



Lesedi Local Municipality  
Financial statements  
for the year ended 30 June 2016  
Auditor General of South Africa  
Registered Auditors

# Lesedi Local Municipality

(Demarcation code GT423)

Financial Statements for the year ended 30 June 2016

## General Information

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<b>Nature of business and principal activities</b>	Local municipal functions as set out in the Constitution of South Africa (Act No. 105 of 1996)
<b>Accounting Officer</b>	I Rampedi (Acting)
<b>Registered office</b>	Civic Centre C/o HF Verwoerd and Louw Street Heidelberg 1441
<b>Business address</b>	Civic Centre C/o HF Verwoerd and Louw Street Heidelberg 1441
<b>Postal address</b>	PO Box 201 Heidelberg 1438
<b>Bankers</b>	ABSA Bank Bruma, Gauteng
<b>Auditors</b>	Auditor General of South Africa

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

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

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### Abbreviations

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

# Lesedi Local Municipality

(Demarcation code GT423)

Financial Statements for the year ended 30 June 2016

## Accounting Officer's Responsibilities and Approval

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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 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 are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 2017 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 external auditors are responsible for independently reviewing and reporting on the municipality's financial statements. The financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

The financial statements set out on pages 4 to 59, which have been prepared on the going concern basis, were approved by the council on 31 August 2016 and were signed on its behalf by:

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**Accounting Officer**  
**Designation**

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Assets</b>			
Current Assets			
Inventories	8	2 814 349	3 260 736
Receivables from exchange transactions	9	4 140 951	4 976 532
Receivables from non-exchange transactions	10	8 694 208	7 204 195
Consumer debtors	11	91 064 051	57 320 399
Cash and cash equivalents	12	14 989 426	18 976 001
		<b>121 702 985</b>	<b>91 737 863</b>
Non-Current Assets			
Investment property	3	208 605 150	220 980 383
Property, plant and equipment	4	602 658 320	601 806 667
Intangible assets	5	3 918 047	4 634 806
Heritage assets	6	157 702	157 702
		<b>815 339 219</b>	<b>827 579 558</b>
Non-Current Assets		815 339 219	827 579 558
Current Assets		121 702 985	91 737 863
<b>Total Assets</b>		<b>937 042 204</b>	<b>919 317 421</b>
<b>Liabilities</b>			
Current Liabilities			
Other financial liabilities	14	3 356 578	3 063 232
Payables from exchange transactions	16	108 654 071	106 228 579
VAT payable	17	18 030 262	11 335 606
Consumer deposits	18	9 563 820	8 238 829
Unspent conditional grants and receipts	13	3 906 551	4 436 059
Provisions	15	14 845 275	11 460 323
		<b>158 356 557</b>	<b>144 762 628</b>
Non-Current Liabilities			
Other financial liabilities	14	58 637 488	61 994 065
Employee benefit obligation	7	54 390 000	51 121 000
Provisions	15	8 566 098	4 747 680
		<b>121 593 586</b>	<b>117 862 745</b>
Non-Current Liabilities		121 593 586	117 862 745
Current Liabilities		158 356 557	144 762 628
<b>Total Liabilities</b>		<b>279 950 143</b>	<b>262 625 373</b>
Assets		937 042 204	919 317 421
Liabilities		(279 950 143)	(262 625 373)
<b>Net Assets</b>		<b>657 092 061</b>	<b>656 692 048</b>
Accumulated surplus		657 092 061	656 692 048

\* See Note 44

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	20	399 394 794	333 816 123
Rental of facilities and equipment	21	4 019 371	3 512 499
Licences and permits		62 201	41 377
Administration and management fees received	22	2 755 206	1 003 700
Recoveries	22	2 875 203	1 479 295
Other income	22	769 153	761 320
Interest received	23	11 771 535	11 520 777
<b>Total revenue from exchange transactions</b>		<b>421 647 463</b>	<b>352 135 091</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	24	89 841 384	84 459 205
<b>Transfer revenue</b>			
Government grants & subsidies	25	129 835 809	142 882 331
Public contributions and donations	26	-	16 840 128
Fines, Penalties and Forfeits		47 683 629	30 849 364
<b>Total revenue from non-exchange transactions</b>		<b>267 360 822</b>	<b>275 031 028</b>
		421 647 463	352 135 091
		267 360 822	275 031 028
<b>Total revenue</b>	19	<b>689 008 285</b>	<b>627 166 119</b>
<b>Expenditure</b>			
Employee related costs	27	(142 131 725)	(128 402 859)
Remuneration of councillors	28	(9 222 847)	(8 432 692)
Depreciation and amortisation	29	(43 409 503)	(41 537 891)
Impairment loss/ Reversal of impairments	30	(99 332)	410 124
Finance costs	31	(14 457 584)	(11 478 407)
Debt Impairment	32	(112 267 249)	(97 348 558)
Collection costs		(415 661)	(272 640)
Repairs and maintenance		(21 475 150)	(24 349 965)
Bulk purchases	33	(255 241 789)	(217 374 765)
Contracted services	34	(566 528)	(525 683)
General Expenses	35	(90 200 502)	(87 661 508)
<b>Total expenditure</b>		<b>(689 487 870)</b>	<b>(616 974 844)</b>
		-	-
Total revenue		689 008 285	627 166 119
Total expenditure		(689 487 870)	(616 974 844)
<b>Operating (deficit) surplus</b>	38	<b>(479 585)</b>	<b>10 191 275</b>
Loss on disposal of assets and liabilities		(162 406)	(4 144 732)
Actuarial gains/losses	7	1 042 000	558 000
		<b>879 594</b>	<b>(3 586 732)</b>
Surplus before taxation		400 009	6 604 543
Taxation		-	-
<b>Surplus for the year</b>		<b>400 009</b>	<b>6 604 543</b>

\* See Note 44

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	643 973 226	643 973 226
Adjustments		
Correction of errors	6 114 279	6 114 279
<b>Balance at 01 July 2014 as restated*</b>	<b>650 087 505</b>	<b>650 087 505</b>
Changes in net assets		
Surplus for the year	6 604 543	6 604 543
Total changes	6 604 543	6 604 543
<b>Restated* Balance at 01 July 2015</b>	<b>656 692 052</b>	<b>656 692 052</b>
Changes in net assets		
Surplus for the year	400 009	400 009
Total changes	400 009	400 009
<b>Balance at 30 June 2016</b>	<b>657 092 061</b>	<b>657 092 061</b>

\* See Note 44

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Cash Flow Statement

Figures in Rand	Note(s)	2016	2015 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates		81 720 714	76 222 142
Sale of goods and services		321 883 079	358 536 770
Grants		127 480 116	145 094 555
Interest income		11 771 535	11 520 777
		<b>542 855 444</b>	<b>591 374 244</b>
<b>Payments</b>			
Employee costs		(148 085 572)	(132 492 803)
Suppliers		(349 804 734)	(378 707 541)
Finance costs		(14 457 584)	(11 478 407)
		<b>(512 347 890)</b>	<b>(522 678 751)</b>
Total receipts		542 855 444	591 374 244
Total payments		(512 347 890)	(522 678 751)
<b>Net cash flows from operating activities</b>	39	<b>30 507 554</b>	<b>68 695 493</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(31 686 460)	(54 300 277)
Proceeds from sale of property, plant and equipment	4	822 868	-
Purchase of other intangible assets	5	(567 312)	(843 849)
<b>Net cash flows from investing activities</b>		<b>(31 430 904)</b>	<b>(55 144 126)</b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(3 063 231)	(2 823 298)
<b>Net cash flows from financing activities</b>		<b>(3 063 231)</b>	<b>(2 823 298)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3 986 581)</b>	<b>10 728 069</b>
Cash and cash equivalents at the beginning of the year		18 976 001	8 247 932
<b>Cash and cash equivalents at the end of the year</b>	12	<b>14 989 420</b>	<b>18 976 001</b>

