3				
4				
5				
6				
7				
				T F.1

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP

LONG TERM CONTRACTS (20 LARGEST CONTRACTS ENTERED INTO DURING YEAR 0)

Name Of Service Provider (Entity Or Municipal Department)	Description Of Services Rendered By The Service Provider	Start Date Of Contract	Expiry Date Of Contract	Project Manager	Contract Value
Bookedi Waste Management	Operation Of Maintenance In Odendaalsrus And Welkom	01-Aug-14	31-Jul-16	CS	R426 359.28 per month
Civils And Structures	Connections And Disconnections Of Water Supply	01-Feb-15	31-Jan-18	Infra	billed monthly
Es Trading	Supply And Delivery Of Protective Clothing	06-Feb-15	05-Jan-18	CFO	per rates
Eticon	Supply And Delivery Of Protective Clothing	02-Feb-15	01-Jan-18	CFO	per rates
Day Kit	Supply And Delivery Of protective Clothing	02-Feb-15	01-Jan-18		per rates
ing Enterprise	Supply And Delivery Of Protective Clothing	12-Feb-15	11-Jan-18	CFO	per rates
uthing	Rendering Of Pauper And Destitute Burials	18-Jul-14	18-Jun-17	CFO	per rates
ole Agencies	Fencing, Paving And Shelter	21-May-15	21-Apr-18		R19 772 801.00
And Tshidi Construction	Connections And Disconnections Of Water Supply	02-Feb-15	01-Jan-18		billed monthly
Fighting Equipment	Supply And Delivery Of Fire Engines	24-May-15	24-Apr-18		R 12 883 187.54
len Mile Trading	Hosting And Management Of Matjhabeng Tourism				
na Holding	Compilation Of The Valuation Roll	01-Dec-14	30-Jun-18	CFO	R9 500.000.00
pshop Africa	Construction Of Inlet Works And Installation Of Pump Sets	21-May-15	21-Apr-16	Infra	R4 027 199.00
si Chem	Supply And Delivery Of Chlorine Gas	09-Nov-15	01-Oct-18	Infra	per rates
n Touch Inv	Fencing At Construction Site Kutlwanong	11-May-15	10-Apr-18	Infra	R 8 490 956.89
dwala Trading 363	Supply and delivery of Road Patching Material	Aug-16	Jul-19	Infra	Per rates
diwanga JV Phonya	Meloding Construction of 2km paved roads and stormwater drain	07/04/2017	15/12/2017	Infra	17 375 336.00
tha Contractors	Nyakallong Construction of Stormwater System Phase 1	08/03/2017	30/11/2017	Infra	11 402 923.00
t Touch Investments	Construction of Dr Mgoma road in Thabong	13-Mar-17	30-Jul-17	Infra	10 446 572.00

APPENDIX K.1 – REVENUE COLLECTION PERFORMANCE BY VOTE

REVENUE COLLECTION PERFORMANCE BY VOTE						
R						
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Council General	512 905	462 031	618 247	406 776	-12%	-34%
Office of the Executive Mayor						
Office of the Speaker						
Office of the Municipal Manager	121 104					
Corporate Services						
Finance	229 163	538 727	537 727	549 644	2%	2%
Human Resource						
Community Services	103 400	83 979	83 979	106 528	27%	27%
Public Safety and transport	7 192	20 072	20 072	3 398	-83%	-83%
Economic Development	5 951					
Engineering services	–	217 216	61 000	165 216	-24%	171%
Water/ Sewerage	349 341	490 824	490 824	539 530	10%	10%
Electricity	800 768	637 540	637 540	555 429	-13%	-13%
Housing	46 988	30 000	30 000	16 035	-47%	-47%
Total Revenue by Vote	2 176 811	2 480 389	2 480 389	2 332 557	-6%	-6%
TK.1						

APPENDIX K.2 – REVENUE COLLECTION PERFORMANCE BY SOURCE

REVENUE COLLECTION PERFORMANCE BY SOURCE						
						R '000
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	201 665	279 252	279 252	292 762	5%	5%
Property rates - penalties & collection charges						
Service Charges - electricity revenue	790 989	627 540	627 540	555 429	-11%	-11%
Service Charges - water revenue	217 346	343 077	343 077	368 245	7%	7%
Service Charges - sanitation revenue	128 861	147 748	147 748	171 285	16%	16%
Service Charges - refuse revenue	72 517	83 979	83 979	106 528	27%	27%
Service Charges - other						
Rentals of facilities and equipment	11 469	30 000	20 000	16 035	-46%	-20%
Interest earned - external investments		3 456	3 456	1 359	-61%	-61%
Interest earned - outstanding debtors	121 104	128 855	128 855	173 993	35%	35%
Dividends received	18	19	19	-	-100%	-100%
Fines	4 374	20 000	20 000	3 280	-84%	-84%
Licences and permits	42	72	72	119	65%	65%
Agency services	11 230	25 000	-	11 509	-54%	-100%
Transfers recognised - operational	389 542	406 776	406 776	396 776	-2%	-2%
Other revenue	84 291	178 400	213 400	70 020	-61%	-67%
Gains on disposal of PPE	20 000	50 000	50 000	-	-100%	-100%
Environmental Protection						
Total Revenue (excluding capital transfers and contributions)		2 324 173	2 324 173	2 167 341	-7%	-7%

T K.2

CONDITIONAL GRANTS: EXCLUDING MIG

R' 000

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
er Services Infrastructure nt	30 000	30 000	24 000	0	0	0
egrated National trification Grant	5 000	5 000	5 000	0	0	0
er Specify:	0	0	0	0	0	0
Total	35 000	35 000	29 000	0	0	0

This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.

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

APPENDIX M (I) – CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME*

R '000

Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	48 095	105 763	105 763	36 530			
Infrastructure: Road transport - Total	15 256	29 186	29 186	33 060			
Roads, Pavements & Bridges	2 499	29 186	29 186	33 060			
Storm water	12 757						
Infrastructure: Electricity - Total	2 240	5 445	5 445	2 369			
Generation	0						
Transmission & Reticulation	1 800	5 000	5 000	2 369			
Street Lighting	440	445	445				
Infrastructure: Water - Total	40	64 620	64 620	1 101			
Dams & Reservoirs							
Water purification							
Reticulation	40	64 620	64 620	1 101			
Infrastructure: Sanitation - Total	22 829						
Reticulation							
Sewerage purification	22 829						
Infrastructure: Other - Total	7 730	6 513	6 513				
Waste Management							
Transportation							
Gas							
Other	7 730	6 513	6 513				
Community - Total	24 029	5 639	5 639	36 101			
Other	24 029	5 639	5 639	36 101			

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CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME*

R '000

Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3

Capital expenditure by Asset Class							
Heritage assets - Total	0						
Buildings							
Other							
Investment properties - Total	0						
Housing development							
Other							
Other assets	0						
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	0						
List sub-class							
Biological assets	0						
List sub-class							
Intangibles	0						
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on new assets	0						
Specialised vehicles	0						
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

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APPENDIX M (II) – CAPITAL EXPENDITURE – UPGRADE / RENEWAL PROGRAMME

CAPITAL EXPENDITURE - UPGRADE/RENEWAL PROGRAMME*				R '000
Description	Year -1	Year 0	Planned Capital expenditure	

	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	16 677				117 280	79 639	82 655
Infrastructure: Road transport -Total	1 852				13 159	13 883	14 646
<i>Roads, Pavements & Bridges</i>	1 852				12 189	12 859	13 566
<i>Storm water</i>					970	1 024	1 080
Infrastructure: Electricity – Total	0				12 912	10 752	9 641
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>					12 912	10 752	9 641
Infrastructure: Sanitation - Total	7 912	49 814	49 814	81 432	41 178	43 442	45 832
<i>Reticulation</i>							
<i>Sewerage purification</i>	7 912	49 814	49 814	81 432	41 178	43 442	45 832
Infrastructure: Water - Total	6 913				44 202	7 744	8 171
<i>Dams & Reservoirs</i>							
<i>Water purification</i>					44 202	7 744	8 171
<i>Reticulation</i>							
<i>Other</i>	6 913						
Infrastructure: Other - Total	23 705				5 829	3 818	4 365
<i>Waste Management</i>							
<i>Transportation</i>	23 705						
<i>Other</i>							
Heritage assets	0						
<i>Buildings</i>							
<i>Other</i>							

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CAPITAL EXPENDITURE - UPGRADE/RENEWAL PROGRAMME*							
							R '000
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	0						

Housing development							
Other							
Other assets	7 125						
Other	7 125						
Agricultural assets	0						
Computers - software & programming							
Other (<i>list sub-class</i>)							
Total Capital Expenditure on renewal of existing assets	56 560	49 814	49 814	81 432	163 406	126 750	132 355
Specialised vehicles	0						
Refuse							
Fire							
Conservancy							
Ambulances							
<i>Note: Information for this table may be sourced from MBRR (2009: Table SA34b)</i>							T M.2

APPENDIX N – CAPITAL PROJECT BY PROGRAMME YEAR 0

CAPITAL PROGRAMME BY PROJECT: YEAR 0					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
CEMETERIES					
Kutlwanong: Creation and Upgrading of Cemeteries	45	45	42	-7%	-7%

Meloding: Creation and Upgrading of Cemeteries	45	45	45	-	-
Phomolong: Creation and Upgrading of Cemeteries	45	45	43	-4%	-4%
Virginia: Creation and Upgrading of Cemeteries	45	45	41	-9%	-9%
Bronville: Creation and Upgrading of Cemeteries	45	45	21	-53%	-53%
Mmamahabane: Creation and Upgrading of Cemeteries	2 300	2 300	2 961	-29%	-29%
ROADS AND STORMWATER					
Nyakallong: Construction of storm water system – phase 1	6 220	6 220	9 453	52%	52%
Thabong: Construction of 1.26km paved streets and storm water channel in Themba, Lonenly and Boyd (Old Thabong)	448	448	218	-51%	-51%
Thabong: Construction of 1.54km paved streets and storm water channel in Thokoza, Hlahala and Thuhlwane	507	507	1 220	141%	141%
Construction of Dr Mgoma road in Thabong	2 236	2 236	4 274	91%	91%
Meloding: Construction of roads, sidewalks & stormwater	11 436	11 436	10 962	-4%	-4%
Thabong: Upgrading of 1,5km gravel road to concrete paving blocks	8 338	8 338	6 243	-25%	-25%
WASTE WATER					
Nyakalongo:WWTP Upgrade	8 882	8 882	13 135	48%	48%
Matjhabeng: Upgrading of 7 electrical panels at sewer pump stations	50	50	-	-100%	-100%
Whites: Septic Tank System	416	416	-	-100%	-100%
Virginia: WWTP Sludge Management	11 899	11 899	24 389	105%	105%
Welkom (Thabong) T16: Construction Waterborne Sanitation for 1300 Stands	205	205	1 452	608%	608%
Mmamahabane service 54 stands, build toilet structures and connect to existing network.	20	20	194	870%	870%
Upgrading of Mmamahabane WWTW	8 692	8 692	13 898	60%	60%
Kutlwanong: Upgrading of Outfall sewer	4 250	4 250	1 754	-59%	-59%
Upgrade and refurbish T8 pump station to address new developments.	5 000	5 000	4 347	-13%	-13%
Upgrade of Kutlwanong WWTW Phase 2 to accommodate the new 3000 Stands	6 400	6 400	1 411	-78%	-78%
Upgrading of Phomolong Pumpstation	4 000	4 000	13 367	234%	234%
Refurbishment of Theronia WWTW and Purified Effluent System	30 000	30 000	4 971	-83%	-83%

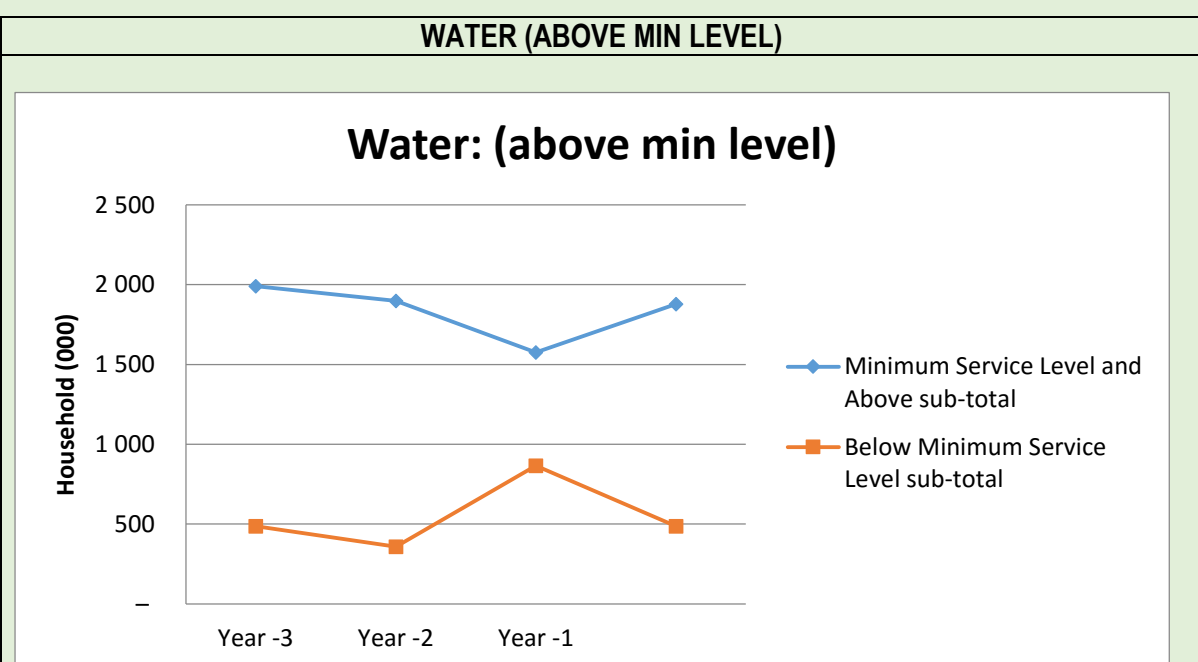
WATER					
Thabong: Installation of Zonal Water meters & Valves	3 481	3 481	-	-100%	-100%
Allanridge replacement of old galvanized steel	257	257	-	-100%	-100%
Thabong X20 (Hani Park): Extension of network, house connections and meters (180 stands)	882	882	-	-100%	-100%
Upgrade and Create New Sports and Recreational Facilities Phase 3 Thabong Stadium, Zuka Baloi Stadium & Kopano Indoor Centre	856	856	5 293	518%	518%
Meloding: Upgrading of Indoor Sports Complex	997	997	13 955	1300%	1300%
Thabong: Upgrading of the far east hall indoor sports and recreational facility	14 301	14 301	2 061	-86%	-86%
LOCAL ECONOMIC DEVELOPMENT AND TAXI RANKS					
Welkom: Upgrading & Provision of New Facilities for Streets Traders	78	78	78	-	-
Welkom: Industrial park SMME Zone Fencing/ Paving & Shelter	801	801	-	-100%	-100%
Welkom Regional Taxi Centres	2 236	2 236	604	-73%	-73%
SOLID WASTE MANAGEMENT					
Upgrading of Welkom Landfill Site	3 288	3 288	1 681	-49%	-49%
ELECTRICITY					
Matjhabeng High Mast Lights installation at Bronville and Meloding	445	445		-100%	-100%
Upgrading of Urania 132kV 20MVA Sub-Station	5 000	5 000	631	-87%	-87%
PMU					
PMU	6 061	6 061	10 960	81%	81%
COUNIL					
Municipal Buildings	3 510	3 510	920	-74%	-74%
Office Furniture and Equipment	2 500	2 500	1 553	-38%	-38%
Fleet and Equipment	20 000	20 000	30	-100%	-100%
Information Communication Technology	5 000	5 000	540	-89%	-89%
TOTAL	181 216	181 216	157 109	-13%	-13%
T. N					

APPENDIX A10 -2 – SERVICES

WATER SERVICE DELIVERY LEVELS				
Description	Year -3	Year -2	Year -1	Year 0
	Outcome	Outcome	Outcome	Actual
Household (000)				
Water: (above min level)				
Piped water inside dwelling	655	846		
Piped water inside yard (but not in dwelling)	456	486		
Using public tap (within 200m from dwelling)	465	546		
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	1 576	1 879		
<i>Minimum Service Level and Above Percentage</i>	65%	79%		
Water: (below min level)				

Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)	486	486		
No water supply				
<i>Below Minimum Service Level sub-total</i>	865	486		
<i>Below Minimum Service Level Percentage</i>	35%	21%		
Total number of households*	2 442	2 365		

HOUSEHOLDS - WATER SERVICE DELIVERY LEVELS BELOW THE MINIMUM				
Description	Year -3	Year -2	Year -1	Year 0
Household	Outcome	Outcome	Outcome	Actual
Formal Settlements				
Total households	100 000	100 000		
Households below minimum service level	25 000	25 000		
Proportion of households below minimum service level	25%	25%		
Informal Settlements				
Total households	100 000	100 000		
Households below minimum service level	25 000	25 000		
Proportion of households below minimum service level	25%	25%		