\* See Note 44



# Lesedi Local Municipality

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## 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
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	389 405 991	18 283 167	<b>407 689 158</b>	399 394 794	<b>(8 294 364)</b>	Note 57 (1)
Rental of facilities and equipment	3 605 323	330 715	<b>3 936 038</b>	4 019 371	<b>83 333</b>	
Licences and permits	41 293	(9 503)	<b>31 790</b>	62 201	<b>30 411</b>	Note 57 (2)
Administration and management fees received	2 653 131	225 712	<b>2 878 843</b>	2 755 206	<b>(123 637)</b>	Note 57 (3)
Recoveries	155 799	100 057	<b>255 856</b>	2 875 203	<b>2 619 347</b>	Note 57 (4)
Other income	529 156	64 056	<b>593 212</b>	769 153	<b>175 941</b>	
Interest received	9 390 290	5 195 811	<b>14 586 101</b>	11 771 535	<b>(2 814 566)</b>	Note 57 (5)
<b>Total revenue from exchange transactions</b>	<b>405 780 983</b>	<b>24 190 015</b>	<b>429 970 998</b>	<b>421 647 463</b>	<b>(8 323 535)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	85 591 575	5 299 123	<b>90 890 698</b>	89 841 384	<b>(1 049 314)</b>	
<b>Transfer revenue</b>						
Government grants & subsidies	137 131 632	666 434	<b>137 798 066</b>	129 835 809	<b>(7 962 257)</b>	
Fines, Penalties and Forfeits	5 163 253	501 040	<b>5 664 293</b>	47 683 629	<b>42 019 336</b>	
<b>Total revenue from non-exchange transactions</b>	<b>227 886 460</b>	<b>6 466 597</b>	<b>234 353 057</b>	<b>267 360 822</b>	<b>33 007 765</b>	
'Total revenue from exchange transactions'	405 780 983	24 190 015	<b>429 970 998</b>	421 647 463	<b>(8 323 535)</b>	
'Total revenue from non-exchange transactions'	227 886 460	6 466 597	<b>234 353 057</b>	267 360 822	<b>33 007 765</b>	
<b>Total revenue</b>	<b>633 667 443</b>	<b>30 656 612</b>	<b>664 324 055</b>	<b>689 008 285</b>	<b>24 684 230</b>	
<b>Expenditure</b>						
Personnel	(137 425 433)	(377 535)	<b>(137 802 968)</b>	(142 131 725)	<b>(4 328 757)</b>	Note 57 (6)
Remuneration of councillors	(8 660 048)	(560 105)	<b>(9 220 153)</b>	(9 222 847)	<b>(2 694)</b>	
Depreciation and amortisation	(38 026 235)	(3 674 407)	<b>(41 700 642)</b>	(43 409 503)	<b>(1 708 861)</b>	Note 57 (7)
Impairment loss/ Reversal of impairments	-	-	-	(99 332)	<b>(99 332)</b>	
Finance costs	(5 850 563)	(4 795 000)	<b>(10 645 563)</b>	(14 457 584)	<b>(3 812 021)</b>	
Debt impairment	(61 344 597)	(1 348 751)	<b>(62 693 348)</b>	(112 267 249)	<b>(49 573 901)</b>	Note 57 (8)
Collection costs	(500 000)	80 000	<b>(420 000)</b>	(415 661)	<b>4 339</b>	
Repairs and maintenance	(22 171 243)	(946 466)	<b>(23 117 709)</b>	(21 475 150)	<b>1 642 559</b>	Note 57 (9)
Bulk purchases	(229 909 000)	(11 453 017)	<b>(241 362 017)</b>	(255 241 789)	<b>(13 879 772)</b>	Note 57 (10)
Contracted Services	(719 000)	209 000	<b>(510 000)</b>	(566 528)	<b>(56 528)</b>	
General Expenses	(76 420 865)	(15 297 925)	<b>(91 718 790)</b>	(90 200 502)	<b>1 518 288</b>	Note 57 (11)
<b>Total expenditure</b>	<b>(581 026 984)</b>	<b>(38 164 206)</b>	<b>(619 191 190)</b>	<b>(689 487 870)</b>	<b>(70 296 680)</b>	
	633 667 443	30 656 612	<b>664 324 055</b>	689 008 285	<b>24 684 230</b>	
	(581 026 984)	(38 164 206)	<b>(619 191 190)</b>	(689 487 870)	<b>(70 296 680)</b>	
<b>Operating deficit</b>	<b>52 640 459</b>	<b>(7 507 594)</b>	<b>45 132 865</b>	<b>(479 585)</b>	<b>(45 612 450)</b>	

# Lesedi Local Municipality

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## 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
Figures in Rand						
Loss on disposal of assets and liabilities	-	-	-	(162 406)	<b>(162 406)</b>	
Actuarial gains/losses	-	-	-	1 042 000	<b>1 042 000</b>	
	-	-	-	<b>879 594</b>	<b>879 594</b>	
	52 640 459	(7 507 594)	<b>45 132 865</b>	(479 585)	<b>(45 612 450)</b>	
	-	-	-	879 594	<b>879 594</b>	
<b>Surplus before taxation</b>	<b>52 640 459</b>	<b>(7 507 594)</b>	<b>45 132 865</b>	<b>400 009</b>	<b>(44 732 856)</b>	
Deficit before taxation	52 640 459	(7 507 594)	<b>45 132 865</b>	400 009	<b>(44 732 856)</b>	
Taxation	-	-	-	-	-	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>52 640 459</b>	<b>(7 507 594)</b>	<b>45 132 865</b>	<b>400 009</b>	<b>(44 732 856)</b>	

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## 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
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	3 239 865	(699 037)	<b>2 540 828</b>	2 814 349	<b>273 521</b>	Note 57 (12)
Receivables from exchange transactions	1 339 243	4 656 227	<b>5 995 470</b>	4 140 951	<b>(1 854 519)</b>	Note 57 (13)
Receivables from non-exchange transactions	4 281 773	26 254 557	<b>30 536 330</b>	8 694 208	<b>(21 842 122)</b>	Note 57 (14)
Consumer debtors	46 505 324	16 792 342	<b>63 297 666</b>	91 064 051	<b>27 766 385</b>	Note 57 (15)
Cash and cash equivalents	21 389 909	(13 182 184)	<b>8 207 725</b>	14 989 426	<b>6 781 701</b>	Note 57 (16)
	<b>76 756 114</b>	<b>33 821 905</b>	<b>110 578 019</b>	<b>121 702 985</b>	<b>11 124 966</b>	
<b>Non-Current Assets</b>						
Investment property	209 758 481	(155 477)	<b>209 603 004</b>	208 605 150	<b>(997 854)</b>	Note 57 (17)
Property, plant and equipment	621 911 227	35 206 069	<b>657 117 296</b>	602 658 320	<b>(54 458 976)</b>	Note 57 (18)
Intangible assets	3 863 617	549 631	<b>4 413 248</b>	3 918 047	<b>(495 201)</b>	Note 57 (19)
Heritage assets	157 702	-	<b>157 702</b>	157 702	-	
	<b>835 691 027</b>	<b>35 600 223</b>	<b>871 291 250</b>	<b>815 339 219</b>	<b>(55 952 031)</b>	
Non-Current Assets	76 756 114	33 821 905	<b>110 578 019</b>	121 702 985	<b>11 124 966</b>	
Current Assets	835 691 027	35 600 223	<b>871 291 250</b>	815 339 219	<b>(55 952 031)</b>	
<b>Total Assets</b>	<b>912 447 141</b>	<b>69 422 128</b>	<b>981 869 269</b>	<b>937 042 204</b>	<b>(44 827 065)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Other financial liabilities	3 356 578	-	<b>3 356 578</b>	3 356 578	-	
Payables from exchange transactions	41 896 471	(4 734 028)	<b>37 162 443</b>	108 654 065	<b>71 491 622</b>	Note 57 (20)
VAT payable	19 737 946	3 714 757	<b>23 452 703</b>	18 030 262	<b>(5 422 441)</b>	Note 57 (21)
Consumer deposits	8 177 893	60 936	<b>8 238 829</b>	9 563 820	<b>1 324 991</b>	Note 57 (22)
Unspent conditional grants and receipts	-	-	-	3 906 551	<b>3 906 551</b>	Note 57 (23)
Provisions	8 451 847	60 680 477	<b>69 132 324</b>	14 845 275	<b>(54 287 049)</b>	Note 57 (24)
	<b>81 620 735</b>	<b>59 722 142</b>	<b>141 342 877</b>	<b>158 356 551</b>	<b>17 013 674</b>	
<b>Non-Current Liabilities</b>						
Other financial liabilities	58 637 488	-	<b>58 637 488</b>	58 637 488	-	
Employee benefit obligation	-	-	-	54 390 000	<b>54 390 000</b>	Note 57 (25)
Provisions	4 541 518	206 162	<b>4 747 680</b>	8 566 098	<b>3 818 418</b>	
	<b>63 179 006</b>	<b>206 162</b>	<b>63 385 168</b>	<b>121 593 586</b>	<b>58 208 418</b>	
	81 620 735	59 722 142	<b>141 342 877</b>	158 356 551	<b>17 013 674</b>	
	63 179 006	206 162	<b>63 385 168</b>	121 593 586	<b>58 208 418</b>	
	-	-	-	-	-	
<b>Total Liabilities</b>	<b>144 799 741</b>	<b>59 928 304</b>	<b>204 728 045</b>	<b>279 950 137</b>	<b>75 222 092</b>	
Assets	912 447 141	69 422 128	<b>981 869 269</b>	937 042 204	<b>(44 827 065)</b>	
Liabilities	(144 799 741)	(59 928 304)	<b>(204 728 045)</b>	(279 950 137)	<b>(75 222 092)</b>	
<b>Net Assets</b>	<b>767 647 400</b>	<b>9 493 824</b>	<b>777 141 224</b>	<b>657 092 067</b>	<b>(120 049 157)</b>	

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## 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
Figures in Rand						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	767 647 400	9 493 824	<b>777 141 224</b>	657 092 067	<b>(120 049 157)</b>	

# Lesedi Local Municipality

(Demarcation code GT423)

Financial Statements for the year ended 30 June 2016

## 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
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Property rates	71 041 007	1 671 315	<b>72 712 322</b>	76 222 142	<b>3 509 820</b>	
Sale of goods and services	336 262 487	776 865	<b>337 039 352</b>	358 536 770	<b>21 497 418</b>	
Grants	137 131 632	291 025	<b>137 422 657</b>	145 094 555	<b>7 671 898</b>	
Interest income	7 887 844	(478 963)	<b>7 408 881</b>	-	<b>(7 408 881)</b>	
	<b>552 322 970</b>	<b>2 260 242</b>	<b>554 583 212</b>	<b>579 853 467</b>	<b>25 270 255</b>	
<b>Payments</b>						
Employee costs	(146 085 481)	-	<b>(146 085 481)</b>	(132 492 803)	<b>13 592 678</b>	
Suppliers	(329 720 108)	(28 346 048)	<b>(358 066 156)</b>	(378 833 041)	<b>(20 766 885)</b>	
Finance costs	(5 850 563)	-	<b>(5 850 563)</b>	-	<b>5 850 563</b>	
	<b>(481 656 152)</b>	<b>(28 346 048)</b>	<b>(510 002 200)</b>	<b>(511 325 844)</b>	<b>(1 323 644)</b>	
Total receipts	552 322 970	2 260 242	<b>554 583 212</b>	579 853 467	<b>25 270 255</b>	
Total payments	(481 656 152)	(28 346 048)	<b>(510 002 200)</b>	(511 325 844)	<b>(1 323 644)</b>	
<b>Net cash flows from operating activities</b>	<b>70 666 818</b>	<b>(26 085 806)</b>	<b>44 581 012</b>	<b>68 527 623</b>	<b>23 946 611</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(52 199 000)	(87 528)	<b>(52 286 528)</b>	-	<b>52 286 528</b>	
<b>Cash flows from financing activities</b>						
Repayment of other financial liabilities	(3 063 232)	-	<b>(3 063 232)</b>	-	<b>3 063 232</b>	
Net increase/(decrease) in cash and cash equivalents	15 404 586	(26 173 334)	<b>(10 768 748)</b>	68 527 623	<b>79 296 371</b>	
Cash and cash equivalents at the beginning of the year	5 985 323	12 990 678	<b>18 976 001</b>	-	<b>(18 976 001)</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>21 389 909</b>	<b>(13 182 656)</b>	<b>8 207 253</b>	<b>68 527 623</b>	<b>60 320 370</b>	

# Lesedi Local Municipality

(Demarcation code GT423)

Financial Statements for the year ended 30 June 2016

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2016</b>											
<b>Financial Performance</b>											
Property rates	85 591 575	5 299 123	90 890 698	-		90 890 698	89 841 384		(1 049 314)	99 %	105 %
Service charges	391 036 867	16 621 290	407 658 157	-		407 658 157	399 394 794		(8 263 363)	98 %	102 %
Investment revenue	9 390 290	5 195 811	14 586 101	-		14 586 101	11 771 535		(2 814 566)	81 %	125 %
Transfers recognised - operational	101 502 632	(6 716 216)	94 786 416	-		94 786 416	94 455 355		(331 061)	100 %	93 %
Other own revenue	10 517 203	2 873 830	13 391 033	-		13 391 033	58 310 363		44 919 330	435 %	554 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>598 038 567</b>	<b>23 273 838</b>	<b>621 312 405</b>	<b>-</b>		<b>621 312 405</b>	<b>653 773 431</b>		<b>32 461 026</b>	<b>105 %</b>	<b>109 %</b>
Employee costs	(137 425 433)	(377 535)	(137 802 968)	-	236 235	(137 566 733)	(142 131 725)	-	(4 564 992)	103 %	103 %
Remuneration of councillors	(8 660 048)	(560 105)	(9 220 153)	-	-	(9 220 153)	(9 222 847)	-	(2 694)	100 %	106 %
Debt impairment	(61 344 597)	(1 348 751)	(62 693 348)			(62 693 348)	(112 267 249)	-	(49 573 901)	179 %	183 %
Depreciation and asset impairment	(38 026 235)	(3 674 407)	(41 700 642)			(41 700 642)	(43 508 835)	-	(1 808 193)	104 %	114 %
Finance charges	(5 850 563)	(4 795 000)	(10 645 563)	-	-	(10 645 563)	(14 457 584)	-	(3 812 021)	136 %	247 %
Materials and bulk purchases	(229 909 000)	(11 453 017)	(241 362 017)	-	-	(241 362 017)	(255 241 789)	-	(13 879 772)	106 %	111 %
Other expenditure	(99 811 108)	(15 955 391)	(115 766 499)	-	(236 235)	(116 002 734)	(112 965 847)	-	3 036 887	97 %	113 %
<b>Total expenditure</b>	<b>(581 026 984)</b>	<b>(38 164 206)</b>	<b>(619 191 190)</b>	<b>-</b>	<b>-</b>	<b>(619 191 190)</b>	<b>(689 795 876)</b>	<b>-</b>	<b>(70 604 686)</b>	<b>111 %</b>	<b>119 %</b>
Total revenue (excluding capital transfers and contributions)	598 038 567	23 273 838	621 312 405	-	-	621 312 405	653 773 431	-	32 461 026	105 %	109 %
Total expenditure	(581 026 984)	(38 164 206)	(619 191 190)	-	-	(619 191 190)	(689 795 876)	-	(70 604 686)	111 %	119 %
<b>Surplus/(Deficit)</b>	<b>17 011 583</b>	<b>(14 890 368)</b>	<b>2 121 215</b>	<b>-</b>		<b>2 121 215</b>	<b>(36 022 445)</b>		<b>(38 143 660)</b>	<b>(1 698)%</b>	<b>(212)%</b>

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	35 629 000	7 382 650	43 011 650	-		43 011 650	35 380 454		(7 631 196)	82 %	99 %
Surplus/(Deficit)	17 011 583	(14 890 368)	2 121 215	-	-	2 121 215	(36 022 445)	-	(38 143 660)	(1 698)%	(212)%
Capital transfers and contributions	35 629 000	7 382 650	43 011 650	-	-	43 011 650	35 380 454	-	(7 631 196)	82 %	99 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>52 640 583</b>	<b>(7 507 718)</b>	<b>45 132 865</b>	-		<b>45 132 865</b>	<b>(641 991)</b>		<b>(45 774 856)</b>	<b>(1)%</b>	<b>(1)%</b>
Surplus (Deficit) after capital transfers and contributions	52 640 583	(7 507 718)	45 132 865	-	-	45 132 865	(641 991)	-	(45 774 856)	(1)%	(1)%
<b>Surplus/(Deficit) for the year</b>	<b>52 640 583</b>	<b>(7 507 718)</b>	<b>45 132 865</b>	-		<b>45 132 865</b>	<b>(641 991)</b>		<b>(45 774 856)</b>	<b>(1)%</b>	<b>(1)%</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	52 199 000	(7 112 472)	45 086 528	-		45 086 528	42 657 415		(2 429 113)	95 %	82 %

The budget was adjusted in terms of section 28 of the MFMA.

# Lesedi Local Municipality

(Demarcation code GT423)

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 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.

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.

#### 1.1 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.

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

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property.

#### Cost model

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

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

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

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

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

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.



# Lesedi Local Municipality

(Demarcation code GT423)

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.2 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.

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.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

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

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

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

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

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Item	Depreciation method	Average useful life
Infrastructure	Straight line	
• Roads and Paving		10-30 years
• Electricity		20-30 years
• Water		15-20 years
• Sewerage		15-20 years
• Landfill Site		4 years

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# Lesedi Local Municipality

(Demarcation code GT423)

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.2 Property, plant and equipment (continued)

Community	Straight line	
• Buildings		30 years
• Recreational Facilities		20-30 years
• Security		5 years
Other property, plant and equipment	Straight line	
• Buildings		30 years
• Specialist Vehicles		20 years
• Other Vehicles		5 years
• Furniture and Fittings		7 years
• Bins and Containers		5 years
• Office Equipment		3-7 years
• Library Books		5-25 years

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

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

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

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

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.

### 1.3 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.3 Intangible assets (continued)

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

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

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

Item	Useful life
Computer software, other	3 years
Servitudes	indefinite

Intangible assets are derecognised:

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### 1.4 Heritage assets

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

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 assess 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 asset 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.

# Lesedi Local Municipality

(Demarcation code GT423)

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.5 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.

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.

#### 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:

<b>Class</b>	<b>Category</b>
Trade and other receivables	Financial asset measured at amortised cost
Other receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

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:

<b>Class</b>	<b>Category</b>
Other financial liabilities	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at amortised cost
Consumer deposits	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.

# Lesedi Local Municipality

(Demarcation code GT423)

Financial Statements for the year ended 30 June 2016

## Accounting Policies

---

### 1.5 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.

#### 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:

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.

# Lesedi Local Municipality

(Demarcation code GT423)

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.5 Financial instruments (continued)

#### Derecognition

##### Financial assets

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:
  - 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.

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.

##### Financial liabilities

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

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

#### Presentation

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.

### 1.6 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 - lessor

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

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

# Lesedi Local Municipality

(Demarcation code GT423)

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.6 Leases (continued)

#### Operating leases - lessor

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

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

### 1.7 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.

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.

### 1.8 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).

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.

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 amount of an asset or a cash-generating unit is the higher its 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.

#### Identification

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

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.

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### 1.8 Impairment of cash-generating assets (continued)

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

#### 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.

### 1.9 Impairment of non-cash-generating assets

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

#### Identification

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

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the 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.

### 1.10 Employee benefits

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



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### 1.10 Employee benefits (continued)

#### Short-term employee benefits

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

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related 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.

#### 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.

#### Post-employment benefits: Defined contribution plans

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

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

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity 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 contribution in the cost of an asset.