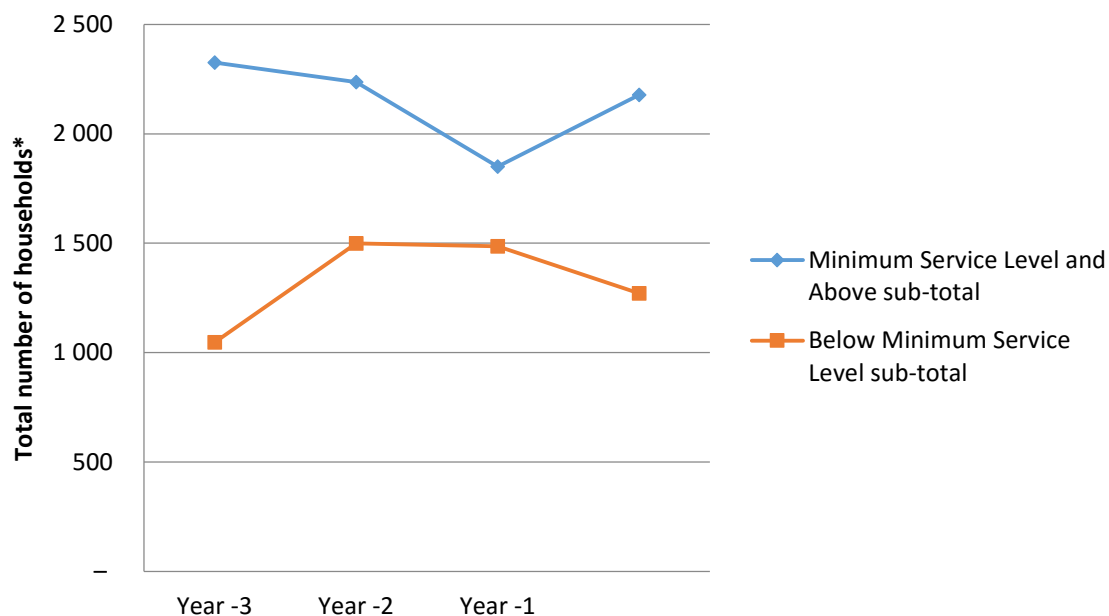
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SANITATION SERVICE DELIVERY LEVELS				
Description	2005/06	2006/07	2007/08	2008/09
	Outcome	Outcome	Outcome	Actual
Household (000)				
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	942	600	720	930
Flush toilet (with septic tank)	712	952	502	535
Chemical toilet	535	535	511	601
Pit toilet (ventilated)	124	135	103	100
Other toilet provisions (above min.service level)	13	13	15	11
<i>Minimum Service Level and Above sub-total</i>	2 325	2 236	1 851	2 178
<i>Minimum Service Level and Above Percentage</i>	68,9%	59,9%	55,5%	63,1%
Sanitation/sewerage: (below minimum level)				
Bucket toilet	502	952	938	720
Other toilet provisions (below min. service level)	535	535	535	535
No toilet provisions	10	11	12	15
<i>Below Minimum Service Level sub-total</i>	1 047	1 498	1 485	1 271
<i>Below Minimum Service Level Percentage</i>	31,1%	40,1%	44,5%	36,9%
Total number of households*	3 372	3 734	3 336	3 449

HOUSEHOLDS - SANITATION SERVICE DELIVERY LEVELS BELOW THE MINIMUM				
Description	2005/06	2006/07	2007/08	2008/09
Household	Outcome	Outcome	Outcome	Actual
Formal Settlements				
Total households	100 000	100 000	100 000	100 000
Households below minimum service level	25 000	25 000	25 000	25 000
Proportion of households below minimum service level	25%	25%	25%	25%
Informal Settlements				
Total households	100 000	100 000	100 000	100 000
Households below minimum service level	25 000	25 000	25 000	25 000
Proportion of households below minimum service level	25%	25%	25%	25%

SANITATION / SEWERAGE (ABOVE MINIMUM LEVEL)

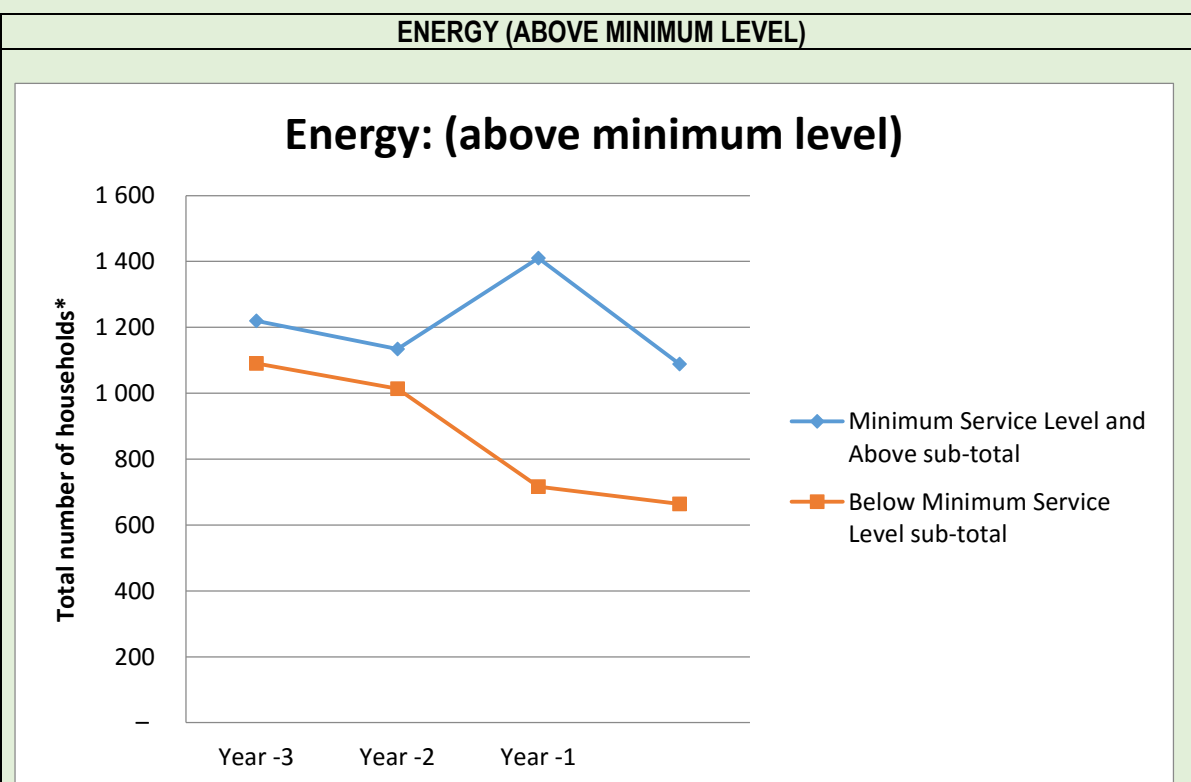
Sanitation/sewerage: (above minimum level)



ELECTRICITY SERVICE DELIVERY LEVELS				
Description	2005/06	2006/07	2007/08	2008/09
	Outcome	Outcome	Outcome	Actual
Household				
Energy: (above minimum level)				
Electricity (at least min.service level)	655	547	565	523
Electricity - prepaid (min.service level)	565	587	846	565
<i>Minimum Service Level and Above sub-total</i>	1 220	1 134	1 411	1 088
<i>Minimum Service Level and Above Percentage</i>	52,8%	52,8%	66,3%	62,1%
Energy: (below minimum level)				
Electricity (< min.service level)	112	123	124	124
Electricity - prepaid (< min. service level)	955	865	565	487
Other energy sources	24	26	28	54
<i>Below Minimum Service Level sub-total</i>	1 091	1 014	717	664
<i>Below Minimum Service Level Percentage</i>	47,2%	47,2%	33,7%	37,9%

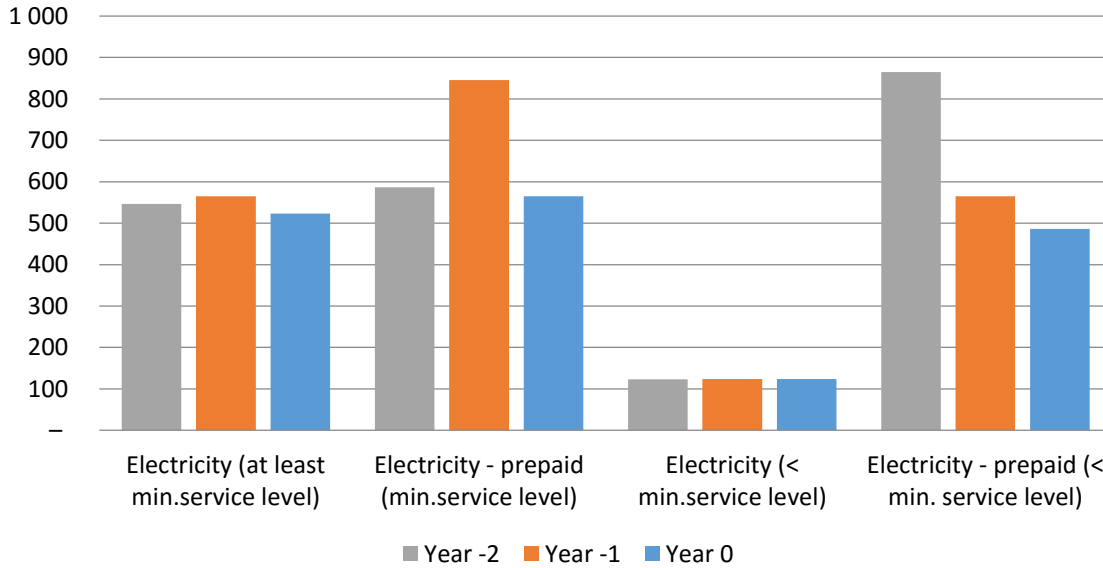
Total number of households*	2 310	2 147	2 127	1 753
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HOUSEHOLDS - ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM				
Description	2005/06	2006/07	2007/08	2008/09
	Outcome	Outcome	Outcome	Actual
Household (000)				
Formal Settlements				
Total households	100 000	100 000	100 000	100 000
Households below minimum service level	25 000	25 000	25 000	25 000
Proportion of households below minimum service level	25%	25%	25%	25%
Informal Settlements				
Total households	100 000	100 000	100 000	100 000
Households below minimum service level	25 000	25 000	25 000	25 000
Proportion of households below minimum service level	25%	25%	25%	25%



ELECTRICITY

Electricity

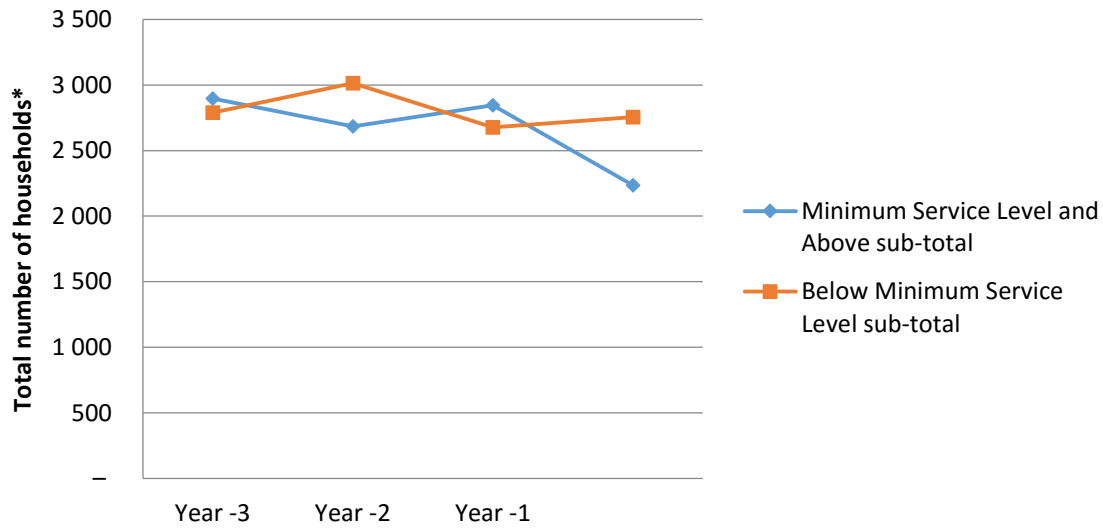


REFUSE REMOVAL SERVICE DELIVERY LEVELS

Description	2005/06	2006/07	2007/08	2008/09
	Outcome	Outcome	Outcome	Actual
Household				
Refuse Removal: (Minimum level)				
Removed at least once a week	2 895	2 685	2 846	2 235
<i>Minimum Service Level and Above sub-total</i>	2 895	2 685	2 846	2 235
<i>Minimum Service Level and Above percentage</i>	50,9%	47,1%	51,5%	44,8%
Refuse Removal: (Below minimum level)				
Removed less frequently than once a week	655	547	565	523
Using communal refuse dump	865	846	487	865
Using own refuse dump	655	547	565	523
Other rubbish disposal	502	952	938	720
No rubbish disposal	112	123	124	124
<i>Below Minimum Service Level sub-total</i>	2 790	3 015	2 678	2 755
<i>Below Minimum Service Level percentage</i>	49,1%	52,9%	48,5%	55,2%
Total number of households*	5 685	5 699	5 523	4 991

REFUSE REMOVAL (MINIMUM LEVEL)

Refuse Removal: (Minimum level)



Report of the auditor-general to the Free State Legislature and the council on the Matjhabeng Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Matjhabeng Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Matjhabeng Local Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the 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, 2016 (Act No. 3 of 2016) (DoRA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter:
7. Note 47 to the financial statements, indicates that the municipality incurred a net loss of R550 278 707 during the year ended 30 June 2017 and, as of that date, the municipality's current liabilities exceeded its current assets by R2 576 323 820. In addition, the municipality owed Eskom R1 464 169 380 (2016: R 957 081 689) and the water board R1 886 576 057 (2016: R 1 552 021 591) as at 30 June 2017. This debt is long overdue. These conditions, along with commitments and contingent liabilities as set forth in note 41 and 42 of the annual financial statements respectively, indicate the existence of a material

uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern and to meet its service delivery objectives.

Emphasis of matters

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

Irregular expenditure

9. As disclosed in note 51 to the financial statements, irregular expenditure of R323 171 276 (2016: R305 669 955) was incurred, due to non-compliance with supply chain management (SCM) requirements.

Fruitless and wasteful expenditure

10. As disclosed in note 50 to the financial statements, fruitless and wasteful expenditure of R186 771 314 (2016: R149 978 569) was incurred, mainly due to interest and penalties charged for late payments by suppliers.

Restatement of corresponding figures

11. As disclosed in note 44 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2017.

Material losses

12. As disclosed in note 52 to the financial statements, material electricity losses of R74 080 387 (2016: R75 434 684) was incurred, which represents 13,25% (2016:18,70%) of total electricity purchased, mainly due to tampering and theft.
13. As disclosed in note 52 to the financial statements, material water losses of R299 865 808 (2016: R205 292 597) was incurred, which represents 51,30% (2015: 50,45%) of total water purchased, mainly due to leakages, burst water pipes, line losses, tampering and theft.

Material impairments

14. As disclosed in note 12 to the financial statements, receivables from non-exchange transactions was impaired by R187 612 632 (2016: R173 681 854).
15. As disclosed in note 14 to the financial statements, receivables from exchange transactions was impaired by R1 532 476 770 (2016: R1 187 481 412).

Other matters

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

Unaudited disclosure notes

17. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement, as contained in note 52 to the financial statements, did not form part of the audit of the financial statements and, accordingly, I do not express opinion on it.

Service delivery matters

18. The construction of Thabong T16 waterborne sanitation of 1 300 stands project started in 2014 at a project value of R61 899 139. During the project site visit, it was identified that the lower lying areas of T16 sewer outfall were to gravitate to the pump station and from pump station to treatment plant because the area is sloping down and there is a need for a booster pump for the outfall to be able to divert to the waste water treatment plant. However, the municipality prioritised the construction of the toilet structures, plumbing, internal sewer ahead of the bulk network at the pump station due to poor planning; the sewer pipeline was not connected to the pump station. This resulted in sewer overflow around the area of construction at pump station and also within few meters of the residential area, which caused pollution of the environment and compromised the safety and health of the residents of Thabong.
19. The municipality entered into an agreement for the upgrading of Nyakallong waste water treatment works in 2012 for the amount of R52 299 552. A contractor was appointed in 2012 and paid an amount of R8 800 776 until 2013. In 2016, a new contractor was appointed, which is the contractor currently on site and is been paid to date an amount of R10 849 612. The accumulative amount, including amounts paid to the consultants, expensed on this contract to date is R29 689 653. The significant delays on the project have resulted in unbearable odour to the residential dwelling due to sewerage outflows running across the street.

Responsibilities of the accounting officer for the financial statements

20. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and 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.
21. In preparing the financial statements, the accounting officer is responsible for assessing the Matjhabeng Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the municipality or cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

22. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

23. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

24. 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 material findings on the reported performance information against predetermined objectives for selected key performance areas (KPAs) presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
25. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
26. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected KPAs presented in the annual performance report of the municipality for the year ended 30 June 2017:

KPA	Pages in the annual performance report
KPA 1 – basic service delivery and infrastructure investment	x – x

27. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
28. The material findings in respect of the reliability of the selected KPA are as follows:

KPA 1 – basic service delivery and infrastructure

Various indicators

29. The reported achievements for the indicators listed below were misstated, as the evidence provided did not agree with the reported achievements:

Indicator	Reported achievement	Audited value
Number of informal settlements formalised in identified wards	21	8
Number of pump stations refurbished to comply with Green Drop Standards	12	10
Number of sumps cleaned in the next financial year	4	6
Number of dysfunctional water meters replaced	2 800	1 700

Length (km) of undersigned gravel roads constructed

30. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of length of undersigned gravel roads constructed. This was due to limitations placed on the scope of my work, as a result of non-submission of supporting documentation. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 10km.