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### 1.10 Employee benefits (continued)

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

#### Other post retirement obligations

The municipality provides post-retirement health care benefits upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

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

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

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

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

### 1.11 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.

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.

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### 1.11 Provisions and contingencies (continued)

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

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:
  - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - 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.

### 1.12 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.

#### Measurement

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

#### Sale of goods

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

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

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### 1.12 Revenue from exchange transactions (continued)

#### 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 charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariifs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

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

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the conditions, a liability is recognised.

#### 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.

### 1.13 Revenue from non-exchange transactions

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.

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### 1.13 Revenue from non-exchange transactions (continued)

#### 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.

#### 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.

#### 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 collecting entity.

### 1.14 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

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

### 1.15 Comparative figures

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

### 1.16 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.

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.

### 1.17 Fruitless and wasteful expenditure

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

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### 1.17 Fruitless and wasteful expenditure (continued)

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.

### 1.18 Irregular expenditure

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

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.

### 1.19 Budget information

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

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

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
<ul style="list-style-type: none"><li>GRAP 105: Transfers of functions between entities under common control</li></ul>	01 April 2015	The impact of the amendment is not material.
<ul style="list-style-type: none"><li>GRAP 106: Transfers of functions between entities not under common control</li></ul>	01 April 2015	The impact of the amendment is not material.
<ul style="list-style-type: none"><li>GRAP 107: Mergers</li></ul>	01 April 2015	The impact of the amendment is not material.
<ul style="list-style-type: none"><li>IGRAP 11: Consolidation – Special purpose entities</li></ul>	01 April 2015	The impact of the amendment is not material.
<ul style="list-style-type: none"><li>IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures</li></ul>	01 April 2015	The impact of the amendment is not material.
<ul style="list-style-type: none"><li>GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements</li></ul>	01 April 2015	The impact of the amendment is not material.
<ul style="list-style-type: none"><li>GRAP 7 (as revised 2010): Investments in Associates</li></ul>	01 April 2015	The impact of the amendment is not material.
<ul style="list-style-type: none"><li>GRAP 8 (as revised 2010): Interests in Joint Ventures</li></ul>	01 April 2015	The impact of the amendment is not material.

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## Notes to the Financial Statements

### 2. New standards and interpretations (continued)

#### 2.2 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset</li> </ul>	01 April 2016	
<ul style="list-style-type: none"> <li>DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP</li> </ul>	01 April 2016	

#### 2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2016 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>GRAP 18: Segment Reporting</li> </ul>	01 April 2015	
<ul style="list-style-type: none"> <li>GRAP 20: Related parties</li> </ul>	01 April 2016	
<ul style="list-style-type: none"> <li>GRAP32: Service Concession Arrangements: Grantor</li> </ul>	01 April 2016	
<ul style="list-style-type: none"> <li>GRAP108: Statutory Receivables</li> </ul>	01 April 2016	

### 3. Investment property

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	265 791 912	(57 186 762)	208 605 150	265 791 912	(44 811 529)	220 980 383

#### Reconciliation of investment property - 2016

	Opening balance	Depreciation	Total
Investment property	220 980 383	(12 375 233)	208 605 150

#### Reconciliation of investment property - 2015

	Opening balance	Depreciation	Total
Investment property	232 513 238	(11 532 855)	220 980 383

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

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	175 098 505	-	175 098 505	175 098 505	-	175 098 505
Infrastructure	598 106 245	(299 593 798)	298 512 447	593 639 070	(281 518 105)	312 120 965
Community	134 645 545	(66 981 570)	67 663 975	132 602 964	(60 816 860)	71 786 104
Other property, plant and equipment	39 518 097	(24 904 649)	14 613 448	43 171 897	(24 660 666)	18 511 231
Capital work in progress	38 433 262	-	38 433 262	14 778 142	-	14 778 142
Library books	13 827 240	(7 881 080)	5 946 160	13 399 769	(6 624 828)	6 774 941
Work in progress - Library books	2 390 523	-	2 390 523	2 736 779	-	2 736 779
<b>Total</b>	<b>1 002 019 417</b>	<b>(399 361 097)</b>	<b>602 658 320</b>	<b>975 427 126</b>	<b>(373 620 459)</b>	<b>601 806 667</b>

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### 4. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	175 098 505	-	-	-	-	-	175 098 505
Infrastructure	312 120 965	-	(45 335)	4 579 558	(18 142 741)	-	298 512 447
Community	71 786 104	-	-	2 040 022	(6 062 819)	(99 332)	67 663 975
Other property, plant and equipment	18 511 231	1 266 318	(884 373)	2 560	(4 282 288)	-	14 613 448
Capital work in progress	14 778 142	30 277 260	-	(6 622 140)	-	-	38 433 262
Library books	6 774 941	-	(55 566)	489 138	(1 262 353)	-	5 946 160
Work in progress - Library books	2 736 779	142 882	-	(489 138)	-	-	2 390 523
	<b>601 806 667</b>	<b>31 686 460</b>	<b>(985 274)</b>	<b>-</b>	<b>(29 750 201)</b>	<b>(99 332)</b>	<b>602 658 320</b>

#### Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment reversal	Total
Land	175 098 505	-	-	-	-	-	-	175 098 505
Infrastructure	281 663 405	7 584 652	(3 860 074)	12 564 652	31 272 740	(17 514 534)	410 124	312 120 965
Community	77 916 942	29 900	(25 050)	-	-	(6 135 688)	-	71 786 104
Other property, plant and equipment	17 284 381	1 296 958	(2 972)	4 275 476	-	(4 342 612)	-	18 511 231
Capital work in progress	2 393 827	43 657 055	-	-	(31 272 740)	-	-	14 778 142
Library books	7 881 438	382 690	(256 636)	-	59 955	(1 292 506)	-	6 774 941
Work in progress - Library books	1 484 558	1 349 022	-	-	(59 955)	(36 846)	-	2 736 779
	<b>563 723 056</b>	<b>54 300 277</b>	<b>(4 144 732)</b>	<b>16 840 128</b>	<b>-</b>	<b>(29 322 186)</b>	<b>410 124</b>	<b>601 806 667</b>

# Lesedi Local Municipality

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### 5. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	7 138 544	(3 220 497)	3 918 047	7 229 256	(2 594 450)	4 634 806

#### Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software, other	4 634 806	567 312	(1 284 071)	3 918 047

#### Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer software, other	4 473 807	843 849	(682 850)	4 634 806

### 6. Heritage assets

	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	157 702	-	157 702	157 702	-	157 702

#### Reconciliation of heritage assets 2016

	Opening balance	Total
Historical buildings	157 702	157 702

#### Reconciliation of heritage assets 2015

	Opening balance	Total
Historical buildings	157 702	157 702

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### 7. Employee benefit obligations

#### Defined benefit plan

##### Post retirement medical aid plan

Eligible in-service and continuation members employed prior to 30 June 2004 and who are on the old South African Local Government Association (SALGA) agreement are entitled to a 60% subsidy of medical scheme contributions in retirement subject to a maximum Rand Cap of R3,618.04.

The Rand Cap amount is expected to increase each year in line with healthcare cost inflation, effective 1 January each year.

Summary of membership data:

Reason	Number	Average Age
Continuation members	33	71.18
In-service member	102	50.14

The amounts recognised in the statement of financial position are as follows:

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	(54 390 000)	(51 121 000)
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Changes in the present value of the defined benefit obligation are as follows:

Opening balance	51 121 000	46 763 000
Net expense recognised in the statement of financial performance	3 269 000	4 358 000
	<b>54 390 000</b>	<b>51 121 000</b>

Net expense recognised in the statement of financial performance

Current service cost	1 756 000	1 608 000
Interest cost	4 795 000	4 477 000
Actuarial (gains) losses	(1 042 000)	(558 000)
Settlement	(2 240 000)	(1 169 000)
	<b>3 269 000</b>	<b>4 358 000</b>

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(1 042 000)	(558 000)
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#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9,68 %	9,50 %
Proportion of employees opting for early retirement	- %	- %
Expected increase in healthcare costs	9,19 %	9,10 %
Future changes in maximum state healthcare benefits	9,19 %	9,10 %
Expected retirement age	65	65
	-	-

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### 7. Employee benefit obligations (continued)

#### Other assumptions

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

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	6 355 000	7 758 000
Effect on defined benefit obligation	46 597 000	64 354 000

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

	2016 R	2015 R	2014 R	2013 R	2012 R
Defined benefit obligation	54 390 000	51 121 000	36 800 000	-	-
Experience adjustments on plan liabilities	-	547 000	-	-	-

#### Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

### 8. Inventories

Consumable stores	2 593 656	3 083 564
Water	220 693	177 172
	<b>2 814 349</b>	<b>3 260 736</b>

### 9. Receivables from exchange transactions

Deposits	549 150	380 340
Sundry debtors	3 591 801	4 596 192
	<b>4 140 951</b>	<b>4 976 532</b>

### 10. Receivables from non-exchange transactions

Fines	6 868 003	4 880 229
Government grants and subsidies	1 826 205	2 323 966
	<b>8 694 208</b>	<b>7 204 195</b>

Reconciliation for fines is shown in note 55.

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand	2016	2015
<b>11. Consumer debtors</b>		
<b>Gross balances</b>		
Rates	52 555 878	44 435 208
Electricity	113 240 940	91 689 579
Water	119 570 068	101 412 205
Sewerage	34 927 880	29 630 372
Refuse	51 443 713	45 728 883
VAT	41 583 641	34 503 381
Other	40 261 232	27 306 995
	<b>453 583 352</b>	<b>374 706 623</b>
<b>Less: Allowance for impairment</b>		
Rates	(35 714 026)	(34 279 087)
Electricity	(85 391 383)	(71 196 694)
Water	(103 215 910)	(88 506 873)
Sewerage	(30 425 359)	(26 134 877)
Refuse	(46 904 140)	(41 772 294)
VAT	(34 014 444)	(29 162 155)
Other	(26 854 039)	(26 334 244)
	<b>(362 519 301)</b>	<b>(317 386 224)</b>
<b>Net balance</b>		
Rates	16 841 852	10 156 121
Electricity	27 849 557	20 492 885
Water	16 354 158	12 905 332
Sewerage	4 502 521	3 495 495
Refuse	4 539 573	3 956 589
VAT	7 569 197	5 341 226
Other	13 407 193	972 751
	<b>91 064 051</b>	<b>57 320 399</b>
<b>Rates</b>		
Current (0 -30 days)	8 013 315	5 446 361
31 - 60 days	2 661 374	1 884 989
61 - 90 days	1 872 653	1 498 377
91 - 120 days	4 294 510	1 326 394
	<b>16 841 852</b>	<b>10 156 121</b>
<b>Electricity</b>		
Current (0 -30 days)	18 217 081	13 079 705
31 - 60 days	3 571 200	2 979 648
61 - 90 days	2 743 201	2 293 958
91 - 120 days	3 318 075	2 139 574
	<b>27 849 557</b>	<b>20 492 885</b>
<b>Water</b>		
Current (0 -30 days)	8 584 711	6 815 162
31 - 60 days	5 567 199	3 079 597
61 - 90 days	1 654 425	2 554 840
91 - 120 days	547 823	455 733
	<b>16 354 158</b>	<b>12 905 332</b>

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand	2016	2015
<b>11. Consumer debtors (continued)</b>		
<b>Sewerage</b>		
Current (0 -30 days)	1 679 023	1 458 223
31 - 60 days	970 894	810 223
61 - 90 days	846 749	732 257
91 - 120 days	1 005 855	494 792
	<b>4 502 521</b>	<b>3 495 495</b>
<b>Refuse</b>		
Current (0 -30 days)	1 852 305	1 716 069
31 - 60 days	1 318 767	1 110 750
61 - 90 days	1 184 706	1 000 829
91 - 120 days	183 795	128 941
	<b>4 539 573</b>	<b>3 956 589</b>
<b>VAT</b>		
Current (0 -30 days)	4 408 072	2 851 866
31 - 60 days	1 601 306	1 117 231
61 - 90 days	895 870	921 464
91 - 120 days	663 949	450 665
	<b>7 569 197</b>	<b>5 341 226</b>
<b>Other (specify)</b>		
Current (0 -30 days)	9 892 335	972 751
31 - 60 days	710 242	-
61 - 90 days	599 246	-
91 - 120 days	474 188	-
121 - 365 days	484 642	-
> 365 days	1 246 540	-
	<b>13 407 193</b>	<b>972 751</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(317 386 224)	(286 347 662)
Contributions to allowance	(74 639 170)	(75 844 490)
Debt impairment written off against allowance	29 506 093	44 805 928
	<b>(362 519 301)</b>	<b>(317 386 224)</b>
<b>12. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	1 900	2 835
Bank balances	2 350 817	2 380 003
Short-term deposits	12 636 709	16 593 163
	<b>14 989 426</b>	<b>18 976 001</b>

# Lesedi Local Municipality

(Demarcation code GT423)

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

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### 12. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA Bank - Main Cheque Account	2 274 860	1 972 744	2 940 114	792 832	610 215	(2 528 576)
ABSA Bank - Cheque Account	75 957	407 259	197 144	75 957	407 259	197 144
ABSA Bank - Call Account	11 746 236	13 323 909	3 395 405	11 746 236	13 323 909	3 395 405
Investec - Call Account	890 473	3 269 254	1 712 934	890 473	3 269 254	1 712 934
<b>Total</b>	<b>14 987 526</b>	<b>18 973 166</b>	<b>8 245 597</b>	<b>13 505 498</b>	<b>17 610 637</b>	<b>2 776 907</b>

### 13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Government grant (operating) 8 - Provincial clinics	(522 096)	(629 945)
Government grant (operating) 12 - District health	(1 304 109)	(1 694 021)
Government grant (operating) 17 - BKB Grant	274 027	460 650
Government grant (capital) 1 - Municipal Infrastructure Grant	-	3 486 312
Government grant (capital) 2 - Integrated National Electrification Programme Grant	1 490 590	-
Government grant (capital) 6 - Recapitalization of Community Libraries Grant	1 639 362	-
Government grants (capital) 7 - Environmental Quality Management Grant	-	487 769
Government grant (capital) 11 - NLDTF/Lotto	502 572	1 328
Government grant (operating) - Moneys receivable	1 826 205	2 323 966
	<b>3 906 551</b>	<b>4 436 059</b>

#### Movement during the year

Balance at the beginning of the year	4 436 059	2 111 040
Additions during the year	127 480 116	143 099 010
Income recognition during the year	(129 835 829)	(142 882 401)
Transfer to payables	-	(215 556)
Reversal of debtor for reconciliation	1 826 205	2 323 966
	<b>3 906 551</b>	<b>4 436 059</b>

#### Net grants for movement reconciliation

Receivables from non exchange transactions	(1 826 205)	(2 323 966)
Unspent conditinal grant rollovers	3 906 551	4 436 059
	<b>2 080 346</b>	<b>2 112 093</b>

See note 25 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

### 14. Other financial liabilities

#### At amortised cost

Bank loans - other	61 994 066	65 057 297
Terms and conditions		



# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

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### 14. Other financial liabilities (continued)

The municipality has various loans with the DBSA with periods ranging from 12 to 20 years. The interest rates are fixed and range from 5% to 14.24%.

Refer to appendix A for details on loans.

#### Non-current liabilities

At amortised cost	58 637 488	61 994 065
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#### Current liabilities

At amortised cost	3 356 578	3 063 232
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### 15. Provisions

#### Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	4 747 680	-	-	3 818 418	8 566 098
Provision for 13th cheque	2 990 865	7 117 774	(6 376 155)	-	3 732 484
Provision for leave pay	8 469 458	4 717 955	(2 074 622)	-	11 112 791
	<b>16 208 003</b>	<b>11 835 729</b>	<b>(8 450 777)</b>	<b>3 818 418</b>	<b>23 411 373</b>

#### Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	4 541 518	-	-	206 162	4 747 680
Provision for 13th cheque	2 600 469	6 026 124	(5 635 728)	-	2 990 865
Provision for leave pay	5 851 378	4 804 879	(2 186 799)	-	8 469 458
	<b>12 993 365</b>	<b>10 831 003</b>	<b>(7 822 527)</b>	<b>206 162</b>	<b>16 208 003</b>

Non-current liabilities	8 566 098	4 747 680
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Current liabilities	14 845 275	11 460 323
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	<b>23 411 373</b>	<b>16 208 003</b>
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### 16. Payables from exchange transactions

Trade payables	83 173 067	81 407 526
Payments received in advanced	15 163 266	15 576 252
Retentions	3 062 630	4 425 317
Accrued bonus	3 053 184	2 394 405
Accrued salaries	2 090 857	118 111
Deposits received	323 000	119 960
Other payables	325 807	259 505
Unclaimed and confiscated deposits	1 462 260	1 461 947
Grants to be repaid	-	465 556
	<b>108 654 071</b>	<b>106 228 579</b>

### 17. VAT payable

Tax refunds payables	18 030 262	11 335 606
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# Lesedi Local Municipality

(Demarcation code GT423)

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand	2016	2015
<b>18. Consumer deposits</b>		
All services	9 563 820	8 238 829
<b>19. Revenue</b>		
Service charges	399 394 794	333 816 123
Rental of facilities and equipment	4 019 371	3 512 499
Licences and permits	62 201	41 377
Administration and management fees received	2 755 206	1 003 700
Recoveries	2 875 203	1 479 295
Other income - (rollup)	769 153	761 320
Interest received - investment	11 771 535	11 520 777
Property rates	89 841 384	84 459 205
Government grants & subsidies	129 835 809	142 882 331
Public contributions and donations	-	16 840 128
Fines, Penalties and Forfeits	47 683 629	30 849 364
	<b>689 008 285</b>	<b>627 166 119</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	399 394 794	333 816 123
Rental of facilities and equipment	4 019 371	3 512 499
Licences and permits	62 201	41 377
Administration and management fees received	2 755 206	1 003 700
Recoveries	2 875 203	1 479 295
Other income - (rollup)	769 153	761 320
Interest received - investment	11 771 535	11 520 777
	<b>421 647 463</b>	<b>352 135 091</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	89 841 384	84 459 205
<b>Transfer revenue</b>		
Government grants & subsidies	129 835 809	142 882 331
Public contributions and donations	-	16 840 128
Fines, Penalties and Forfeits	47 683 629	30 849 364
	<b>267 360 822</b>	<b>275 031 028</b>
<b>20. Service charges</b>		
Sale of electricity	261 814 925	216 219 039
Sale of water	84 727 834	70 208 747
Sewerage and sanitation charges	23 909 331	20 711 417
Refuse removal	27 810 710	25 597 955
Other service charges	1 131 994	1 078 965
	<b>399 394 794</b>	<b>333 816 123</b>
<b>21. Rental of facilities and equipment</b>		
<b>Premises</b>		
Premises	1 102 593	1 084 349