Other matters

31. I draw attention to the matters below.

Achievement of planned targets

32. Refer to the annual performance report on pages x to x; for information on the achievement of planned targets for the year and explanations provided for the underachievement of a significant number of targets. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraphs 29 to 30 of this report.

Report on the audit of compliance with legislation

Introduction and scope

33. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

34. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Annual financial statements, performance and annual reports

35. The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, liabilities and expenditure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

36. The annual performance report for the year under review did not include a comparison with the previous financial year and measures taken to improve performance, as required by section 46(1)(b) and (c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (Municipal Systems Act).

Procurement and contract management

37. Due to poor record keeping, sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements as reported in paragraph 38, 39 and 43 below. Similar limitation was also reported in the previous year.

38. Sufficient appropriate audit evidence could not be obtained that quotations were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

39. Sufficient appropriate audit evidence could not be obtained that quotations were only accepted from, and contracts awarded to, bidders whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43. Similar non-compliance was also reported in the previous year.

40. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the previous year.

41. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2).

42. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).

43. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

44. The performance of some of the contractors or service providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

45. Awards were made to service providers who were in the service of the municipality and whose directors were in the service of the municipality, in contravention of section 112(j) of the MFMA and SCM regulation 44. Furthermore, the service provider failed to declare that s/he was in the service of the municipality, as required by SCM regulation 13(c).

46. Awards were made to service providers who were in the service of other state institutions and whose directors were in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulation 44.

Expenditure management

47. Effective steps were not taken to prevent irregular expenditure of R323 171 276 as disclosed in note 51 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM processes.

48. Effective steps were not taken to prevent fruitless and wasteful expenditure of R220 861 454 as disclosed in note 50 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure was caused by interest levied by Eskom on late payments.

49. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Assets management

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

Liabilities management

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

Human resource management

52. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the Municipal Systems Act.

Budgets

53. Reasonable steps were not taken to prevent unauthorised expenditure of R1 031 091 788 as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by failure to budget for impairment of financial assets, and under-budgeting of bulk purchases and depreciation.

Other information

54. The Matjhabeng Local Municipality's accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected KPAs presented in the annual performance report that have been specifically reported in the auditor's report.
55. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
56. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected KPAs presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
57. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

Internal control deficiencies

58. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
59. The leadership did not always take adequate corrective actions in time to address weaknesses in the finance and performance reporting directorate. This resulted in non-compliance with applicable legislation and gave rise to unauthorised, irregular and fruitless and wasteful expenditure.
60. The leadership did not ensure that an organisational structure that is aligned to the municipality's needs was approved on time. As a result, personnel that needed to address the municipality's needs were not appointed during the financial year. The municipality tried to address the capacity constraints in the finance section by appointing the consultants; however, this may result in overreliance on the consultants if capacity constraints are not addressed.
61. Management did not, in all instances, prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. This resulted in material differences that gave rise to material adjustments in the annual financial statements submitted for auditing. Additionally, controls over revenue management were not effective, resulting in significant consumer accounts being billed using estimates without actual meter readings being taken.

62. The municipality did not implement effective human resource management to ensure that performance is monitored for all employees. As a result, material weaknesses in the internal controls environment reported in the previous year were not addressed.
63. The audit committee was not effective during the financial year as they only met twice. The contracts of all the audit committee members expired at the end of June 2017 and, as a result, they were not available to review the financial statements before they were submitted for auditing.
64. The internal audit division was not adequately resourced to plan and execute risk-based audits. As a result, a significant number of audits planned for 2016-17 were not done and they could not adequately advise the accounting officer and report to the audit committee on implementing the internal audit plan and matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management, performance management, loss control and compliance with the legislation.

Other reports

65. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
66. At the time of this report, there was an ongoing investigation being conducted by the South African Police Services into allegations of unauthorised amendments to the supplier banking details on the municipality's accounting system. The investigation covers the specific incident that occurred on 13 May 2016.
67. There was an ongoing investigation into allegations of forgery of the a signature of a municipal official that resulted in a payment being made without a service being rendered to the municipality. This investigation is being conducted by the South African Police Services and covers a specific incident that occurred on 11 November 2015. At the time of this report, this investigation had not yet been finalised.

Auditor-General

Bloemfontein

30 November 2017



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



Matjhabeng Local Municipality

Financial statements

for the year ended 30 June 2017

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

General Information

Legal form of entity

An organ of state within the local sphere of government exercising executive and legislative authority.

Nature of business and principal activities

Providing municipal services, infrastructure development and furthering the interest of the local community in the Matjhabeng area, Free State Province.

The following is included in the scope of operation

Area FS184, as a high capacity local municipality, as demarcated by the Demarcation Board and indicated in the demarcation map published for FS184

Grading of local authority

Local high capacity municipality.

Executive Mayor

Members of the Mayoral Committee

Speelman NW

Speelman NW - Executive Major

Direko DR - Spatial planning and land use management

Kabi M - Policy and Planning

Khalipha TD - Human Settlement

Lushaba TB - Community Services

Manese SD - Finance

Mawela VE - Corporate Services

Morris VR - Public Safety

Radebe MC - Local Economic Development

Radebe M L - Integrated development Planning

Tshopo M E - Technical Services / infrastructure

Badenhorst M J M

Badenhorst HS

Botha P F

Chaka MS

Claasen Malherbe C

Daly A

Jacobs EJ

Khetsi LE

Khothule MJ

Lethake TW

Liphoko SJ

Macingwane TM

Mafa D

Mafaisa MG

Mahlumba BH

Manenye AJ

Manzana NR

Marais JS

Masienyane M D (MPAC Chair)

Masina XN

Meli T S

Moipatle KV

Mokhomo H A

Molefi M

Molelekoa P M I

Moloja NJ

Monjovo N E

Councillors

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

General Information

Moshoeu ZS
Mosia TJ
Mphikeleli M A
Mthebere NA
Nkonka TD
Ngeobo ME
Nthako TD
Ntsebeng MH
Ntuli BN
Phofeli NM
Pholo SJ
Poo IP
Presente LN
Rakaki MM
Ramabobu BM
Ramalefane SJ
Ramatisa PT
Schleborch CJ (Resigned 31/05/2017)
Sebotsa MM
Senxezi ME
Sephiri MJ
Sithole MA
Stofile B (Speaker)
Styger A
Talijaard S M D
Thelingoane TJ
Thelingoane NE
Tlake K R
Tsatsa SJ
Tshabangu SE
Tsoaeli MS
Tsupa MR
Van Rooyen MS
Van Schalkwyk HCT

Accounting Officer

Tsoaeli T

Chief Financial Officer (CFO)

Sejake S (Acting)

Registered office

Civic Centre
319 Stateway
Welkom
Free State
9460

Postal address

PO Box 708
Welkom
Free State

9460

Bankers

ABSA Bank Limited
First National Bank

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

General Information

Attorneys

A full list of attorneys used during the year is available at the municipal offices.

Enabling legislation

Constitution of the Republic of South Africa, 1996(Act No 108 of 1996)

Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

Municipal Property Rates Act, 2004 (Act No.6 of 2004)

Municipal Structures Act, 1998 (Act No, 117 of 1998)

Municipal Systems Act, 2000 (Act No. 32 of 2000)

Website

www.matjhabeng.fs.gov.za

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Index

The reports and statements set out below comprise the financial statements presented to the council:

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Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11
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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 6 to 86, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2017.

Tsoeli T
Municipal Manager

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2017.

1. Review of activities

Main business and operations

The municipality is engaged in providing municipal services, infrastructure development and furthering the interest of the local community in the Matjhabeng area, Free State Province and operates principally in South Africa.

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

2. Going concern

We draw attention to the fact that at 30 June 2017, the municipality had accumulated surplus of R 2 361 909 711 and that the municipality's total assets exceed its liabilities by R 2 361 909 711.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

3. Subsequent events

During a council meeting held 31 August 2017 council resolved to write off the following amounts in respect of Irregular expenditure and Fruitless and wasteful expenditure as follows:

Council certified an amount of R413 701 258.00 incurred during 2016/2017 financial year as irrecoverable and to be written off as irregular expenditure.

Council certified an amount of R157 128 450 incurred during 2016/2017 financial year as irrecoverable and to be written off as fruitless and wasteful expenditure.

4. Accounting Officer

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

Surname and initials:

Tsoaeli T

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

Figures in Rand

Note(s)

2017

2016
Restated*

Assets

Current Assets

Inventories	10	6 727 272	9 055 237
Other receivables	11	22 594 263	27 059 034
Receivables from non-exchange transactions	12	123 606 074	131 261 067
VAT receivable	13	451 214 336	182 623 935
Receivables from exchange transactions	14	628 351 286	589 688 720
Cash and cash equivalents	15	2 768 694	11 520 330
		1 235 261 925	951 208 323

Non-Current Assets

Investment property	3	943 569 450	732 286 404
Property, plant and equipment	4	4 474 627 747	4 527 767 758
Heritage assets	5	7 104 349	7 104 349
Other financial assets	6	332 598	330 990
Receivables from non exchange transaction	8	27 871	511 134
Receivables from exchange transaction	9	276 196	4 060 246
		5 425 938 211	5 272 060 881

Total Assets

6 661 200 136 **6 223 269 204**

Liabilities

Current Liabilities

Bank overdraft	15	7 644 182	2 603 485
Unspent conditional grants and receipts	16	-	1 004 295
Payables from exchange transactions	18	3 753 085 015	2 815 800 231
Consumer deposits	19	38 320 875	36 250 584
Employee benefit obligation	7	12 535 673	11 163 511
		3 811 585 745	2 866 822 106

Non-Current Liabilities

Employee benefit obligation	7	437 313 953	394 801 261
Provisions	17	50 390 727	49 457 418
		487 704 680	444 258 679

Total Liabilities

4 299 290 425 **3 311 080 785**

Net Assets

2 361 909 711 **2 912 188 419**

Accumulated surplus		2 361 909 711	2 912 188 419
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* See Note 44

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	1 055 961 257	944 122 582
Rental of facilities and equipment	21	12 969 472	9 117 277
Commissions received	22	11 118 362	11 122 174
Other income	23	20 474 249	27 147 462
Interest received	24	154 335 991	127 102 109
Dividends received	24	14 033	17 251
Licences and permits	27	79 752	67 371
Total revenue from exchange transactions		1 254 953 116	1 118 696 226
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	279 795 592	262 455 047
Transfer revenue			
Government grants & subsidies	26	505 354 799	527 662 693
Donations received	28	209 300 121	40 887 463
Fines	54	5 040 953	11 207 303
Total revenue from non-exchange transactions		999 491 465	842 212 506
Total revenue		2 254 444 581	1 960 908 732
Expenditure			
Employee related costs	29	(654 633 722)	(611 810 850)
Remuneration of councillors	30	(28 790 999)	(27 190 642)
Depreciation	31	(210 591 424)	(207 909 516)
Finance costs	32	(225 560 704)	(119 574 046)
Debt impairment	33	(350 487 460)	(642 251 730)
Repairs and maintenance		(71 864 414)	(39 768 465)
Bulk purchases	34	(893 422 073)	(854 953 164)
Contracted services	35	(167 483 479)	(110 460 829)
General Expenses	36	(208 156 182)	(157 826 422)
Impairment loss	56	-	(255 832)
Total expenditure		(2 810 990 457)	(2 772 001 496)
Operating deficit		(556 545 876)	(811 092 764)
Actuarial gain / (loss) on employee benefits	7	6 265 561	(20 628 827)
Fair value adjustments	37	1 608	38 323 690
Gain on disposal of assets and liabilities	55	-	16 098
		6 267 169	17 710 961
Deficit for the year		(550 278 707)	(793 381 803)

* See Note 44

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	3 683 788 029	3 683 788 029
Adjustments		
Prior year adjustments	21 782 191	21 782 191
Balance at 01 July 2015 as restated*	3 705 570 220	3 705 570 220
Changes in net assets		
Surplus for the year as previously reported	(750 719 211)	(750 719 211)
Total changes	(750 719 211)	(750 719 211)
Opening balance as previously reported	2 954 851 009	2 954 851 009
Adjustments		
Prior year adjustments	(42 662 593)	(42 662 593)
Restated* Balance at 01 July 2016 as restated*	2 912 188 419	2 912 188 419
Changes in net assets		
Surplus for the year	(550 278 708)	(550 278 708)
Total changes	(550 278 708)	(550 278 708)
Balance at 30 June 2017	2 361 909 711	2 361 909 711

* See Note 44

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Cash Flow Statement

Figures in Rand

	Note(s)	2017	2016 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		1 110 657 899	853 818 583
Grants		504 350 504	522 642 502
Interest income		2 207 220	3 230 005
Dividends received		14 033	17 251
Other receipts		54 147 559	53 057 432
		1 671 377 215	1 432 765 773
Payments			
Employee costs		(650 570 382)	(600 014 777)
Suppliers		(863 645 013)	(736 560 343)
Finance costs		(260 194)	(114 539)
		(1 514 475 589)	(1 336 689 659)
Net cash flows from operating activities	39	156 901 626	96 076 114
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(159 530 453)	(93 156 132)
Proceeds from sale of property, plant and equipment	4	-	16 450
Proceeds from sale of financial assets		-	18 862 179
Net cash flows from investing activities		(159 530 453)	(74 277 503)
Cash flows from financing activities			
Employee benefit obligation payments		(11 163 507)	(12 848 529)
Net increase/(decrease) in cash and cash equivalents		(13 792 334)	8 950 082
Cash and cash equivalents at the beginning of the year		8 916 845	(33 240)
Cash and cash equivalents at the end of the year	15	(4 875 489)	8 916 842

* See Note 44

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	1 196 988 000	-	1 196 988 000	1 055 961 257	(141 026 743)	Note 57.1
Rental of facilities and equipment	11 469 000	-	11 469 000	12 969 472	1 500 472	Note 57.2
Licences and permits	42 000	-	42 000	79 752	37 752	Note 57.3
Commissions received	11 230 000	-	11 230 000	11 118 362	(111 638)	< 10%
Other income	84 292 000	-	84 292 000	20 474 249	(63 817 751)	Note 57.4
Interest received - investment	122 604 000	-	122 604 000	154 335 991	31 731 991	Note 57.5
Gains on disposal of assets	20 000 000	20 000 000	40 000 000	-	(40 000 000)	Note 57.6
Dividends received	18 000	-	18 000	14 033	(3 967)	Note 57.7
Total revenue from exchange transactions	1 446 643 000	20 000 000	1 466 643 000	1 254 953 116	(211 689 884)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	201 665 000	-	201 665 000	279 795 592	78 130 592	Note 57.8
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Transfer revenue

Government grants & subsidies	502 155 000	-	502 155 000	505 354 799	3 199 799	<10%
Public contributions and donations	-	-	-	209 300 121	209 300 121	Note 57.9
Fines	4 374 000	-	4 374 000	5 040 953	666 953	Note 57.10

Total revenue from non-exchange transactions

Total revenue from non-exchange transactions	708 194 000	-	708 194 000	999 491 465	291 297 465	
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Total revenue

Total revenue	2 154 837 000	20 000 000	2 174 837 000	2 254 444 581	79 607 581	
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Expenditure

Employee cost	(620 099 000)	-	(620 099 000)	(654 633 722)	(34 534 722)	<10%
Remuneration of councillors	(28 552 000)	-	(28 552 000)	(28 790 999)	(238 999)	<10%
Depreciation	(87 000 000)	-	(87 000 000)	(210 591 424)	(123 591 424)	Note 57.11
Impairment loss	(70 000 000)	-	(70 000 000)	-	70 000 000	Note 57.12
Finance costs	(105 980 000)	-	(105 980 000)	(225 560 704)	(119 580 704)	Note 57.13
Debt impairment	-	-	-	(350 487 460)	(350 487 460)	Note 57.14
Repairs and maintenance	(230 691 000)	-	(230 691 000)	(71 864 414)	158 826 586	Note 57.15
Bulk purchases	(676 436 000)	-	(676 436 000)	(893 422 073)	(216 986 073)	Note 57.16
Contracted Services	(80 000 000)	-	(80 000 000)	(167 483 479)	(87 483 479)	Note 57.17
General Expenses	(137 977 000)	-	(137 977 000)	(208 156 183)	(70 179 183)	Note 57.18

Total expenditure

Total expenditure	(2 036 735 000)	-	(2 036 735 000)	(2 810 990 458)	(774 255 458)	
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Operating Surplus

Operating Surplus	118 102 000	20 000 000	138 102 000	(556 545 877)	(694 647 877)	
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Actual gain (loss) on employee benefits

Actual gain (loss) on employee benefits	-	-	-	6 265 561	6 265 561	Note 57.19
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Fair value adjustments	-	-	-	1 608	1 608	Note 57.20
	-	-	-	6 267 169	6 267 169	
Deficit before taxation	118 102 000	20 000 000	138 102 000	(550 278 708)	(688 380 708)	

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount	118 102 000	20 000 000	138 102 000	(550 278 708)	(688 380 708)	

Matjhabeng Local Municipality

(Registration number FS 184)

Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	365 000 000	-	365 000 000	6 727 272	(358 272 728)	57.21
Other receivables	100 000 000	-	100 000 000	22 594 263	(77 405 737)	57.22
Receivables from non-exchange transactions	-	-	-	123 606 075	123 606 075	57.23
VAT receivable	-	-	-	451 214 336	451 214 336	57.24
Receivables from exchange transactions	2 200 000 000	-	2 200 000 000	628 351 286	(1 571 648 714)	57.23
Cash and cash equivalents	70 000 000	-	70 000 000	2 768 694	(67 231 306)	>15%
	2 735 000 000	-	2 735 000 000	1 235 261 926	(1 499 738 074)	
Non-Current Assets						
Investment property	480 000 000	-	480 000 000	943 569 450	463 569 450	57.27
Property, plant and equipment	5 000 000 000	-	5 000 000 000	4 474 627 747	(525 372 253)	57.26
Heritage assets	-	-	-	7 104 349	7 104 349	57.24
Other financial assets	1 322 000	-	1 322 000	332 598	(989 402)	57.28
Receivables from non-exchange transaction	-	-	-	27 871	27 871	57.23
Receivables from exchange transaction	7 000 000	-	7 000 000	276 196	(6 723 804)	57.23
	5 488 322 000	-	5 488 322 000	5 425 938 211	(62 383 789)	
Total Assets	8 223 322 000	-	8 223 322 000	6 661 200 137	(1 562 121 863)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	1 900 000 000	-	1 900 000 000	3 753 085 017	1 853 085 017	57.25
Consumer deposits	30 000 000	-	30 000 000	38 320 875	8 320 875	57.36
Employee benefit obligation	-	-	-	12 535 673	12 535 673	57.28
Bank overdraft	-	-	-	7 644 182	7 644 182	57.37
	1 930 000 000	-	1 930 000 000	3 811 585 747	1 881 585 747	
Non-Current Liabilities						
Employee benefit obligation	300 000 000	-	300 000 000	437 313 953	137 313 953	57.28
Provisions	20 000 000	-	20 000 000	50 390 727	30 390 727	58.28
	320 000 000	-	320 000 000	487 704 680	167 704 680	
Total Liabilities	2 250 000 000	-	2 250 000 000	4 299 290 427	2 049 290 427	
Net Assets	5 973 322 000	-	5 973 322 000	2 361 909 710	(3 611 412 290)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	5 973 322 000	-	5 973 322 000	2 361 909 710	(3 611 412 290)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates, penalties & collection charges	181 498 000	-	181 498 000	-	(181 498 000)	
Service charges	1 048 679 000	-	1 048 679 000	921 278 854	(127 400 146)	
Grants	502 155 000	-	502 155 000	504 350 504	2 195 504	>10%
Interest income	122 604 000	-	122 604 000	2 207 220	(120 396 780)	
Dividends received	18 000	-	18 000	14 033	(3 967)	>10%
Other revenue	81 343 000	-	81 343 000	54 147 559	(27 195 441)	57.29
	1 936 297 000	-	1 936 297 000	1 481 998 170	(454 298 830)	
Payments						
Suppliers and employee costs	(1 705 588 000)	-	(1 705 588 000)	(1 324 836 349)	380 751 651	57.25
Finance costs	(105 980 000)	-	(105 980 000)	(260 195)	105 719 805	57.30
Other payments	(32 850 000)	-	(32 850 000)	-	32 850 000	57.25
	(1 844 418 000)	-	(1 844 418 000)	(1 325 096 544)	519 321 456	
Net cash flows from operating activities	91 879 000	-	91 879 000	156 901 626	65 022 626	
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment	20 000 000	20 000 000	40 000 000	-	(40 000 000)	57.31
Decrease/(Increase) in non current debtors	287 983 000	-	287 983 000	-	(287 983 000)	57.32
Decrease/(Increase) in non current debtors	35 000 000	-	35 000 000	-	(35 000 000)	57.32
Purchase of capital assets	(133 363 000)	(20 000 000)	(153 363 000)	(159 530 453)	(6 167 453)	>10%
Net cash flows from investing activities	209 620 000	-	209 620 000	(159 530 453)	(369 150 453)	
Cash flows from financing activities						
Increase/(Decrease) in consumer deposits	15 000 000	-	15 000 000	-	(15 000 000)	57.32
Short term loans	10 000 000	-	10 000 000	-	(10 000 000)	57.33
Employee Benefit obligation payment	-	-	-	(11 163 507)	(11 163 507)	57.34
Net cash flows from financing activities	25 000 000	-	25 000 000	(11 163 507)	(25 000 000)	
Net increase/(decrease) in cash and cash equivalents	326 499 000	-	326 499 000	(13 792 334)	(329 127 827)	
Cash and cash equivalents at the beginning of the year	(322 324 000)	-	(322 324 000)	8 916 845	331 240 845	57.35

Cash and cash equivalents at the end of the year	4 175 000	-	4 175 000	(4 875 489)	2 113 018
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Reconciliation

Matjhabeng Local Municipality

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Financial Statements for the year ended 30 June 2017

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

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

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

These accounting policies are consistent with the previous period and in some cases additional information was included in the accounting policies.

1.1 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The municipality used the prime interest rate at year end to discount future cash flows.

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Financial Statements for the year ended 30 June 2017

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Useful lives of waste and water network and other assets

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

Employee benefit obligation

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7.

Provision for impairment of receivables

On consumer receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

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

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Financial Statements for the year ended 30 June 2017

Accounting Policies

1.4 Investment property (continued)

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

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

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

Fair value

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

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

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

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

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

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

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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Financial Statements for the year ended 30 June 2017

Accounting Policies

1.5 Property, plant and equipment (continued)

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Subsequent measurements:

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

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

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

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Transport assets	Straight line	4 - 15 years
Infrastructure	Straight line	3 - 100 years
Other movable assets	Straight line	2 - 20 years
Landfill rehabilitation asset	Straight line	8 - 20 years
Buildings	Straight line	2 - 50 years

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

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

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

Depreciation commences when the asset is ready for its intended use and ceases when the asset is derecognised.

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

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

1.6 Site restoration and dismantling cost

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

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Accounting Policies

1.6 Site restoration and dismantling cost (continued)

If the related asset is measured using the cost model:

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

1.7 Heritage assets

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

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

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.8 Financial instruments

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

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

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Accounting Policies

1.8 Financial instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Financial instruments (continued)

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

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

Classification

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

Class	Category
Other Financial assets	Financial asset measured at fair value
Other receivables	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of

financial position or in the notes thereto:

Class

Payables from exchange transactions
Consumer deposits
Unspent conditional grants and receipts
Bank overdraft

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Fair value measurement considerations

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

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

Reclassification

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

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

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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Accounting Policies

1.8 Financial instruments (continued)

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

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

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

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

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

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

Financial liabilities

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the

terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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1.8 Financial instruments (continued)

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

Presentation

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

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

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

Distributions to holders of residual interests are debited by the entity directly to net assets, net of any related income tax benefit where applicable. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit where applicable.

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

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

1.9 Tax

Value added tax (VAT)

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

1.10 Leases

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

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

Finance leases - lessee

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

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

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

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

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1.10 Leases (continued)

Operating leases - lessor

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

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

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

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

Operating leases - lessee

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

1.11 Inventories

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

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

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

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

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

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

1.12 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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Accounting Policies

1.12 Impairment of cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Identification

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that noncash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

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

1.13 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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

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Accounting Policies

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

1.14 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or

- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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

- an entity's decision to terminate an employee's employment before the normal retirement date; or

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Accounting Policies

1.14 Employee benefits (continued)

- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits

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

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

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and

benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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1.14 Employee benefits (continued)

Other long term employee benefit

The municipality has an obligation to provide long service benefits to all of its employees. According to the rules of the long service benefit scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long benefits are accounted for through the statement of financial performance.

1.15 Provisions and contingencies

Provisions are recognised when:

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

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

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

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

Provisions are not recognised for future operating deficits.

A contingent liability is:

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because:

- (i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

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1.16 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.17 Revenue from exchange transactions

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

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

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

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1.17 Revenue from exchange transactions (continued)

Interest, royalties and dividends

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

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

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

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.18 Revenue from non-exchange transactions

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

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

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

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

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

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

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

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

Recognition

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

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-

exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

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1.18 Revenue from non-exchange transactions (continued)

Measurement

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

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

Taxes

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

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

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

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

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

Fines

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

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

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

1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 Borrowing costs

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

1.21 Comparative figures

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

1.22 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and

- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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Accounting Policies

1.22 Unauthorised expenditure (continued)

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

1.23 Fruitless and wasteful expenditure

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

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

1.24 Irregular expenditure

Irregular expenditure as defined in section 32 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury circular 68 which was issued in terms of sections 32 of the Municipal Finance Management Act, Act 56 of 2003 on 10 May 2013 requires the following:

Irregular expenditure that was incurred and identified during the current financial and which was written off before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which approval for write off is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only written off in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not written off by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been written off and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 Budget information

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

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

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Financial Statements for the year ended 30 June 2017

Accounting Policies

1.25 Budget information (continued)

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2016 to 30/06/2017.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the statement of comparison of budget and actual amounts.

1.26 Related parties

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

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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

1.27 Events after reporting date

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

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

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

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

1.28 Consumer deposits

Consumer deposits are subsequently recorded in accordance with the accounting policy of trade and other payables.

1.29 Unspent conditional grants and receipts

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

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, an effective date has not yet been set by the Minister of Finance.

GRAP 20: Related parties

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

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

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

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

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

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

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

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

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
 - Management;
 - Related parties;
-

- Remuneration; and
- Significant influence

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

- Control;

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Financial Statements for the year ended 30 June 2017

Notes to the Financial Statements

2. New standards and interpretations (continued)

- Related party transactions; and
- Remuneration of management

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

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard. The

Impact of this standard is currently being assessed.

GRAP32: Service Concession Arrangements: Grantor

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

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

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

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard. The

Impact of this standard is currently being assessed.

GRAP108: Statutory Receivables

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

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

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

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard. The

Impact of this standard is currently being assessed.

GRAP 109: Accounting by Principals and Agents

This Interpretation of the Standards of GRAP provides guidance to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

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

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

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

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

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2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard. The Impact of this standard is currently being assessed.

iGRAP 17 Service Concession Arrangement Where a Grantor Controls a Significant Residual Interest in an Asset

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

The effective dates is not yet gazetted by the minister

The municipality expects to adopt the standard for the first time when the Minister set the effective date for the standard. The Impact of this standard is currently being assessed.

3. Investment property

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	943 569 450	-	943 569 450	732 286 404	-	732 286 404

Reconciliation of investment property - 2017



	Opening balance	Additions	Transfers	Total
Investment property	732 286 404	209 300 121	1 982 925	943 569 450

Reconciliation of investment property - 2016

	Opening balance	Fair value adjustments	Total
Investment property	693 954 498	38 331 906	732 286 404

Pledged as security

No property was pledged as security for any financial liability.

There are no contractual obligations on investment property.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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4. Property, plant and equipment

	2017	2016
Cost / Valuation	Accumulated Carrying value depreciation and accumulated impairment	Cost / Valuation Accumulated depreciation and accumulated impairment



Land and buildings 177 499	135 720 027	(38 448 689)	97 271 338	132 781 319	(34 603 820)	98
Transport assets 690 082	129 143 105	(57 002 537)	72 140 568	129 043 855	(48 353 773)	80
Infrastructure 676 603	8 249 143 554	(4 013 104 635)	4 236 038 919	8 100 951 927	(3 826 275 324)	4 274
Other movable assets 079 735	38 741 705	(21 657 636)	17 084 069	32 423 762	(17 344 027)	15
Landfill rehabilitation assets 143 839	79 926 415	(27 833 562)	52 092 853	80 022 530	(20 878 691)	59
Total 767 758	8 632 674 806	(4 158 047 059)	4 474 627 747	8 475 223 393	(3 947 455 635)	4 527

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions Total	Depreciation	
Land and buildings 271 338	98 177 499	2 938 708	(3 844 869)	97
Transport assets 140 568	80 690 082	99 250	(8 648 764)	72
Infrastructure 038 919	4 274 676 603	148 191 628	(186 829 312)	4 236
Other movable assets 084 069	15 079 735	6 317 943	(4 313 609)	17
Landfill rehabilitation assets 092 854	59 143 839	(96 115)	(6 954 870)	52
627 748	4 527 767 758	157 451 414	(210 591 424)	4 474



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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions Total	Additions through entity combinations	Disposals	Depreciation	Impairment loss	
Land and buildings 177 499	102 022 368	-	-	-	(3 844 869)	-	98
Transport assets 690 082	82 797 153	6 509 144	-	(352)	(8 430 526)	(185 337)	80
Infrastructure 676 603	4 333 275 171	126 689 603	-	-	(185 288 171)	-	4 274
Other movable assets 079 735	17 687 186	844 848	-	-	(3 381 803)	(70 496)	15
Landfill rehabilitation assets 143 839	64 455 317	-	1 652 667	-	(6 964 145)	-	59
767 758	4 600 237 195	134 043 595	1 652 667	(352)	(207 909 514)	(255 833)	4 527

Pledged as security

None of these assets were pledged as security.

Other information

Property, plant and equipment that was not used for any period of time during the reporting period that significantly impacted the delivery of goods and services of the entity (Carrying amount)

Transport assets	9 467 408	10 611 502
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A total number of 46 transport assets as disclosed above are kept locked up at the premises of a supplier of services due to alleged non-payment for services delivered to the municipality. The supplier refused access to the premises or the vehicles to



municipal staff. The municipality is in a process to contest the invoices and claims of the supplier. The case is currently served in court and the list of assets are recorded on the Sheriffs records. The assets were taken by the Sherrif on 21 October 2014.

Some of these assets were released on 07 July 2017 after arrangements were made with supplier.



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4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2017

	<u>Included within</u> Infrastructure	<u>Included within</u> Community	<u>Included within</u> Buildings	<u>Total</u>
Work in progress	261 386 196	86 506 093	2 938 708	350 830 997

Reconciliation of Work-in-Progress 2016

	<u>Included within</u> Infrastructure	<u>Included within</u> Community	<u>Total</u>
Work in progress	187 632 902	51 213 245	238 846 147

The municipality did not have any long overdue work in progress projects that have taken significant longer periods to complete.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Repairs and maintenance per class of asset

Buidings	3 194 667	2 348 636
Infrastructure	<u>56 865 797</u>	<u>35 262 863</u>
Vehicles	<u>11 803 950</u>	<u>2 156 966</u>
	71 864 414	39 768 465



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5. Heritage assets

	2017			2016		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	4 747 835	-	4 747 835	4 747 835	-	4 747 835
Mayoral chains	2 356 514	-	2 356 514	2 356 514	-	2 356 514
Total	7 104 349	-	7 104 349	7 104 349	-	7 104 349

Reconciliation of heritage assets 2017

	Opening balance	Total
Historical buildings	4 747 835	4 747 835
Mayoral chains	2 356 514	2 356 514
	7 104 349	7 104 349

Reconciliation of heritage assets 2016

	Opening balance	Total
Historical buildings	4 747 835	4 747 835
Mayoral chains	2 356 514	2 356 514
	7 104 349	7 104 349

Pledged as security



None of these assets were pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

6. Other financial assets

Designated at fair value

Unlisted shares	332 598	330 990
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The unlisted shares consist of 17,238 (2016:17,238) equity shares in Senwes Limited and 26,435 (2016:26,435) equity shares in Senwesbel Limited.

Non-current assets

Designated at fair value	332 598	330 990
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6. Other financial assets (continued)

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 2

Class 1 (Unlisted shares)

332 598

330 990

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

Financial assets pledged as collateral

Collateral

Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities

-

-

7. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:



Carrying value

Present value of the post employment medical aid benefit	(408 950 821)	(368 850 962)
Present value of the long service awards benefit	(40 898 805)	(37 113 810)
	(449 849 626)	(405 964 772)
Non-current liabilities	(437 313 953)	(394 801 261)
Current liabilities	(12 535 673)	(11 163 511)
	(449 849 626)	(405 964 772)

These obligations are not a funded arrangement, no separate assets have been set aside currently to meet these obligations.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	405 964 772	349 773 364
Net expense recognised in the statement of financial performance	43 884 854	56 191 408
	449 849 626	405 964 772



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7. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

Service cost	23 436 725	17 499 056
Interest cost	37 877 201	30 912 050
Actuarial (gains) / losses	(6 265 561)	20 628 827
Expected benefits paid	(11 163 511)	(12 848 525)
	43 884 854	56 191 408

Post-retirement medical aid plan

The municipality has a post-employment medical aid fund for its pensioners. The post-retirement medical aid benefits are in accordance with Resolution 8 of the South African Local Government Bargaining Council (SALGBC), signed on 17 January 2003, which states that an employee who retires from employment with an employer and who immediately prior to his or her retirement, enjoyed the benefit of the subsidy of his or her medical aid contributions by his or her employer, will continue to receive a subsidy calculated as follows:

- If the employee is 55 years or older on 1 July 2003, his or her subsidy from the employer as at the date of retirement will be 60% to a maximum amount of the norm of the cost of his or her medical aid scheme contributions as at the day immediately prior to the date of his or her retirement;
- If the employee is 50 years or older on 1 July 2003, his or her subsidy will be 50% to a maximum amount of the norm of the cost of his or her medical scheme contributions as at the day immediately prior to the date of his or her retirement.

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes: - Bonitas

- Hosmed
- Discovery
- Key-health
- LA Health
- Samwumed

Long service benefits

The municipality's liability for long-service benefits relating to vested leave benefits to which employees may become entitled upon completion of five years service and every five years thereafter. These leave benefits are in accordance paragraph 11 of the South African Local Government Bargaining Council (SALGBC) collective agreement on



conditions of service for the Free State division of SALGBC which was signed on July 2010.