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand	2016	2015
<b>21. Rental of facilities and equipment (continued)</b>		
<b>Facilities and equipment</b>		
Rental of facilities	2 712 555	2 316 720
Rental of equipment	204 223	111 430
	<b>2 916 778</b>	<b>2 428 150</b>
Premises	1 102 593	1 084 349
Garages and parking	-	-
Facilities and equipment	2 916 778	2 428 150
	<b>4 019 371</b>	<b>3 512 499</b>
<b>22. Other revenue</b>		
Administration and management fees received - third party	2 755 206	1 003 700
Insurance recoveries	2 607 262	1 224 550
Other recoveries	267 941	254 745
Other income	769 153	761 320
	<b>6 399 562</b>	<b>3 244 315</b>
<b>23. Investment revenue</b>		
<b>Interest revenue</b>		
Interest charged on trade and other receivables	9 959 305	10 482 157
Interest earned - external investments	1 812 230	1 038 620
	<b>11 771 535</b>	<b>11 520 777</b>
<b>24. Property rates</b>		
<b>Rates received</b>		
Residential	114 460 349	106 641 063
Less: Income forgone	(24 618 965)	(22 181 858)
	<b>89 841 384</b>	<b>84 459 205</b>
<b>Valuations (R '000)</b>		
Residential	6 562 145	6 549 330
Commercial	1 741 346	1 740 911
State	676 028	665 944
Municipal	287 800	282 330
Small holdings and farms	1 866 157	1 862 681
	<b>11 133 476</b>	<b>11 101 196</b>

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation will be implemented on 01 July 2018.

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand	2016	2015
<b>25. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	82 794 000	71 665 000
Government grant (operating) 1 - Finance Management Grant	1 450 000	1 528 165
Government grant (operating) 2 - Municipal Systems Improvement Grant	930 000	934 000
Government grant (operating) 3 - Expanded Public Works Program Integrated Grant	1 347 000	1 269 065
Government grant (operating) 6 - Libraries plan	500 000	1 745 473
Government grant (operating) 8 - Provincial clinics	23 984	152 472
Government grant (operating) 10 - Sustainable Resource Management Grant	-	1 430 000
Government grant (operating) 12 - District health	3 254 245	3 724 011
Government grant (operating) 14 - Expanded Public Works Program (Cogta)	500 000	500 000
Government grant (operating) 15 - Rural Development Coordination Grant	-	246 908
Government grant (operating) 16 - Cogta	1 000 000	-
Government grant (operating) 17 - BKB grant	186 623	30 682
Government grant (operating) 18 - LG Seta	2 469 503	1 493 018
	<b>94 455 355</b>	<b>84 718 794</b>
<b>Capital grants</b>		
Government grant (capital) 1 - Municipal Infrastructure Grant	26 115 312	32 550 688
Government grant (capital) 2 - Integrated National Electrification Grant	3 909 410	7 003 140
Government grant (capital) 6 - Recapitalization of Community Libraries Grant	4 560 638	4 817 477
Government grant (capital) 7 - Environmental Quality Management Grant	487 769	2 231
Government grant (capital) 10 - Human Settlement Development Grant	-	13 700 000
Government grant (capital) 11 - NLDTF/Lotto	307 325	90 001
	<b>35 380 454</b>	<b>58 163 537</b>
	94 455 355	84 718 794
	35 380 454	58 163 537
	<b>129 835 809</b>	<b>142 882 331</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grants received	47 041 809	71 217 331
Unconditional grants received	82 794 000	71 665 000
	<b>129 835 809</b>	<b>142 882 331</b>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
All registered indigents receive a monthly subsidy of R 386 (2015: R 349), which is funded from the grant.		
<b>Government grant (operating) 1 - Finance Management Grant</b>		
Balance unspent at beginning of year	-	78 165
Current-year receipts	1 450 000	1 450 000
Conditions met - transferred to revenue	(1 450 000)	(1 528 165)
	-	-
<b>Government grant (operating) 2 - Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	930 000	934 000

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand	2016	2015
<b>25. Government grants and subsidies (continued)</b>		
Conditions met - transferred to revenue	(930 000)	(934 000)
	-	-
<b>Government grant (operating) 3 - Expanded Public Works Program Integrated Grant</b>		
Balance unspent at beginning of year	-	65
Current-year receipts	1 347 000	1 269 000
Conditions met - transferred to revenue	(1 347 000)	(1 269 065)
	-	-
<b>Government grant (operating) 6 - Libraries plan</b>		
Balance unspent at beginning of year	-	454 042
Current-year receipts	500 000	1 291 431
Conditions met - transferred to revenue	(500 000)	(1 745 473)
	-	-
<b>Government grant (operating) 8 - Provincial clinics</b>		
Balance unspent at beginning of year	(629 945)	(981 817)
Current-year receipts	131 833	504 344
Conditions met - transferred to revenue	(23 984)	(152 472)
	<b>(522 096)</b>	<b>(629 945)</b>
<b>Government grant (operating) 10 - Sustainable Resource Management Grant</b>		
Current-year receipts	-	1 430 000
Conditions met - transferred to revenue	-	(1 430 000)
	-	-
<b>Government grant (operating) 12 - District health</b>		
Balance unspent at beginning of year	(1 694 021)	(703 798)
Current-year receipts	3 644 157	2 733 787
Conditions met - transferred to revenue	(3 254 245)	(3 724 010)
	<b>(1 304 109)</b>	<b>(1 694 021)</b>
<b>Government grant (operating) 14 - Expanded Public Works Program (Cogta)</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	500 000	500 000
Conditions met - transferred to revenue	(500 000)	(500 000)
	-	-
<b>Government grant (operating) 15 - Rural Development Coordination Grant</b>		
Balance unspent at beginning of year	-	462 464
Conditions met - transferred to revenue	-	(246 908)
Other	-	(215 556)
	-	-
<b>Government grant (operating) 16 - Cogta</b>		

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand	2016	2015
<b>25. Government grants and subsidies (continued)</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	1 000 000	-
Conditions met - transferred to revenue	(1 000 000)	-
	-	-
<b>Government grant (operating) 17 - BKB grant</b>		
Balance unspent at beginning of year	460 650	306 332
Current-year receipts	-	185 000
Conditions met - transferred to revenue	(186 623)	(30 682)
	<b>274 027</b>	<b>460 650</b>
<b>Government grant (operating) 18 - LG Seta</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	2 469 503	1 493 018
Conditions met - transferred to revenue	(2 469 503)	(1 493 018)
	-	-
<b>Government grant (capital) 1 - Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	3 486 312	-
Current-year receipts	22 629 000	36 037 000
Conditions met - transferred to revenue	(26 115 312)	(32 550 688)
	-	<b>3 486 312</b>
<b>Government grant (capital) 2 - Integrated National Electrification Grant</b>		
Balance unspent at beginning of year	-	3 140
Current-year receipts	5 400 000	7 000 000
Conditions met - transferred to revenue	(3 909 410)	(7 003 140)
	<b>1 490 590</b>	-
<b>Government grant (capital) 6 - Recapitalization of Community Libraries Grant</b>		
Balance unspent at beginning of year	-	715 503
Current-year receipts	6 200 000	4 101 974
Conditions met - transferred to revenue	(4 560 638)	(4 817 477)
	<b>1 639 362</b>	-
<b>Government grant (capital) 7 - Environmental Quality Management Grant</b>		
Balance unspent at beginning of year	487 769	-
Current-year receipts	-	490 000
Conditions met - transferred to revenue	(487 769)	(2 231)
	-	<b>487 769</b>
<b>Government grant (capital) 10 - Human Settlement Development Grant</b>		
Balance unspent at beginning of year	-	-
Current-year receipts	-	13 700 000

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand	2016	2015
<b>25. Government grants and subsidies (continued)</b>		
Conditions met - transferred to revenue	-	(13 700 000)
	-	-
<b>Government grant (capital) 11 - NLDTF/Lotto</b>		
Balance unspent at beginning of year	1 328	91 329
Current-year receipts	808 569	-
Conditions met - transferred to revenue	(307 325)	(90 001)
	<b>502 572</b>	<b>1 328</b>

Additional text

### 26. Public contributions and donations

Donations	-	16 840 128
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Donations income consists of the following:

Infrastructure	R12,564,652
Vehicles	R 4,140,000
Computers	R 135,476

# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand	2016	2015
<b>27. Employee related costs</b>		
Basic	85 189 139	77 481 981
Medical aid - company contributions	6 936 707	5 857 191
UIF	767 383	725 970
WCA	-	1 105 755
SDL	979 468	943 120
Other payroll levies	41 367	37 577
Leave pay provision charge	2 643 333	2 618 080
Pension costs	16 377 672	14 538 350
Leave pay	2 074 623	2 186 800
Group insurance	1 280 871	1 095 818
Overtime payments	6 535 726	5 498 332
13th Cheques	7 776 551	6 413 592
Acting allowances	710 446	243 734
Car allowance	2 403 300	1 815 315
Housing benefits and allowances	1 344 916	347 190
Cellphone allowance	92 550	85 388
Entertainment allowance	840	770
Standby	780 374	714 712
Cleaning allowance	240	240
Tool allowance	1 080	1 080
	<b>135 936 586</b>	<b>121 710 995</b>

### Remuneration of municipal manager

Annual Remuneration	1 209 894	1 209 627
Car Allowance	254 619	254 619
Contributions to UIF, Medical and Pension Funds	1 785	1 785
	<b>1 466 298</b>	<b>1 466 031</b>

### Remuneration of chief finance officer

Annual Remuneration	163 436	1 159 046
Car Allowance	40 933	105 590
Contributions to UIF, Medical and Pension Funds	298	1 785
	<b>204 667</b>	<b>1 266 421</b>

### Remuneration of executive manager: Corporate services

Annual Remuneration	640 457	632 949
Car Allowance	192 000	160 000
Contributions to UIF, Medical and Pension Funds	142 685	126 904
Housing Subsidy	72 000	60 000
Cellphone Allowance	12 000	10 000
	<b>1 059 142</b>	<b>989 853</b>

### Remuneration of executive manager: Community services

Annual Remuneration	791 668	722 379
Car Allowance	262 291	244 327
Contributions to UIF, Medical and Pension Funds	27 324	23 147
	<b>1 081 283</b>	<b>989 853</b>

### Remuneration of executive manager: Infrastructure services



# Lesedi Local Municipality

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Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand	2016	2015
<b>27. Employee related costs (continued)</b>		
Annual Remuneration	653 717	598 081
Car Allowance	254 226	252 308
Contributions to UIF, Medical and Pension Funds	151 199	139 464
Acting Allowance	265 466	-
	<b>1 324 608</b>	<b>989 853</b>

### Remuneration of executive manager: Local economic development

Annual Remuneration	704 501	647 711
Car Allowance	163 398	166 754
Contributions to UIF, Medical and Pension Funds	191 242	175 388
	<b>1 059 141</b>	<b>989 853</b>

### 28. Remuneration of councillors

Executive Mayor	778 881	739 363
Speaker	627 278	595 664
Councillors	7 816 688	7 097 665
	<b>9 222 847</b>	<b>8 432 692</b>

### In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has the use of a Council owned vehicle with two drivers and bodyguards for official duties. The Executive Mayor is assisted by a manager, gender officer and an administrative assistant. The speaker is assisted by a manager and a secretary.

### 29. Depreciation and amortisation

Property, plant and equipment	29 750 199	29 322 187
Investment property	12 375 232	11 532 854
Intangible assets	1 284 072	682 850
	<b>43 409 503</b>	<b>41 537 891</b>

### 30. Impairment of assets

#### Impairments

Property, plant and equipment	99 332	(410 124)
-------------------------------	--------	-----------

The main classes of assets affected by impairment losses are:

	2015/16	2014/15
Infrastructure	-	(410,124)
Community assets	99,332	-

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## Notes to the Financial Statements

Figures in Rand	2016	2015
<b>31. Finance costs</b>		
Non-current borrowings	5 844 166	6 126 465
Bank overdraft	-	874 942
Interest cost on employee benefits	4 795 000	4 477 000
Fair value adjustments on landfill site	3 818 418	-
	<b>14 457 584</b>	<b>11 478 407</b>
<b>32. Debt impairment</b>		
Impairment on traffic fines	36 325 154	20 535 043
Contributions to debt impairment provision	74 639 171	75 844 490
Bad debts written off	1 302 924	969 025
	<b>112 267 249</b>	<b>97 348 558</b>
<b>33. Bulk purchases</b>		
Electricity	200 039 163	168 588 132
Water	46 376 173	40 725 946
Sewer purification	8 826 453	8 060 687
	<b>255 241 789</b>	<b>217 374 765</b>
<b>34. Contracted services</b>		
Other Contractors	566 528	525 683

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Figures in Rand	2016	2015
<b>35. General expenses</b>		
Advertising	173 122	287 121
Auditors remuneration	3 708 339	4 150 503
Bank charges	583 001	507 947
Consulting and professional fees	11 903 709	11 046 205
Consumables	358 858	558 319
Debt collection	6 499 137	6 587 076
Donations	1 500	-
Entertainment	299 159	189 173
Fines and penalties	20 950	1 710 050
Hire of equipment	1 317 712	2 461 681
Insurance	3 277 212	2 876 155
Community development and training	66 732	353 130
IT expenses	2 585 776	349 035
Fleet expense	7 278 769	6 966 338
Promotions and sponsorships	91 804	-
Magazines, books and periodicals	-	109 283
Pest control	52 009	69 436
Postage and courier	786 485	796 735
Printing and stationery	609 975	1 356 314
Promotions	-	1 000 000
Protective clothing	772 774	503 647
Security (Guarding of municipal property)	11 074 364	8 652 267
Software expenses	-	502 391
Staff welfare	41 340	476 840
Subscriptions and membership fees	1 420 346	1 313 833
Telephone and fax	2 472 998	1 533 265
Training	2 263 917	4 768 612
Travel - local	460 314	1 760 429
Refuse	8 009 215	6 046 233
Assets expensed	486 961	214 693
Billing and meter reading charges	1 573 376	1 111 798
Laboratory charges	432	-
Grant related expenditure	1 939 175	2 424 330
Connection costs	366 774	565 814
Indigents	12 592 747	10 465 612
Valuation costs	213 936	955 680
Pensioners	1 024 184	1 842 622
Other expenses	5 873 400	3 148 941
	<b>90 200 502</b>	<b>87 661 508</b>

### 36. Auditors' remuneration

Fees	3 708 339	4 150 503
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### 37. Taxation

The municipality is exempt from income tax in terms of the Income Tax Act (Act No.58 of 1962) Section 10(1)(a).

### 38. Operating surplus

Operating surplus for the year is stated after accounting for the following:

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Figures in Rand	2016	2015
<b>38. Operating surplus (continued)</b>		
Loss on sale of property, plant and equipment	(162 406)	(4 144 732)
Impairment on property, plant and equipment	99 332	(410 124)
Amortisation on intangible assets	1 284 072	682 850
Depreciation on property, plant and equipment	29 750 199	29 322 187
Depreciation on investment property	12 375 232	11 532 854
Employee costs	151 354 572	136 835 551
<b>39. Cash generated from operations</b>		
Surplus	400 009	6 604 543
<b>Adjustments for:</b>		
Depreciation and amortisation	43 409 503	41 537 891
Gain on sale of assets and liabilities	162 406	4 144 732
Impairment loss (reversal)	99 332	(410 124)
Debt impairment	112 267 249	97 348 558
Movements in retirement benefit assets and liabilities	3 269 000	4 358 000
Movements in provisions	7 203 370	3 214 638
Non-cash donation income	-	(16 840 126)
<b>Changes in working capital:</b>		
Inventories	446 387	498 505
Receivables from exchange transactions	835 581	(3 259 185)
Consumer debtors	(146 010 901)	(93 380 661)
Other receivables from non-exchange transactions	(1 490 013)	(4 480 679)
Payables from exchange transactions	2 425 492	26 664 991
VAT	6 694 656	(136 068)
Unspent conditional grants and receipts	(529 508)	2 325 019
Consumer deposits	1 324 991	505 459
	<b>30 507 554</b>	<b>68 695 493</b>

# Lesedi Local Municipality

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### 40. Financial instruments disclosure

#### Categories of financial instruments

2016

#### Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	4 140 951	4 140 951
Other receivables from non-exchange transactions	-	11 199 692	11 199 692
Consumer debtors	-	85 692 977	85 692 977
Cash and cash equivalents	14 989 426	-	14 989 426
	<b>14 989 426</b>	<b>101 033 620</b>	<b>116 023 046</b>

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#### Financial liabilities

	At amortised cost	Total
Other financial liabilities	61 994 066	61 994 066
Trade and other payables from exchange transactions	108 654 069	108 654 069
Unspent conditional grants	3 906 551	3 906 551
Consumer deposits	9 563 820	9 563 820
VAT payable	18 030 262	18 030 262
	<b>202 148 768</b>	<b>202 148 768</b>

---

2015

#### Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	4 976 532	4 976 532
Other receivables from non-exchange transactions	-	10 758 067	10 758 067
Consumer debtors	-	57 320 399	57 320 399
Cash and cash equivalents	18 976 001	-	18 976 001
	<b>18 976 001</b>	<b>73 054 998</b>	<b>92 030 999</b>

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#### Financial liabilities

	At amortised cost	Total
Other financial liabilities	65 057 297	65 057 297
Trade and other payables from exchange transactions	106 228 579	106 228 579
Unspent conditional grants	4 436 059	4 436 059
Consumer deposits	8 238 829	8 238 829
VAT payable	11 335 606	11 335 606
	<b>195 296 370</b>	<b>195 296 370</b>

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# Lesedi Local Municipality

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### 41. Commitments

#### Authorised capital expenditure

##### Already contracted for but not provided for

• Property, plant and equipment	36 435 179	8 240 503
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##### Total capital commitments

Already contracted for but not provided for	36 435 179	8 240 503
---	------------	-----------

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#### Authorised operational expenditure

##### Already contracted for but not provided for

• Valuation costs	1 278 502	-
• Consulting and professional fees	1 668 259	-
• Software / IT expenses	1 881 118	-
• Contracted services	176 260	-
• Telephone and fax	3 564 724	-
• Hire of equipment	2 543 053	-
	<b>11 111 916</b>	<b>-</b>

---

##### Total operational commitments

Already contracted for but not provided for	11 111 916	-
---	------------	---

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#### Total commitments

##### Total commitments

Authorised capital expenditure	36 435 179	8 240 503
Authorised operational expenditure	11 111 916	-
	<b>47 547 095</b>	<b>8 240 503</b>

---

The committed capital expenditure relates to plant and equipment and will be financed by the recapitalisation of libraries grant, the integrated national electrification grant and funds internally generated.