In accordance with South African Local Government Bargaining Council (SALGBC) issued circular 1 of 2011 (issued 27 June 2011 with an effective date of 1 March 2011), specific bonuses is payable to employees for long service. Bonuses are payable in the following scales:

Years of service completed	Percentage of annual salary as bonus	Additional leave days
> 5 Years	2%	5 days
> 10 Years	3%	10 days
> 15 Years	4%	15 days
> 20 Years	5%	15 days
> 25 - 45 Years	6%	15 days

Calculation of actuarial gains and losses

Actuarial (gains) / losses - long service	91 946	7 393 777
Actuarial (gains) / losses - medical aid	(6 357 507)	13 235 050
	(6 265 561)	20 628 827



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7. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

CPI (medical aid)	6.82 %	7.07 %
CPI (long service)	5.52 %	6.34 %
Discount rate (Medical aid)	9.94 %	9.54 %
Discount rates used (long service awards)	8.72 %	8.65 %
Medical aid inflation rates (medical aid)	8.32 %	8.57 %
Net discount rate (long service awards)	2.07 %	0.93 %
Net discount rate (medical aid)	1.50 %	0.93 %
Salary increase rate (long service awards)	6.52 %	7.00 %
Continuation percentage	100.00 %	100.00 %

Other assumptions

The effect of a one percentage increase / decrease in the net discount rate is as follows for the 2017 financial year:

	1% point increase	1% point decrease
Employer's accrued liability (long service awards)	43 723 279	38 345 505
Employer's expenses cost (long service awards)	3 930 410	3 389 219
Employer's accrued liability (medical aid)	352 390 788	480 131 001
Service cost (medical aid)	19 923 394	29 028 099
Interest (long service awards)	3 696 792	3 228 747
Interest (medical aid)	38 010 669	42 481 710

The municipality expects to pay benefits of R9,888,182 towards post-retirement medical aid and R2,647,491 towards long service benefits to its employee benefits in the next financial year.

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

2017

2016

2015

2014

2013



Defined benefit obligation	R (449 849 626)	R (405 964 772)	R (349 773 364)	R (322 410 090)	R (305 077 529)
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7. Employee benefit obligations (continued)

Defined contribution plan

The municipality makes provision for post-retirement benefits to all employees and councillors, who belong to different defined retirement contribution plans which are administrated by various pension, provident and annuity funds.

These plans are subject to the Pension Fund Act, 1956 (Act No. 24 of 1956) and include defined contribution plans.

The municipality is under no obligation to cover any unfunded benefits. The only obligation of the municipality is to make the specified contributions.

The following plans are multi-employer funds and are defined contribution plans: - South African Local Authorities Pension Fund (SALA)

- Free State Municipal Pension Fund (FSMPF)

- Municipal Councillors Pension Fund (MCPF)

Sufficient information was not available to use defined benefit accounting for the funds and it was accounted for as defined contribution plans due to the following reasons:

- The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers; - One set of financial statements are compiled for all the funds and not for each participating employer; and
- The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

This is in line with the exemption in GRAP 25 paragraph 31 which states that where information required for proper defined benefit accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans.

The amount recognised as an expense for the defined contribution plan is

43 884 854

56 191 408

8. Receivables from non-exchange transaction

Receivables from non-exchange transactions pledged as security: None of the consumer receivables were

pledged as security.

Renegotiated terms:

None of the receivables that are fully performing have been renegotiated in the last year. **Fair value of receivables:**

The carrying value of the consumer receivables recorded at amortised cost approximate their fair values.



Receivables from non-exchange transactions impaired:

As of 30 June 2017, receivables from non-exchange transaction (non-current) of R1 133 295 (2016: R1 980 562) were impaired and provided for.

The following factors was considered in determining the impairment: - Aging of the outstanding debt.

- Whether or not any payment was received during the year.

- Whether the account is active or inactive.

- Whether the account is that of an owner or a tenant.



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9. Receivables from exchange transaction		
Non-current arrangements - services	9 885 935	20 257 060
Allowance for impairment	(9 609 739)	(16 196 814)
	276 196	4 060 246
Services aging for arrangements		
91+ days	276 196	4 060 246

Receivables from exchange transactions pledged as security:

None of the receivables from exchange transactions were pledged as security.

Renegotiated terms:

None of the receivables that are fully performing have been renegotiated in the last year

Fair value of receivables

The carrying value of the consumer receivables recorded at amortised cost approximate their fair values.

Receivables from exchange transactions impaired:

As of 30 June 2017, receivables from exchange transaction (non-current) of R9 609 739 (2016: R16 196 814) were impaired and provided for.

The following factors was considered in determining the impairment: - Aging of the outstanding debt.

- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

10. Inventories



Consumable stores	4 785 336	7 499 133
Water in reservoirs and pipelines	1 941 936	1 556 104
	6 727 272	9 055 237

Stock losses due to theft (2017: Case number 95/02/2017),(2016: Case number 596/06/2016)	216 888	81 239
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Inventories recognised as an expense during the year - Water. Refer to note 34	468 651 889	451 755 625
--	-------------	-------------

Inventories recognised as an expense during the year - Other. Refer to note 36.

Inventory pledged as security

None of the inventory was pledged as security for any financial liability of the municipality.

11. Other receivables

Accrued interest	64 222	106 572
Consumer deposits receivable	5 884 740	5 884 740
Deposits	9 850	9 850
Sundry receivables	6 809 798	3 142 722
Traffic fines receivable	9 825 653	17 915 150
	22 594 263	27 059 034



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11. Other receivables (continued)

Other receivables pledged as security

None of the other receivables were pledged as security during the year.

Fair value of other receivables

The carrying value of consumer deposits approximate their fair values.

Other receivables past due but not impaired

None of the other receivables are considered to be impaired.

Other receivables impaired:

As of 30 June 2017, none of the other receivables were impaired and provided for.

The following factors was considered in determining the impairment: -
Aging of the outstanding debt.

- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

12. Receivables from non-exchange transactions

Consumer receivables - rates

311 218 706 304 942 921

Allowance for impairment - rates

(187 612 632) (173 681 854)

123 606 074 131 261 067

Receivables from non-exchange transactions pledged as security

None of the receivables from non-exchange transactions were pledged as security.

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from non-exchange transactions past due but not impaired

At 30 June 2017, R7 708 429.79 (2016: R34 465 028.50) were past due but not impaired.

1 month past due

317 076 8 443 858

2 months past due

354 016 5 027 868

3 months past due

7 037 338 20 993 303

Rates aging

Current (0 -30 days)

18 353 268 20 396 614

31 - 60 days

8 304 823 12 175 846

61 - 90 days

7 547 819 11 269 804

91 days +

278 173 962 263 592 353

Less: Allowance for impairment

(188 745 927) (175 662 416)

123 633 945 131 772 201

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12. Receivables from non-exchange transactions (continued)

Fair value of receivables

The carrying value of the receivables from non-exchange transactions recorded at amortised cost approximate their fair values.

Receivables from non-exchange transactions impaired:

As of 30 June 2017, receivables from non-exchange transactions of R188 745 927 (2016: R175 662 416) were impaired and provided for.

The following factors was considered in determining the impairment: -

Aging of the outstanding debt.

- Whether or not any payment was received during the year.

- Whether the account is active or inactive.

- Whether the account is that of an owner or a tenant.

Renegotiated terms:

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

13. VAT receivable

VAT	451 214 336	182 623 935
-----	-------------	-------------

14. Receivables from exchange transactions

Gross balances

Electricity	256 439 743	218 888 057
Water	989 882 473	827 087 969
Sewerage	386 802 316	315 515 909
Refuse	261 249 361	213 330 414
Other receivables	3 973 078	4 571 836
Rentals	59 156 816	49 799 357
Sundries	93 419 672	85 704 088
Unmetered consumption - water	46 575 226	21 229 023
Unmetered consumption - electricity	73 215 306	61 300 537
Less: Non-current consumer receivables (Arrangements)	(9 885 935)	(20 257 060)

2 160 828 056 1 777 170 130

Less: Allowance for impairment

Electricity	(141 210 727)	(117 335 467)
Water	(778 272 326)	(593 406 095)
Sewerage	(292 445 969)	(240 983 687)
Refuse	(202 356 399)	(166 776 359)
Rentals	(50 639 929)	(30 281 866)
Sundries	(74 133 423)	(52 114 723)
Other receivables	(3 027 736)	(2 780 029)
Less: Non-current consumer receivables (Arrangements)	9 609 739	16 196 814

(1 532 476 770) (1 187 481 412)

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14. Receivables from exchange transactions (continued)		
Net balance		
Electricity	115 229 016	101 552 591
Water	211 610 146	233 681 874
Sewerage	94 356 347	74 532 222
Refuse	58 892 962	46 554 056
Rentals	8 516 887	19 517 491
Sundries	19 286 250	33 589 365
Other receivables	945 342	1 791 807
Unmetered consumption - water	46 575 226	21 229 023
Unmetered consumption - electricity	73 215 306	61 300 537
Non-current consumer receivables (Arrangements)	(276 196)	(4 060 246)
	628 351 286	589 688 720
Electricity		
Current (0 -30 days)	41 569 055	36 294 677
31 - 60 days	12 055 073	14 550 075
61 - 90 days	7 823 851	6 983 545
91 + days	194 991 763	161 059 761
Less: Impairment	(141 210 727)	(117 335 467)
	115 229 015	101 552 591
Water		
Current (0 -30 days)	44 561 919	53 473 992
31 - 60 days	25 449 343	33 175 663
61 - 90 days	36 447 532	21 276 106
91+ days	883 423 678	719 162 209
Less: Impairment	(778 272 326)	(593 406 096)
	211 610 146	233 681 874
Sewerage		
Current (0 -30 days)	12 871 708	11 311 220
31 - 60 days	13 631 524	8 829 417
61 - 90 days	8 947 181	8 206 870
91+ days	351 351 903	287 168 402
Less: Impairment	(292 445 969)	(240 983 687)
	94 356 347	74 532 222
Refuse		
Current (0 -30 days)	7 974 627	6 927 306
31 - 60 days	8 830 600	5 306 232
61 - 90 days	5 773 118	5 027 914
91+ days	238 671 016	196 068 963
Less: Impairment	(202 356 399)	(166 776 359)
	58 892 962	46 554 056

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14. Receivables from exchange transactions (continued)		
Rentals		
Current (0 -30 days)	2 715 969	698 592
31 - 60 days	873 003	692 311
61 - 90 days	858 361	695 457
91+ days	54 709 483	47 712 998
Less: Impairment	(50 639 929)	(30 281 866)
	8 516 887	19 517 492
Sundries		
Current (0 -30 days)	2 809 091	2 779 062
31 - 60 days	1 700 878	2 629 583
61 - 90 days	2 480 463	2 177 667
91+ days	86 429 240	78 068 217
Less: Impairment	(74 133 423)	(52 114 723)
	19 286 249	33 539 806
Sundry receivables consist mainly of connection fees, escort fees, miscellaneous fees as per tariff list, pounding fees and driving fees.		
Other		
Current (0 -30 days)	40 516	95 193
31 - 60 days	17 986	22 593
61 - 90 days	15 836	13 873
91+ days	3 898 739	4 440 177
Less: Impairment	(3 027 736)	(2 780 030)
	945 341	1 791 806
Unmetered consumption - water		
Current (0 -30 days)	46 575 226	21 229 023
Unmetered consumption - electricity		
Current (0 -30 days)	73 215 306	61 300 537

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14. Receivables from exchange transactions (continued)

Summary of receivables by customer classification

Consumers

Current (0 -30 days)	81 091 001	79 005 751
31 - 60 days	54 501 933	54 850 684
61 - 90 days	57 123 416	39 260 011
91+ days	1 671 055 537	1 389 090 723
	<u>1 863 771 887</u>	<u>1 562 207 169</u>
Less: Allowance for impairment	<u>(1 474 135 709)</u>	<u>(1 141 125 215)</u>
	389 636 178	421 081 954

Business, Industrial and commercial

Current (0 -30 days)	40 250 611	31 279 626
31 - 60 days	12 270 694	14 093 803
61 - 90 days	9 505 326	9 271 877
91+ days	349 619 113	316 382 331
	<u>411 645 744</u>	<u>371 027 637</u>
Less: Allowance for impairment	<u>(225 362 417)</u>	<u>(204 713 465)</u>
	186 283 327	166 314 172

National and provincial government

Current (0 -30 days)	6 176 835	7 893 944
31 - 60 days	2 699 845	5 858 899
61 - 90 days	1 896 057	4 685 234
91 + days	32 859 791	4 219 563
	<u>43 632 528</u>	<u>22 657 640</u>

Indigents

Current (0 -30 days)	4 109	26 454
31 - 60 days	2 047	87 306
61 - 90 days	11 052	41 379
91 + days	1 424 978	2 559 767
	<u>1 442 186</u>	<u>2 714 906</u>
Less: Allowance for impairment	<u>(1 438 516)</u>	<u>(2 714 906)</u>
	3 670	-

Farms and agriculture

Current (0 -30 days)	3 371 329	2 962 810
31 - 60 days	1 386 477	2 491 026
61 - 90 days	1 354 521	2 392 735
91 + days	33 542 855	44 761 283
Less: Allowance for impairment	<u>(29 895 793)</u>	<u>(36 825 715)</u>
	9 759 389	15 782 139

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14. Receivables from exchange transactions (continued)

Receivables from exchange transactions past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2017, R 37 455 693 (2016: R 27 144 485) were past due but not impaired.

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

1 month past due	2 699 845	10 814 218
2 months past due	1 896 057	3 064 512
3 months past due	32 859 791	13 265 755

Receivables from exchange transactions pledged as security

None of the receivables from exchange transactions were pledged as security.

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from exchange transactions impaired:

As of 30 June 2017, receivables from exchange transactions of R1 532 476 770 (2016: R1 187 481 412) were impaired and provided for.

The following factors was considered in determining the impairment: -

Ageing of the outstanding debt.

- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant.

Renegotiated terms:

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

Fair value of receivables from exchange transactions:

The carrying value of the receivables from exchange transactions recorded at amortised cost approximate their fair values.

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand and advances	9 474	9 474
Short-term deposits	2 759 220	10 637 028
Collections account	-	873 828
Bank overdraft	(7 644 182)	(2 603 485)
	(4 875 488)	8 916 845
Current assets	2 768 694	11 520 330
Current liabilities	(7 644 182)	(2 603 485)
	(4 875 488)	8 916 845

No restrictions have been imposed on the municipality in terms of the availability of its cash and cash equivalents for use. The

total amount of undrawn facilities available for future operating activities and commitments are as follows:

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15. Consumer debtors disclosure (continued)

ACB mag tape debit facility	2 000 000	2 000 000
Housing guarantee	500 000	500 000
Fleet card	60 000	60 000

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates.

Cash and cash equivalents pledged as collateral

None of the cash and cash equivalents were pledged as collateral.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
ABSA - Primary cheque account Acc no (40-5370-5465)	4 451 405	(482 599)	2 187 120	(5 130 060)	(836 542)	(775 550)
ABSA Market Cheque account Acc no (40-5644-3399)	100 315	918 032	1 497 072	(2 514 123)	(1 766 943)	(793 822)
FNB Collection Cheque account - Acc no (542-3117-3409)	-	873 828	785 576	-	873 828	785 576
ABSA Savings account Acc no (91-9461-7107)	2 754 004	9 870 795	1 000	2 754 004	9 870 795	1 000
ABSA Savings account Acc no (91-0668-4115)	1 064	1 000	1 201	1 059	1 000	1 201
ABSA Savings account Acc no (91-1114-1338)	1 056	1 000	1 011	1 051	1 000	1 011
ABSA Savings account Acc no (91-0668-4238)	1 065	1 000	1 077	1 060	1 000	1 077
ABSA Savings account Acc no (91-0668-4157)	1 016	1 000	1 001	1 014	1 000	1 001
ABSA Savings account Acc no (91-2351-5666)	1 016	1 000	1 002	1 014	1 000	1 002
FNB Call account Acc no (614- 04001177)	-	5 140	5 074	-	5 140	5 074
FNB Call account Acc no (620- 0350-3019)	-	756 093	709 079	-	756 093	709 079
Total	7 310 941	11 946 289	5 190 213	(4 884 981)	8 907 371	(63 351)

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Integrated national electrification programme (INEP)	-	600 001
Energy efficiency and demand side management programme (EEDSM)	-	404 294
	-	1 004 295

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16. Unspent conditional grants and receipts (continued)		
Movement during the year		
Balance at the beginning of the year	1 004 295	6 024 486
Additions during the year	504 350 505	522 142 502
Income recognition during the year	(505 354 800)	(527 162 693)
	-	1 004 295

The nature and extent of government grants recognised in the financial statements are an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. See note 26 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

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17. Provisions

Reconciliation of provisions - 2017

	Opening Balance	Discounting	Change in the net discount rate	Total
Rehabilitation of landfill sites	49 457 418	1 029 424	(96 115)	50 390 727

Reconciliation of provisions - 2016

	Opening Balance	Discounting	Change in the net discount rate	Total
Rehabilitation of landfill sites	50 144 032	(2 339 282)	1 652 668	49 457 418

Rehabilitation of landfill sites

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).

Management has included the best estimated amount as the actual amount is uncertain. The payment of total closure and rehabilitation dates are uncertain.

The provision has been determined by an independent firm of consultants through investigation to determine the best estimated rehabilitation costs for the waste disposal sites at the end of its useful life.

The discount rate used for the landfill sites is based on a risk free rate which is in line with the useful life of the landfill sites. The municipality has five active landfill sites, as per the asset register:

Landfill	Estimated useful life
Allanridge	8 years (2016: 9 years)
Henneman (Phomolong)	11 years (2016: 12 years)
Odendaalsrus	23 years (2016: 24 years)
Virginia (Transfer Station)	11 years (2016: 12 years)
Bronville (Welkom)	5 years (2016: 6 years)

There were no landfill sites developed, planned, rehabilitated or closed during the current or prior year.

Discount rate assumptions (Additional information to the prior year financial statements)

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

	30 June 2017	30 June 2016	30 June 2015
Discount rate (D)	8.78 %	8.76 %	9.08 %
Consumer price inflation (C)	5.00 %	5.58 %	6.70 %
Net discount rate $((1+D)/(1+H)-1)$	3.60 %	3.02 %	2.23 %

Movement in the closing balance of the provision

Active landfill sites - 30 June 2016	Opening balance 1 July 2015	Discounting	Movement due to change in net	Closing balance 30 June 2016
--------------------------------------	-----------------------------	-------------	-------------------------------	------------------------------

			discount rate	
Odendaalsrus	12 649 265	(2 050 839)	774 277	11 372 703
Bronville (Welkom)	22 554 307	296 171	406 371	23 256 849
Allanridge	4 833 489	(89 122)	127 121	4 871 488

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17. Provisions (continued)

Henneman (Phomolong)	8 056 132	(394 951)	274 915	7 936 096
Virginia (Transfer Station)	2 050 839	(100 542)	69 985	2 020 282
	50 144 032	(2 339 283)	1 652 669	49 457 418

Active landfill sites - 30 June 2017

	Opening balance 1 July 2016	Discounting	Movement due to change in net discount rate	Closing balance 30 June 2017
Odendaalsrus	11 372 703	(535 523)	(45 735)	10 791 445
Bronville (Welkom)	23 256 849	1 214 951	(22 488)	24 449 312
Allanridge	4 871 488	170 474	(7 411)	5 034 551
Henneman (Phomolong)	7 936 096	143 094	(16 325)	8 062 865
Virginia (Transfer Station)	2 020 282	36 427	(4 155)	2 052 554
	49 457 418	1 029 423	(96 114)	50 390 727

18. Payables from exchange transactions

Accrued bonus	8 699 633	8 390 026
Accrued leave pay	67 057 194	64 977 157
Deferred income - pre paid electricity	1 600 000	1 300 000
Deposits received - halls and facilities	15 175	31 904
Eskom	1 464 169 380	957 081 689
Payments received in advance from consumer receivables	48 826 585	39 099 724
Salary control accounts	42 577 765	35 290 424
Sedibeng Water	1 886 576 057	1 552 021 591
Trade payables	233 563 226	157 607 716
	3 753 085 015	2 815 800 231

Fair value of trade and other payables

The carrying value of trade and other payables approximate their fair values.

19. Consumer deposits

Electricity and water	37 792 822	36 173 545
Key deposits	528 053	77 039
	38 320 875	36 250 584

Guarantees held in lieu of electricity and water deposits amounted to R 6,040,465 (2015: R 6,040,465)

Deposits are paid by consumers on application for new electricity and water connections. The deposits are repaid when the electricity and water connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account balance.

Deposits are paid by lessees on application for new rental properties of the municipality. No

interest is paid to consumers on deposits held.

The carrying value of consumer deposits approximate their fair values.

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20. Service charges		
Sale of electricity	556 343 610	488 626 226
Sale of water	342 295 037	322 440 413
Sewerage and sanitation charges	149 194 731	128 256 386
Refuse removal	93 709 261	78 928 071
Less: Income foregone - indigents	(41 396 044)	(45 666 204)
Less: Municipal utilities	(44 185 337)	(28 462 310)
	1 055 961 258	944 122 582
21. Rental of facilities and equipment		
Premises		
Premises	12 548 473	8 790 737
Facilities and equipment		
Rental of facilities	420 998	326 540
	12 969 471	9 117 277
22. Commission received		
Commissions received	11 118 362	11 122 174
23. Other income		
Connection fees	991 399	834 970
Disconnection fees	9 600 169	15 595 105
Meter fees	1 267 474	1 905 176
Monitoring fees	925 093	942 173
Services rendered	2 386 749	2 414 801
Sundry income	3 636 771	3 619 092
Sundry services	1 666 595	1 836 145
	20 474 250	27 147 462
24. Interest and dividends received		
Dividend revenue		
Unlisted shares - Local	14 033	17 251
Interest revenue		
Bank and investments	2 207 220	3 230 005
Interest charged on consumer receivables	152 128 771	123 872 104
	154 335 991	127 102 109
	154 350 024	127 119 360

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25. Property rates

Rates received

Commercial	125 361 490	169 549 572
Residential	86 085 094	83 795 254
Small holdings and farms	8 733 892	8 208 120
State	59 615 116	1 179 009
Less: Income foregone - indigents	-	(276 908)
	279 795 592	262 455 047

Included in property rates are income forgone. Income forgone can be defined as any income that the municipality is entitled to by law to levy, but which has subsequently been forgone by way of rebate or remission.

Valuations

Commercial	5 340 389 912	4 323 778 590
Residential	12 724 813 001	12 574 978 411
Small holdings and farms	3 231 362 480	3 233 122 480
State	1 809 671 200	1 532 569 900
Exempted	119 219 000	1 271 624 102
	23 225 455 593	22 936 073 483

Valuations on land and buildings are performed every four years. The last general valuation roll came into effect on 1 July 2015, and is based on market-related values. Supplementary valuations are processed when completed by the valuer annually, to take into account changes to individual property values due to alterations and subdivisions.

The first R 75,000 of the valuation of residential property is exempted from rates.

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26. Government grants and subsidies

Operating grants

Equitable share	385 851 295	402 908 668
Extended public works program (EPWP)	1 131 000	1 072 000
Finance management grant (FMG)	1 810 000	1 675 000
Municipal systems improvement grant (MSIG)	-	930 000
Subsidies received	2 000 000	500 000
Sector education and training authority (SETA)	1 199 505	3 330 319
	391 991 800	410 415 987

Capital grants

Energy efficiency and demand side management programme (EEDSM)	-	2 595 706
Municipal infrastructure grant (MIG)	113 363 000	114 651 000
	113 363 000	117 246 706
	505 354 800	527 662 693

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	119 503 505	124 754 025
Unconditional grants received	385 851 295	402 908 668
	505 354 800	527 662 693

Equitable Share

Current year receipts	385 851 295	402 908 668
Conditions met - transfer to revenue	(385 851 295)	(402 908 668)
	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal infrastructure grant (MIG)

Current-year receipts	113 363 000	114 651 000
Conditions met - transferred to revenue	(113 363 000)	(114 651 000)
	-	-

This grant is used to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households.

Finance Management Grant (FMG)

Current-year receipts	1 810 000	1 675 000
Conditions met - transferred to revenue	(1 810 000)	(1 675 000)
	-	-

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

Municipal systems improvement grant (MSIG)

Current-year receipts	-	930 000
Conditions met - transferred to revenue	-	(930 000)

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26. Government grants and subsidies (continued)

The purpose of this grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government and the Municipal Systems Act, 2000 (Act No. 32 of 2000).

Integrated national electrification program (INEP)

Balance unspent at beginning of year	600 001	1 018 931
Current-year receipts	-	600 000
Grant withheld by National Treasury through equitable share	(600 001)	(1 018 930)
	-	600 001

Conditions still to be met - remain liabilities (see note 16).

This grant is used to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure.

* In terms of the MFMA Circular No. 48, all conditional allocations (excluding interest earned thereon) that at year-end are not utilised must revert back to National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects.

Energy efficiency and demand side management programme (EEDSM)

Balance unspent at beginning of year	404 294	1 936 848
Current-year receipts	-	3 000 000
Conditions met - transferred to revenue	-	(2 595 706)
Grant withheld by National Treasury through equitable share	(404 294)	(1 936 848)
	-	404 294

Conditions still to be met - remain liabilities (see note 16).

The purpose of this grant is to assist the municipalities to reduce their energy consumption through deployment of electricity and other energy saving measures.

* In terms of the MFMA Circular No. 48, all conditional allocations (excluding interest earned thereon) that at year-end are not utilised must revert back to National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects.

Expanded public works programme (EPWP)

Balance unspent at beginning of year	-	743 889
Current-year receipts	1 131 000	1 072 000
Conditions met - transferred to revenue	(1 131 000)	(1 072 000)
Grant withheld by National Treasury through equitable share	-	(743 889)
	-	-

The purpose of this grant is to subsidise municipalities to expand on work creation efforts through the use of labour intensive delivery methods in identified focus areas.

Sector education and training authority (SETA)

Balance unspent at beginning of year	-	2 324 817
Current-year receipts	1 199 506	1 005 502
Conditions met - transferred to revenue	(1 199 506)	(3 330 319)

Matjhabeng Local Municipality

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26. Government grants and subsidies (continued)

	-	-
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The purpose of this grant is to do skills development among employees and improve the auditing skills for municipalities.

Integrated National Electrification Programme (INEP)

Current-year receipts	-	6 900 000
Conditions met - transferred to revenue	-	(6 900 000)
	-	-

The purpose of this grant is to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to Eskom to address the electrification backlog of occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve the quality of supply in Eskom licensed areas. These allocations made to Eskom on behalf of municipalities based on applications from Eskom for no licensed municipalities.

The capital outlay in the Matjhabeng area was at the following townships: Thabong, Thandanani and Phomolong. Electricity is supplied by Eskom directly to these townships and not the municipality.

Subsidies

Current-year receipts (Provincial Treasury)	-	500 000
Current-year receipts (Cogta)	2 000 000	-
Conditions met - transferred to revenue	(2 000 000)	(500 000)
	-	-

Cooperative Governance and Traditional Affairs paid for the professional fees based on the turn around plan on behalf of the Municipality, in the prior year Provincial Treasury paid audit fees on behalf of the municipality to the Auditor General.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, 2014 (Act No. 10 of 2014), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

27. Licences and permits

Licences and permits	79 752	67 371
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28. Donations received

Infrastructure & Investment property	209 300 121	40 887 463
--------------------------------------	-------------	------------

The infrastructure of the township Thandanani 2010 was donated to the Municipality by the Department of Human Settlement during the prior financial year.

During the current financial year two properties, Merriespruit and Masimong were donated by 'the Department of Human Settlement and Harmony Gold Mine to the municipality.

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29. Employee related costs

Basic salaries	357 793 739	342 152 912
Bonuses	25 216 218	23 495 894
Pension	52 280 431	47 253 894
Other long term employee benefits	1 910 089	2 294 440
Employee benefits - medical aid	29 231 458	21 499 080
Group life insurance	1 552 792	1 353 647
Housing allowances	3 664 008	3 676 556
Leave pay provision charge	11 958 399	17 771 803
Medical aid	37 359 426	29 655 910
Other allowances	25 543 063	19 598 254
Overtime payments	67 307 940	63 497 852
Transport allowance	31 489 024	30 859 660
UIF	3 661 965	3 440 683
SDL	5 665 170	5 260 263
	654 633 722	611 810 848

Remuneration of Municipal Manager - Lepheane MF

Annual Remuneration	1 769 030	1 745 493
Leave pay	407 050	-
Contributions to UIF, Medical and Pension Funds	69 660	43 846
	2 245 740	1 789 339

The Municipal Manager was placed on special leave as per the council resolution number (5/2/2)(5/1/2/1) dated 14 February 2017.

Remuneration of Municipal Manager - Tsoaeli TE

Annual Remuneration	1 106 985	1 005 997
Car Allowance	363 894	363 894
Contributions to UIF, Medical and Pension Funds	206 285	182 864
	1 677 164	1 552 755

The Chief Financial Officer (Mr Tsoaeli) has been acting as Municipal Manager as from 15 February 2017.

Remuneration of Chief Financial Officer - Williams LB

Annual Remuneration	693 101	-
Car Allowance	187 142	-
Contributions to UIF, Medical and Pension Funds	126 915	-
	1 007 158	-

Manager Budget (Williams LB) has been acting as the Chief Financial Officer as from 14 February 2017.

Remuneration of Director Infrastructure - Maswanganyi HB (Tlhabane)

Annual Remuneration	946 649	-
Car Allowance	240 000	-
Contributions to UIF, Medical and Pension Funds	42 879	-
	1 229 528	-

Remuneration of Director Corporate Support Services - Wetes FF

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29. Employee related costs (continued)

Annual Remuneration	1 219 790	994 699
Contributions to UIF, Medical and Pension Funds	60 991	25 011
	1 280 781	1 019 710

Remuneration of Director Community Services - Mogopodi MRE

Annual Remuneration	845 354	989 446
Car Allowance	83 603	143 319
Contributions to UIF, Medical and Pension Funds	113 389	171 094
	1 042 346	1 303 859

The Director Corporate Services(Mogopodi MRE) left the services of the municipality as at 28 February 2017.

Remuneration Director Community Services - Atolo MT

Annual Remuneration	647 459	-
Car Allowance & Housing Subsidy	216 768	-
Contributions to UIF, Medical and Pension Funds	140 899	-
	1 005 126	-

Remuneration Director Strategic Support Services - Makofane TB

Annual Remuneration	1 189 349	1 156 318
Contributions to UIF, Medical and Pension Funds	37 203	24 913
	1 226 552	1 181 231

Remuneration Director Local Economic Development & Planning - Msweli XF

Annual Remuneration	969 188	1 152 104
Car Allowance	77 000	132 000
Contributions to UIF, Medical and Pension Funds	38 919	47 731
	1 085 107	1 331 835

The Director Local Economic Development & Planning(Msweli XF) has left the services of the municipality as at 28 February 2017

Remuneration Director Local Development & Planning - Mothekhe MMG

Annual Remuneration	639 186	-
Car Allowance	213 264	-
Contributions to UIF, Medical and Pension Funds	158 623	-
	1 011 073	-

30. Remuneration of councillors

Executive Mayor	1 050 798	964 775
Councillors	27 740 202	26 225 867

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30. Remuneration of councillors (continued)

In-kind benefits

The Mayoral Committee Members are full-time employees of the municipality. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of separate Council owned vehicle for official duties, one full time driver and a bodyguard. The

Speaker has use of separate Council owned vehicle for official duties and a part time driver.

Details of remuneration for the year ended 30 June 2017

Name of councillor	Annual remuneration	Car allowance	Contributions to UIF, medical and pension funds	30 June 2017 Total
Badenhorst MJ	240 075	72 250	2 265	314 590
Bedenhost HS	216 422	64 462	-	280 884
Banyane ME	24 026	7 502	2 265	33 793
Beneke R	24 026	7 502	2 265	33 793
Botha PF	213 672	72 250	28 490	314 412
Chaka CP	26 140	7 502	2 265	35 907
Chaka MS	267 547	-	13 248	280 795
Claasen Malherbe C	216 422	64 462	-	280 884
Dali VN	22 777	7 502	3 518	33 797
Daly A	216 422	64 462	-	280 884
De Villiers MT	24 026	7 502	2 265	33 793
Direko DR	15 971	4 076	-	20 047
Direko DR	484 969	144 049	8 640	637 658
Fanie DS	24 026	7 502	2 265	33 793
Fourie JJC	24 026	7 502	2 265	33 793
Jacobs EJ	206 287	64 462	9 935	280 684
Kabi M	36 901	11 578	4 958	53 437
Kabi ME	427 450	144 048	28 973	600 471
Khalipha TD	442 314	144 049	14 400	600 763
Khalipha TD	35 866	11 578	4 958	52 402
Khetsi LE	206 287	64 462	9 935	280 684
Khothule MJ	206 287	64 462	9 935	280 684
Kockera SC	22 777	7 502	3 518	33 797
Letlhake TW	208 759	64 462	7 513	280 734
Liphoko SJ	216 422	64 462	-	280 884
Lushaba TB	15 971	4 076	-	20 047
Lushaba TB	490 332	144 049	12 281	646 662
Mabote TL	24 026	7 502	2 265	33 793
Macingwane TM	207 523	64 462	8 724	280 709
Mafa DM	216 865	72 250	28 489	317 604
Mafaisa MG	198 160	64 462	18 074	280 696
Mafongosi ZV	24 026	7 502	2 265	33 793
Mahlumba BH	262 754	69 580	16 403	348 737
Makgowe PV	23 812	7 502	3 518	34 832
Malefane DE	24 026	7 502	2 265	33 793
Manenye AJ	206 287	64 462	9 935	280 684
Manese SD	384 219	123 487	7 200	514 906
Manzana NR	202 274	64 462	13 955	280 691
Marais JS	242 384	72 250	-	314 634

Masienyane MD	54 458	17 423	6 513	78 394
Masienyane MD	15 317	5 028	1 440	21 785
Masienyane MD	464 284	86 877	40 207	591 368
Masina XN	244 968	64 462	7 513	316 943

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30. Remuneration of councillors (continued)				
Mawela VE	142 739	45 109	2 880	190 728
Mbambo AX	22 777	7 502	3 518	33 797
Mbana AM	14 531	4 076	1 440	20 047
Mbana AM	51 855	18 667	6 889	77 411
Mbana AM	223 345	72 498	7 200	303 043
Meli TS	215 840	72 250	27 378	315 468
Menyatso KJ	53 104	18 667	5 637	77 408
Mfebe MSE	51 855	18 667	6 889	77 411
Mholo PP	26 140	7 502	2 265	35 907
Mlangeni MG	24 026	7 502	2 265	33 793
Moipatle KV	198 160	64 462	18 074	280 696
Mokhomo HA	281 109	77 367	29 561	388 037
Mokotedi TG	24 026	7 502	2 265	33 793
Molefi M	260 500	-	21 386	281 886
Molelekoa PMI	233 249	72 250	12 201	317 700
Molelekoa PA	23 812	7 502	3 518	34 832
Molete TN	24 026	7 502	2 265	33 793
Moloja NJ	192 707	64 462	23 532	280 701
Molupe RT	22 777	7 502	3 518	33 797
Monjovo NE	214 707	72 250	28 490	315 447
Morris VR	37 981	11 578	4 958	54 517
Morris VR	442 314	144 049	14 400	600 763
Mosala MS	24 026	7 502	2 265	33 793
Moshoeu ZS	206 287	64 462	9 935	280 684
Mosia TJ	208 602	64 462	8 724	281 788
Mothege MA	25 061	7 502	2 265	34 828
Motshabi MP	53 104	18 667	5 637	77 408
Mphikeleli MA	291 796	77 367	13 272	382 435
Mthebere NA	216 422	64 462	-	280 884
Naude HJ	18 127	5 789	2 265	26 181
Ngangelizwe S	70 786	24 890	8 768	104 444
Ngesi TM	106 254	30 278	-	136 532
Nkonka BB	192 707	64 462	23 532	280 701
Nqeobo ME	93 263	27 844	-	121 107
Nqeobo ME	24 026	7 502	2 265	33 793
Nthako TD	220 930	52 884	8 724	282 538
Ntlele KI	24 026	7 502	2 265	33 793
Ntsebeng MH	191 267	64 462	24 972	280 701
Ntsebeng MH	51 855	18 667	6 889	77 411
Nthuli BN	206 287	64 462	9 936	280 685
Petleki KI	22 777	7 502	3 518	33 797
Phetise ME	24 891	7 502	3 518	35 911
Phofeli NM	210 662	64 462	5 760	280 884
Pholo SJ	200 089	64 462	17 977	282 528
Pina NJ	24 026	7 502	2 265	33 793
Poo IP	250 558	4 076	26 114	280 748
Presente LN	216 422	64 462	-	280 884
Qwesha GL	22 777	7 502	3 517	33 796
Radebe MC	36 901	11 578	4 958	53 437
Radebe ML	14 531	4 076	1 440	20 047
Radebe MC	419 819	144 049	37 716	601 584
Radebe ML	448 200	144 049	12 960	605 209
Radebe ML	51 855	18 667	6 889	77 411
Rakaki MM	206 287	64 462	9 935	280 684
Ramabobu BM	175 226	51 713	-	226 939

Ramalefane SJ	254 697	-	26 114	280 811
Ramatisa	257 114	-	23 695	280 809
Riet MI	25 061	7 502	2 265	34 828
Rubulana L	53 104	18 667	5 637	77 408

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30. Remuneration of councillors (continued)				
Schlebusch CJ	189 606	64 462	26 576	280 644
Sebotsa MM	220 540	41 305	18 881	280 726
Senxezi ME	207 782	64 462	8 640	280 884
Sephiri MJ	15 317	5 028	1 440	21 785
Sephiri MJ	424 957	141 681	37 716	604 354
Sephiri MJ	51 855	18 667	6 889	77 411
Sifatya Z	24 026	7 502	2 265	33 793
Sithole MA	206 287	64 462	9 935	280 684
Speelman NW	24 026	7 502	2 265	33 793
Speelman NW	740 766	205 588	-	946 354
Stofile B	543 636	184 382	44 913	772 931
Styger A	240 075	72 250	2 265	314 590
Taliwe FE	59 720	18 667	5 637	84 024
Taljaard SDM	222 986	72 250	19 358	314 594
Thateng MJ	25 061	7 502	2 265	34 828
Thelingoane TJ	229 940	72 250	12 201	314 391
Thelingoane NE	196 924	64 462	19 313	280 699
Tlake KR	225 101	72 250	19 358	316 709
Tlhone ML	42 073	8 526	4 320	54 919
Tlhone ML	63 900	5 184	8 246	77 330
Tsatsa SJ	213 672	72 250	28 490	314 412
Tshabangu SE	216 422	64 462	-	280 884
Tshopo ME	15 971	4 076	-	20 047
Tshopo ME	450 954	144 049	5 760	600 763
Tsoaeli ME	207 753	64 462	9 935	282 150
Tsubane ME	23 812	7 502	3 518	34 832
Tsubella KS	29 249	3 758	2 642	35 649
Tsupa MR	200 505	64 462	17 973	282 940
Twala MJ	53 104	18 667	5 637	77 408
Van Rooyen MS	240 075	72 250	2 265	314 590
Van Rooyen KV	25 061	7 502	2 265	34 828
Van Schalkwyk HCT	229 940	72 250	12 201	314 391
Vanga NM	22 777	7 502	3 517	33 796
Madumise MM(Court Order)	23 875	-	-	23 875
	21 180 734	6 102 767	1 248 130	28 531 631

Details of remuneration for the year ended 30 June 2016

Name of councillor	Annual remuneration	Car allowance	Contributions to UIF, medical and pension funds	30 June 2016 Total
Badenhorst MJ	202 865	69 471	26 415	298 751
Banyane ME	202 865	69 471	26 415	298 751
Beneke R	202 865	69 471	26 415	298 751
Botha PF	187 839	69 471	41 441	298 751
Chaka CP	202 865	69 471	26 415	298 751
Dali VN	187 839	69 471	41 441	298 751
De Villiers MT	202 865	69 471	26 415	298 751
Fanie DS	202 865	69 471	26 415	298 751
Fourie JJC	202 865	69 471	26 415	298 751
Kabi M	187 839	69 471	41 441	298 751
Khalipha TD	187 839	69 471	41 441	298 751
Kockera SC	187 839	69 471	41 441	298 751

Mabote TL	202 865	69 471	26 415	298 751
Madumise MM	202 865	69 471	26 415	298 751
Mafa DM	187 839	69 471	41 441	298 751
Mafongosi ZF	202 865	69 471	26 415	298 751

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30. Remuneration of councillors (continued)				
Makgowe PV	187 839	69 471	41 441	298 751
Malefane DE	202 865	69 471	26 415	298 751
Marais JS	229 280	69 471	-	298 751
Masienyane MD	428 361	161 335	76 512	666 208
Mbambo AX	187 839	69 471	41 441	298 751
Mbana AM	458 540	172 858	80 903	712 301
Meli TS	187 839	69 471	41 441	298 751
Menyatso KJ	461 044	172 858	78 399	712 301
Mfebe SE	458 540	172 858	80 903	712 301
Mholo PP	202 865	69 471	26 415	298 751
Mlangeni MG	202 865	69 471	26 415	298 751
Mokhomo HA	187 839	69 471	41 441	298 751
Mokotedi TG	202 865	69 471	26 415	298 751
Molelekoa PMI	202 865	69 471	26 415	298 751
Molelekoa PA	187 839	69 471	41 441	298 751
Molete TN	202 865	69 471	26 415	298 751
Molupe RT	187 839	69 471	41 441	298 751
Monjovo NE	187 839	69 471	41 441	298 751
Morris VR	187 839	69 471	41 441	298 751
Mosala MS	202 865	69 471	26 415	298 751
Mothege MA	202 865	69 471	26 415	298 751
Motshabi MP	473 566	172 858	65 877	712 301
Mphikeleli MA	202 865	69 471	26 415	298 751
Naude HJ	202 865	69 471	26 415	298 751
Ngangelizwe S	630 392	230 478	102 862	963 732
Ngeobo ME	151 957	52 103	20 003	224 063
Ntlele KI	202 865	69 471	26 415	298 751
Ntsebeng MH	458 540	172 858	80 903	712 301
Petleki KI	187 839	69 471	41 441	298 751
Phetise ME	187 839	69 471	41 441	298 751
Pina NJ	202 865	69 471	26 415	298 751
Qwesha GL	187 839	69 471	41 441	298 751
Radebe MC	187 839	69 471	41 441	298 751
Radebe ML	458 540	172 858	80 903	712 301
Riet MI	202 865	69 471	26 415	298 751
Rubulana L	473 566	172 858	65 877	712 301
Sephiri MJ	458 540	172 858	80 903	712 301
Sifatya Z	202 865	69 471	26 415	298 751
Speelman NW	202 865	69 471	26 415	298 751
Stofile B	488 720	184 382	85 295	758 397
Styger A	202 865	69 471	26 415	298 751
Taliwe FE	473 566	172 858	65 877	712 301
Taljaard SDM	187 839	69 471	41 441	298 751
Thateng MJ	202 865	69 471	26 415	298 751
Thelingoane TJ	202 865	69 471	26 415	298 751
Tlake KR	187 839	69 471	41 441	298 751
Tihone ML	567 700	48 000	96 601	712 301
Tsatsa SJ	187 839	69 471	41 441	298 751
Tsubane ME	187 839	69 471	41 441	298 751
Tsubella KS	233 270	34 800	30 681	298 751
Twala MJ	473 566	172 858	65 877	712 301
Van Rooyen MS	202 865	69 471	26 415	298 751
Van Rooyen KV	202 865	69 471	26 415	298 751
Van Schalkwyk HCT	202 865	69 471	26 415	298 751
Vanga NM	187 839	69 471	41 441	298 751

17 986 800

6 260 583

2 930 384

27 177 767

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31. Depreciation and amortisation		
Property, plant and equipment	210 591 424	207 909 516
32. Finance costs		
Bank	260 195	114 537
Employee benefits	37 877 201	30 912 050
Trade and other payables	186 393 885	90 886 741
Provisions	1 029 424	(2 339 282)
	225 560 705	119 574 046
33. Debt impairment		
Contributions to bad debt provision	350 487 460	642 251 730
Reconciliation of allowance for impairment		
Balance at the beginning of the year	(1 379 340 642)	(903 419 595)
Contribution to allowance	(350 487 460)	(648 290 390)
VAT provision on impairment	(189 379 045)	-
Prior period error	-	6 038 660
Debt impairment written off against allowance	188 374 711	166 330 683
	(1 730 832 436)	(1 379 340 642)
Prior Period error on Impairment		
The prior year impairment was overstated with Matjhabeng accounts amounting to R6 038 660.		
34. Bulk purchases		
Electricity	424 770 185	403 197 539
Water	468 651 889	451 755 625
	893 422 074	854 953 164
35. Contracted services		
Legal services	19 103 569	18 258 434
Meter reading services	14 118 945	13 567 502
Professional services	59 713 281	30 517 964
Security services	61 485 946	42 812 969
Valuation services	13 061 737	5 303 960
	167 483 478	110 460 829

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36. General expenses		
Advertising	4 698 442	5 746 504
Audit fees	7 181 583	7 196 542
Bank charges	3 273 312	2 965 664
Cleaning	906 057	1 159 716
Community development and training	8 765 464	2 940 345
Conferences and seminars	241 973	32 500
Connection and disconnection of meters	11 178 089	6 251 903
Entertainment	1 507 566	1 232 734
Insurance	27 480 548	34 327 170
License fees	5 939 030	5 038 910
Marketing	130 500	25 500
Medical expenses	156 450	470
Motor vehicle expenses	61 320 766	33 903 909
Operating cost of equipment	15 022 073	11 829 513
Pest control	240 719	40 552
Printing and stationery	2 706 756	2 414 032
Subscriptions and membership fees	8 662 085	9 369 748
Subsistence and travel	4 561 965	3 158 366
Sundry expenses	6 468 794	3 574 219
Telephone and fax	11 283 640	13 516 470
Training	2 626 631	2 165 232
Uniforms	12 772 265	9 973 251
Expired traffic fines	9 797 847	-
Assets expensed	1 105 828	963 171
Chemicals	88 800	-
Other expenses	39 000	-
	208 156 183	157 826 421
37. Fair value adjustments		
Investment property (Fair value model)	-	38 331 907
Other financial assets		
• Other financial assets (Designated as at FV through P&L)	1 608	(8 217)
	1 608	38 323 690
38. Auditors' remuneration		
Fees	7 181 583	7 196 542

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Figures in Rand	2017	2016
39. Cash generated from operations		
Deficit	(550 278 708)	(793 381 806)
Adjustments for:		
Depreciation and amortisation	210 591 424	207 909 516
Loss on sale of assets and liabilities	-	(16 098)
Fair value adjustments	(1 608)	(38 323 690)
Impairment deficit	-	255 832
Debt impairment	350 487 460	642 251 730
Movements in retirement benefit assets and liabilities	23 436 725	17 499 056
Movements in provisions	1 029 424	(2 339 282)
Actuarial gain / (loss)	(6 265 561)	20 628 827
Donations received	(209 300 121)	(40 887 463)
Interest received - receivables	(152 128 771)	(123 872 104)
Finance cost - Employee benefit obligation	37 877 201	30 912 050
Finance cost - Trade and other payables	186 393 885	90 886 741
Changes in working capital:		
Inventories	2 327 965	359 017
Other receivables	4 464 771	(5 604 155)
Consumer debtors	(220 153 694)	(333 132 508)
Other receivables from non-exchange transactions	(4 945 256)	(19 626 538)
Payables from exchange transactions	750 890 895	490 744 666
VAT	(268 590 401)	(44 124 955)
Unspent conditional grants and receipts	(1 004 295)	(5 020 190)
Consumer deposits	2 070 291	957 468
	156 901 626	96 076 114

40. Financial instruments disclosure

Categories of financial instruments

2017

Financial assets

	At fair value	At cost	Total
Other receivables	-	22 594 263	22 594 263
Receivables from non exchange transactions	-	123 606 074	123 606 074
Receivables from exchange transactions	-	628 351 286	628 351 286
Cash and cash equivalents	-	2 768 694	2 768 694
Other financial assets	332 598	-	332 598
Receivables from non-exchange transactions (non current)	-	27 871	27 871
Receivables from exchange transactions (non current)	-	276 196	276 196
	332 598	777 624 384	777 956 982

Financial liabilities

	At cost	Total
Payables from exchange transactions	3 753 085 015	3 753 085 015
Consumer deposits	38 320 875	38 320 875
Bank overdraft	7 644 182	7 644 182
	3 799 050 072	3 799 050 072

2016

Financial assets

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Financial instruments disclosure (continued)

	At fair value	At cost	Total
Other receivables	-	27 059 034	27 059 034
Receivables from non-exchange transactions	-	131 261 067	131 261 067
Receivables from exchange transactions	-	589 688 720	589 688 720
Cash and cash equivalents	-	11 520 330	11 520 330
Other financial assets	330 990	-	330 990
Receivables from non-exchange transactions (non current)	-	511 134	511 134
Receivables from exchange transactions (non current)	-	4 060 246	4 060 246
	330 990	764 100 531	764 431 521

Financial liabilities

	At cost	Total
Payables from exchange transactions	2 815 800 231	2 815 800 231
Consumer deposits	36 250 584	36 250 584
Unspend conditional grant and receipts	1 004 295	1 004 295
Cash and cash equivalents (Bank overdraft)	2 603 485	2 603 485
	2 855 658 595	2 855 658 595

41. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	77 144 143	119 311 853
• Prior period error	-	3 455 511
	77 144 143	122 767 364

Total capital commitments

Already contracted for but not provided for	77 144 143	122 767 364
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This committed expenditure relates to infrastructure projects and will be financed by available bank facilities, funds internally generated and grants received. The comparative figure was restated during the current financial year.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	1 236 257	1 150 329
- in second to fifth year inclusive	2 197 571	3 433 828
	3 433 828	4 584 157

The municipality has operating lease agreements for the following classes of assets: -
Buildings

Leases are negotiated for an average term of three years and rentals change contractually..

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42. Contingencies

Contingent liabilities

Several claims are in the process against the municipality (a register containing all the detail is available at the municipal offices), the nature, amount and case number of the different litigations are as follows:

Nature of litigation	Possible rand value of claim - 2017	Possible rand value of claim - 2016	Number of litigations - 2017	Number of litigations - 2016
Civil litigation	42 411 478	52 016 081	14	28
Claims for services rendered	3 482 813	397 813	4	6
Conveyancing	-	80 000	1	3
Demolition order	-	-	-	4
Eviction notice	60 000	60 000	6	5
High Court application	-	-	-	1
Interdict application	-	-	2	2
Investigation	-	-	-	1
Labour related matter	5 892 934	2 597 279	11	8
Legal opinion	-	-	3	2
Motion proceedings	162 689	-	2	1
Public liability claim	849 134	487 444	5	4
	52 859 048	55 638 617	48	65

Prior period error:

The comparative figures for contingent liabilities were restated due to duplicates on the contingent liability register used for the 30 June 2016 financial statements.

Contingent assets

Several claims are in the process on behalf of the municipality (a register containing all the detail is available at the municipal offices), the nature, amount and case number of the different litigations are as follows:

Nature of litigation	Possible rand value of claim - 2017	Possible rand value of claim - 2016	Number of litigations - 2017	Number of litigations - 2016
Civil litigation	314 782	91 619	1	1
High Court application	-	-	-	1
Labour related matter	298 414	26 666	2	5
Legal opinion	10 343 637	-	1	2
	10 956 833	118 285	4	9

Prior period error:

The comparative figures for contingent assets were restated due to duplicates on the contingent asset register used for the 30 June 2016 financial statements.

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43. Related parties

Relationships

Members of key management

Refer to note 29

Members of Council

Refer to note 30

Related party balances

No related party balances were identified for the current and prior reporting period.

Related party transactions

Purchases from (sales to) related parties

MBV Security

14 271 987

9 075 282

Key management and Councillors receive and pay for services on the same terms and conditions as other rate payers. These transactions are recorded at arm's length.

Payments made to MBV Security is for security services rendered to Matjhabeng Local Municipality. The owner of MBV Security is married to a municipal employee who holds the position of Senior Manager Treasury.

44. Prior period error and change in accounting policy

Prior year figures were restated due to prior period errors, the nature of the prior period errors were due to the following: -

VAT was restated due errors that were identified in payables and expenditure in the 2016 financial year;

- Investment property was restated due to the incorrect classification as property plant and equipment;

- Payables and contracted service were restated due to legal cases that were finalised in the current financial year for services rendered in the prior years;

- Finance cost and general expenditure were restated due to legal matters that were finalised in the current financial year; -

PPE and depreciation were restated due to recognition of newly found assets.

- Fruitless and wasteful expenditure was restated due to the restatement to payables.

- The disclosure amount on employee benefits was restated due to a typing error in the previous year. -

Commitments was restated due to the restatement of payables.

- Contingencies was restated due to duplications in the 2016 contingency register used to compile the financial statements

Bulk purchases was restated due to one Sedibeng account that was not included in the 2015/2016 financial year and confirmed by the Sedibeng confirmation as at 30 June 2016.

Receivables and service charges were restated due to the removal of Municipal accounts in the books of the municipality.

Debt impairment was restated due to reversal of municipal accounts that were fully impaired in the books of the municipality.

The correction of the errors, reclassifications and change in accounting policy resulted in the adjustment of the following line items of the financial statements:

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44. Prior period error and change in accounting policy (continued)

	Original audited 2016 figures	Prior period errors	Restated 2016 figures
Statement of Financial Position			
Receivables from non-exchange transactions	123 700 990	7 560 076	131 261 066
Receivables from exchange transactions	591 257 675	(1 568 956)	589 688 719
VAT receivable	141 534 807	41 089 128	182 623 935
Investment property - Cost	730 614 229	1 672 175	732 286 404
Property, plant and equipment	4 517 976 923	9 790 834	4 527 767 757
Payables from exchange transactions	(2 692 812 194)	(122 988 042)	(2 815 800 236)
Statement of Financial Performance			
Service charges	945 308 825	(1 186 243)	944 122 582
Depreciation	(206 316 233)	(1 593 283)	(207 909 516)
Finance costs	(119 480 326)	(93 720)	(119 574 046)
Repairs and maintenance	(39 804 219)	35 754	(39 768 465)
Bulk purchases	(810 072 732)	(44 880 433)	(854 953 165)
Contracted services	(106 421 922)	(4 038 908)	(110 460 830)
General expenses	(160 763 861)	2 937 439	(157 826 422)
Debt impairment	(648 290 390)	6 038 660	(642 251 730)
Fair value adjustment	38 205 550	118 140	38 323 690
Total	2 304 637 122	(107 107 379)	2 197 529 743
Accumulated surplus	(2 976 633 196)	64 444 486	(2 912 188 710)
	-	(42 662 893)	-

Notes to the Financial Statements

	Original audited 2016 figures	Prior period errors	Restated 2016 figures
Fruitless and wasteful expenditure	165 002 645	93 720	165 096 365
Employee benefits	49 642 382	6 549 026	56 191 408
Commitments	119 311 853	3 455 511	122 767 364
Contingent liabilities	75 944 280	(20 305 663)	55 638 617
Contingent assets	433 067	(551 352)	118 285
Irregular expenditure	305 669 955	3 818 622	309 488 577
	-	(6 940 136)	-

45. Comparative figures

Prior year figures were restated due to prior period errors and misclassifications. Refer to note 44, prior period errors.

46. Risk management

Financial risk management

This note presents information about the municipality's exposure to each of the financial risks below and the municipality's objectives, policies and processes for measuring and managing financial risks. The Council has overall responsibility for the establishment and oversight of the municipality's risk management framework.

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46. Risk management (continued)

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	3 753 085 015	-	-	-
Consumer deposits	38 320 875	-	-	-
Bank overdraft	7 644 182	-	-	-

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	2 815 800 231	-	-	-
Consumer deposits	36 250 584	-	-	-
Unspent conditional grants and receipts	1 004 295	-	-	-
Bank overdraft	2 603 485	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables comprise of a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2017	2016
Other financial assets	332 598	330 990
Other receivables	22 594 263	27 059 034
Receivables from non-exchange transactions	-	123 700 990
Receivables from exchange transactions	628 351 286	591 257 675
Cash and cash equivalents	2 768 694	11 520 330
Receivables from non-exchange transactions (non-current)	27 871	511 134
Receivables from exchange transactions (non-current)	276 196	4 060 246

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

47. Going concern

We draw attention to the fact that at 30 June 2017, the municipality had accumulated surplus of R 2 361 909 711 and that the municipality's total assets exceed its liabilities by R 2 361 909 711.

The municipality had a deficit of R 550 278 707. (2016: R 793 381 803) for the year. The current liabilities exceeds the current assets by R2 576 323 820. (2016: R1 915 613 789).

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47. Going concern (continued)

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

The municipality incurred material water and electricity losses, refer to note 52 for detail.

The municipality provided for material impairments of receivables from exchange and non-exchange transactions, refer to notes 8, 9, 12 and 14.

48. Events after the reporting date

During a council meeting held 31 August 2017 council resolved to write off the following amounts in respect of Irregular expenditure and Fruitless and wasteful expenditure as follows:

Council certified an amount of R413 701 258 incurred during 2016/2017 financial year as irrecoverable and to be written off as irregular expenditure

Council certified an amount of R157 128 450 incurred during 2016/2017 financial year as irrecoverable and to be written off as Fruitless and Wasteful expenditure.

49. Unauthorised expenditure

Opening balance	977 994 508	3 959 722 706
Unauthorised expenditure	1 031 091 788	812 398 971
Less: Amounts written off by the council	(977 994 508)	(3 794 127 169)
	1 031 091 788	977 994 508

Unauthorised expenditure relate to the overspending of the departmental budgets. The main reason for the overspent was due to no budget for impairment of financial assets, under budgeting of bulk purchases and depreciation.

50. Fruitless and wasteful expenditure

Opening balance	165 096 365	504 645 763
Fruitless and wasteful expenditure	186 771 314	149 978 569
Prior period error adjustment 2016 figures	-	93 720
Amounts written off by the council	(157 128 450)	(489 621 687)
	194 739 229	165 096 365

Detail of fruitless and wasteful expenditure

Eskom	182 169 995	113 453 819
Other avoidable expenditure and losses	-	4 902 271
Other creditors	243 124	1 020 469
Late contribution on pension funds	504 904	270 420
SARS VAT	2 954 548	4 531 702
Interest and penalties - Compensation commission	898 743	824 913
Material losses - avoidable water losses	-	25 068 695
	186 771 314	150 072 289

Fruitless and wasteful expenditure include interest and penalties charged for late payment to suppliers.

The fruitless and wasteful expenditure was investigated during the financial period by Section 32 Committee and determined to be

irrecoverable and no criminal or disciplinary actions were taken.

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50. Fruitless and wasteful expenditure (continued)

Fruitless and wasteful expenditure amounting to R157, 128,450 was certified by Council to be irrecoverable and to be written-off.

51. Irregular expenditure

Opening balance	429 171 360	939 053 077
Add: Irregular Expenditure - prior year	-	3 818 622
Irregular expenditure current year	323 171 276	305 669 955
Less: Amounts written off by council	(413 701 258)	(819 370 294)
	338 641 378	429 171 360

Analysis of expenditure awaiting write off per age classification

Current year	323 171 276	309 488 577
Prior years	15 470 102	119 682 783
	338 641 378	429 171 360

Details of irregular expenditure - 30 June 2017

	Disciplinary steps taken/criminal proceedings	
Non-compliance with MFMA and SCM regulations	None	318 720 464
Non-compliance with Office bears Act	None	4 450 812
		323 171 276

Irregular expenditure amounting to R425,352,739 was investigated during the financial period by Section 32 Committee in order to comply with Section 32(2) and (4) of the MFMA.

Investigations determined that no criminal or disciplinary actions were to be taken and that irregular expenditure is irrecoverable.

Irregular expenditure amounting to R413, 701,258 was certified by council to be irrecoverable and to be written-off.

The Accounting Officer continues to establish controls to detect and prevent these types of expenditures and the municipality has adopted the use of centralised database from Treasury.

Detailed particulars of irregular expenditure is contained in the register maintained in terms of the requirements of MFMA Circular No.68

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	5 792 809	6 268 599
Current year subscription / fee	7 437 331	5 792 809
Amount paid - current year	(5 852 809)	(6 268 599)
	7 377 331	5 792 809

Being the subscription fee to the South African Local Government Association (SALGA).

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

Material losses

Distribution losses - Electricity	74 080 387	75 434 684
Distribution losses - Water	299 865 808	205 292 597
	373 946 195	280 727 281

Electricity losses

An average of 13.25% (2016: 18.70%) of bulk electricity purchased during the year were loss due to distribution losses incurred during the year.

Water losses

An average of 51.30% (2015: 50.45%) of bulk water purchased during the year were loss due to distribution losses incurred during the year.

Audit fees

Opening balance	1 527 162	3 359 918
Current year audit fees	8 187 005	8 174 985
Interest charged	81 805	167 470
Amount paid - current year	(6 957 312)	(8 355 653)
Amount paid - previous years	(1 527 163)	(1 319 558)
Audit fees paid by Treasury	-	(500 000)
	1 311 497	1 527 162

PAYE, UIF and SDL

Opening balance	7 829 628	6 516 447
Current year payroll deductions and council contributions	104 711 329	85 579 624
Amount paid - current year	(96 046 411)	(77 749 996)
Amount paid - previous years	(7 829 628)	(6 516 447)
	8 664 918	7 829 628

Pension and Medical Aid Deductions

Opening balance	12 410 258	11 280 871
Current year payroll deductions and council contributions	154 224 320	138 128 272
Amount paid - current year	(140 982 372)	(125 718 014)
Amount paid - previous years	(12 410 258)	(11 280 871)
	13 241 948	12 410 258

VAT

VAT receivable	451 214 336	182 623 935
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VAT output payables and VAT input receivables are shown in note 13.

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2017:

30 June 2017

	Outstanding more than 90 days R
Badenhorst MJM	4 555
Chaka CP	23 747
Khothule MJ	132 490
Mafaisa MG	34 032
Mahlumba BH	11 691
Manenye AJ	58 033
Meli TS	21 555
Molelekoa PMI	6 053
Mthebere NA	22 281
Ngesi TM	194 816
Nthako TD	605
Pholo SJ	50 361
Ramatisa PT	18 038
Schlebusch CJ	9 212
Tihone ML	23 866
Tshabangu SE	1 016
	612 351

30 June 2016

	Outstanding more than 90 days R
Banyane ME	6 254
Kockera SC	174 066
Mabote TL	16 861
Madumise MM	15 357
Mangeni MG	3 337
Molelekoa PA	72
Molelekoa PMI	4 004
Nttlele KI	17 241
Phetise ME	7 218
Qwesha GL	4 823
Riete MI	8 919
Tihone ML	19 524
Tsubane ME	57 564
Twala MJ	97 021
	432 261

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

Fraud investigations

The municipality conducted the following fraud investigation for the prior financial year:

- Case number: 527/05/2016
- Case number: 451/02/2016

As at 30 June 2017 these cases were still under investigations

Case number: 451/02/2016 - Fraud by service provider

The service provider Tiro Ya Nnete Trading and projects was given official orders no. 0001047515 and 0001047593 on the 9th and 19th November 2015 for the supply and delivery of tar for an amount of R154 080.58 respectively, however the services were never rendered to the municipality despite having received payment on the 11th of November 2015 for order no. 0001047515. After a thorough investigation it was found that the service provider forged the signature of Mr. Ewan Eloff on the invoice he submitted at Supply Chain in order to receive payment fraudulently. He later came clear with his actions admitting to the fraud he had committed. The case was reported to Mr. Bokvel Pieterse to investigate and open a criminal case where necessary. It was recommended that all orders issued to this service provider be cancelled and any fraudulent payment done to be recovered from him. The Department of Public Safety and Transport would investigate the matter and open possible criminal cases. It was also recommended that the supplier be permanently removed from the Service Providers database of Matjhabeng.

Case number: 527/05/2016 - Banking details amendments

On the 13th of May 2016 payments were made to suppliers - Circle Tooling, Free State Sun and Ricmisa Trading for a total of R787 779.91. Contrary to the normal payment process, the final payment report pulls through different banking details although the payments were captured correctly on the system (Solar). After a thorough investigation it was found that there is no audit trail on cash focus to indicate that the banking details were changed or amended on ABSA cash focus. Correct banking details also appear on the IF80 report derived from Solar. It was therefore concluded that the changes could have occurred on the Z drive. Therefore it seems the payments were directed to the incorrect payees. The IT department was contacted for investigation but no information could be obtained. This case is still under investigation with the Thabong SAPS branch.

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53. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

30 June 2017	Exceptional case	Sole supplier	Emergency	Total
July 2016	85 932	-	2 457 349	2 543 281
August 2016	7 384	-	3 735 355	3 742 739
September 2016	10 000	-	1 949 073	1 959 073
October 2016	118 125	-	1 096 712	1 214 837
November 2016	50 000	-	1 060 665	1 110 665
December 2016	-	-	1 217 227	1 217 227
January 2017	-	-	2 721 074	2 721 074
February 2017	185 378	-	237 723	423 101
March 2017	80 289	-	3 431 585	3 511 874
April 2017	-	-	3 562 629	3 562 629
May 2017	-	-	918 620	918 620
June 2017	-	-	1 190 555	1 190 555
	537 108	-	23 578 567	24 115 675

30 June 2016	Exceptional case	Sole supplier	Emergency	Total
August 2015	-	58 177	-	58 177
September 2015	-	92 750	-	92 750
October 2015	-	-	483 804	483 804
November 2015	296 100	68 460	525 672	890 232
December 2015	760 565	24 840	246 639	1 032 044
January 2016	68 800	422 266	97 200	588 266
February 2016	693 577	-	741 114	1 434 691
March 2016	106 965	1 181 306	1 005 123	2 293 394
April 2016	412 347	296	408 356	820 999
May 2016	746 459	507 213	631 186	1 884 858
June 2016	405 899	107 107	197 129	710 135
	3 490 712	2 462 415	4 336 223	10 289 350

54. Fines

Revenue from non-exchange transactions

Traffic fines	5 040 953	11 207 303
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55. Gain (loss) on disposal of assets and liabilities

Property plant and equipment

Gain (loss) on disposal of assets - transport assets	-	16 098
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The gain realised on the disposal of transport assets was due to accident damaged vehicles replaced or written off by the insurance company.

56. Impairment loss

Impairment of property, plant and equipment

- 255 832

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57. Budget differences

Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of more than 10% are explained below:

Note 57.1 - Less service were consumed than budgeted for.

Note 57.2 - More rental income was billed than expected at the beginning of the year.

Note 57.3 - More licenses and permit fees was received than expected.

Note 57.4 - Less other income was billed than expected, other income is dependent on other factors such as economic buying power.

Note 57.5 - More interest was received than expected on financial assets.

Note 57.6 - No fixed assets were sold during the year.

Note 57.7 - Less dividends were declared then expected at the beginning of the year.

Note 57.8 - Due to the new valuation roll the property rates income did increase.

Note 57.9 - No budget was made for donation to be received during the year.

Note 57.10 - More fines were issued than expected and the fines are recorded according to IGrap. Note

57.11 - Depreciation was under budgeted for.

Note 57.12 - Impairment loss was under budgeted for.

Note 57.13 - More finance cost was incurred than expected.

Note 57.14 - No budget was made for debt impairment.

Note 57.15 - Repairs and maintenance was under budgeted for.

Note 57.16 - Bulk purchases was under budgeted for.

Note 57.17 - Contracted services was under budgeted for.

Note 57.18 - General expenditure was under budgeted for.

Note 57.19 - No budget was made for actuarial gains or losses.

Note 57.20 - No budget was made for the fair value adjustment of financial assets and liabilities.

Note 57.21 - Inventories were over budgeted based on the assumptions that water leaks and potholes will be repaired.

Note 57.22 - More rental was budgeted for based on the new donated building received from mining companies.

Note 57.23 - Budget made on receivable does not take in to account the effects of debt impairment in to account, and furthermore included in the budget for receivables from exchange are receivables from non-exchange.

Note 57.24 - No Budget was made for VAT receivable, Heritage assets

Note 57.25 - Less budget was made available on trade and other payables and less payments were made to suppliers. Note 57.26 - More money was budgeted that received for capital projects.
Note 57.27 - Donations and additions to Investments property made more impact that originally budged for.

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57. Budget differences (continued)

Note 57.28 - Less was budgeted for as it was based only on one Landfill site.

Note 57.28 - Property rates are included under service charges and the difference is due to inadequate revenue collections. Note 57.29 - More collections on other revenue was expected due to new donated assets for rental purposes.

Note 57.30 - Finance cost on bank was contained than expected.

Note 57.31 - There were no disposals made for 2016/2017 financial year.

Note 57.32 - Refer to note 39 for the movement in working capital.

Note 57.33 - There were no short term loans made in the current financial year.

Note 57.34 - No Budget was made for Employee benefits obligations payments.

Note 57.35 - Cash and cash equivalents at the beginning of the year were less than expected as per Budget due to less investment reserves in the bank.

Note 57.36 - Additional accounts were opened more than anticipated.

Note 57.37 - No budget was made available for Overdraft as it was not anticipated during the budget process.