This committed expenditure consists of the following:

1. WA Roads Construction CC (Kwazenzele pipeline)	- R 1,065,817
2. WA Roads Construction CC (Reservoir)	- R 10,786,963
3. F&J Electrical	- R 18,291,763
4. JM Mncwango Trading	- R 2,663,603
5. TM Khoza & Associates	- R 50,504
6. Asatico Civil & Construction	- R 657,117
7. Tshawe Infrastructure Technologies	- R 83,150
8. Dikgato Engineers	- R 50,300
9. Ugqoloma Holdings	- R 1,146,600
10. Library projects	- R 1,639,362

The committed operational expenditure relates to general expenses and will be financed by funds internally generated.

This committed expenditure consists of the following:

1. Neil de Klerk	- R 1,278,502
2. Amaza Telematics and Fleet Management	- R 1,813,460
3. Meso Automation	- R 2,543,053
4. New Dawn Technologies	- R 3,564,724
5. I@ Consulting	- R 1,668,259
6. Sonke Consulting	- R 67,658
7. Fire Flame Trading and Projects (Pty) Ltd	- R 176,260

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### 41. Commitments (continued)

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	775 416	1 086 376
- in second to fifth year inclusive	-	533 682
	<b>775 416</b>	<b>1 620 058</b>

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Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of three years. No contingent rent is payable.

### 42. Contingencies

A labour matter is pending against the municipality relating to a dispute with a former employee who alleges that she was unfairly dismissed and is seeking damages of R 1 500 000. The matter has been referred to the labour court.

A labour matter is pending against the municipality relating to a dispute with an employee who was demoted on grounds of misconduct. The employee is seeking damages of R 500 000. The matter has been referred to the labour court.

A labour matter is pending against the municipality relating to a dispute with an employee who was suspended and is seeking reinstatement. The employee is seeking damages of R 3 000 000.

A labour matter is pending against the municipality relating to a former employee who is claiming unpaid sick leave. The amount of the claim is R 1 000 000.

Litigation is in the process against the municipality relating to a dispute with regards to the implementation of new water and electricity tariffs. The amount of the claim is R 230 000.

Litigation is in the process against the municipality relating to a service provider seeking reinstatement of terminated contracted. The amount of the claim is R 1 500 000.

### 43. Related parties

#### Relationships

Close family member of key management	None
Joint venture of key management	None
Associate of close family member of key management	None
Members of key management	I Rampedi (Acting Municipal Manager) P Mpele (Chief Financial Officer) K Molohlanye (Executive Manager Corporate Services) J Marwa (Executive Manager Development and Planning) C Mokoena (Executive Manager Community Services)

### 44. Prior period errors

Property, plant and equipment also had to be restated due to assets found during the verification process that were not in the asset register.

Payables from exchange transactions had to be restated due to duplicates in the raising of the debtor for debt collection.

Payables from non-exchange transactions had to be restated due to impairment on unpaid traffic fines.

The correction of the error(s) results in adjustments as follows:

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### 44. Prior period errors (continued)

#### Statement of financial position

Property, plant and equipment	-	9 533 272
Receivables from exchange transactions	-	(2 017 700)
Receivables from non-exchange transactions	-	(24 420 101)
Opening Accumulated Surplus or Deficit	-	(6 114 279)

#### Statement of Financial Performance

Fines, penalties and forfeits	-	(637 839)
Depreciation expense	-	260 379
Debt impairment	-	21 504 068
Repairs and maintenance	-	(125 500)
General expenses (Debt collection)	-	2 017 700

### 45. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

#### Statement of financial position

Employee benefit obligation - current liabilities	-	(51 121 000)
Employee benefit obligation - non-current liabilities	-	51 121 000

#### Statement of Financial Performance

Service charges	-	(71 118)
Other income	-	71 118

### 46. Risk management

#### 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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

#### 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.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. 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	2016	2015
Current Account (ABSA)	2 274 860	1 972 744
Current Account (ABSA)	75 957	407 259
Call Account (ABSA)	11 746 236	13 323 909
Call Account (Investec)	890 473	3 269 254
Trade and other receivables from exchange transactions	4 140 951	4 676 532
Other receivables from non-exchange transactions	11 199 692	10 758 067
Consumer debtors	85 692 977	57 320 399



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### 46. Risk management (continued)

#### 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

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.

### 48. Unauthorised expenditure

Opening balance	51 572 488	6 221
Unauthorised expenditure	70 604 686	51 566 267
	<b>122 177 174</b>	<b>51 572 488</b>

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Included in unauthorised expenditure is overexpenditure on salaries, bulk purchases and general expenses.

### 49. Fruitless and wasteful expenditure

Opening balance	3 656 179	369 254
Fruitless and wasteful expenditure - current year	5 009 806	3 286 925
	<b>8 665 985</b>	<b>3 656 179</b>

---

Fruitless and wasteful expenditure consists of interest on late payments to Eskom, Rand Water, Telkom, Municipal councillors pension fund and the municipal gratuity fund.

### 50. Irregular expenditure

Opening balance	83 373 117	12 965 977
Add: Irregular Expenditure - current year	39 831 163	70 407 140
Add: Irregular Expenditure - prior year	2 876 200	-
	<b>126 080 480</b>	<b>83 373 117</b>

---

### Analysis of expenditure awaiting condonation per age classification

Current year	39 831 163	70 407 140
Prior years	86 249 317	12 965 977
	<b>126 080 480</b>	<b>83 373 117</b>

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### 51. In-kind donations and assistance

The municipality received the following in-kind donations and assistance:

MiSA provided the municipality with the services of a structural and civil expert (12 months).

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### 52. Additional disclosure in terms of Municipal Finance Management Act

#### Audit fees

Current year subscription / fee	3 613 169	2 555 054
Amount paid - current year	(3 613 169)	(2 555 054)
	-	-

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#### PAYE and UIF

Opening balance	-	-
Current year subscription / fee	18 087 386	15 426 451
Amount paid - current year	(18 087 386)	(15 426 451)
	-	-

---

#### Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	23 819 603	32 697 462
Amount paid - current year	(23 819 603)	(32 697 462)
	-	-

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#### VAT

VAT payable	18 030 262	11 335 606
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All VAT returns have been submitted by the due date throughout the year.

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2016:

30 June 2016	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
SM Sibeko	2 666	-	2 666

---

30 June 2015	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
TS Moremi	1 702	1 473	3 175
SM Sibeko	582	-	582
	<b>2 284</b>	<b>1 473</b>	<b>3 757</b>

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During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

#### Supply chain management regulations

In terms of section 45 of the Municipal Supply Chain Management Regulations any award of more than R2000 to a person who is a spouse, child or parent of a person who is in the service of the state, or has been in the service of the state in the previous 12 months must be disclosed in the annual financial statements. These awards are as disclosed below:

An amount of R97 460 was paid to Prosellono Trading & Projects(Pty)Ltd for the 2015/2016 Financial Year whose owner Mr Sello Mofokeng, is the spouse of Nonhlanhla Mkwana who is employed as a creditors officer at Lesedi Local Municipality.

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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 council and includes a note to the financial statements.

Forty five procurements, noted below, were procured during the financial year under review and the process followed in procuring these goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the adjudication committee and council who considered them and subsequently approved the deviation from the normal supply chain management regulations.

The procurements noted above are:

Reason	Number	Value
Emergency [S36 (1)(a)(i) ]	11 Companies	R 1,922,901
Impractical to follow SCM [S36 (1)(a)(v)]	26 Companies	R 4,113,121
Sole supplier [S36 (1)(a)(ii)]	13 Companies	R 1,170,017

### 54. Debtors on RDP houses not yet transferred

#### Reconciliation in RDP houses not yet transferred

Debtors on RDP houses not yet transferred	146 883 483	146 883 483
Impairment on debtors on RDP houses not yet transferred	(146 883 483)	(146 883 483)
	-	-

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### 55. Reconciliations of traffic fines

Fines	67 282 071	28 969 144
Impairment	(60 414 068)	(24 088 915)
	<b>6 868 003</b>	<b>4 880 229</b>

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### 56. Unaccounted water and electricity

#### Distribution loss amounts

Electricity	29 754 908	17 509 431
Water	10 878 359	11 340 239
	<b>40 633 267</b>	<b>28 849 670</b>

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#### Distribution loss percentage

Electricity	19	14
Water	20	24
	<b>39</b>	<b>38</b>

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Distribution losses for electricity is reported after taking into account acceptable network losses of 5.2% (R7 796 804) and own use of 1.84% (R2 560760).

Distribution losses for water is reported after taking into account acceptable network losses of 5.5% (R2 923 546) and own use of 0.56% (R211 572)

### 57. Budget differences

#### Material differences between budget and actual amounts

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## Company Secretary's Certification

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### 57. Budget differences (continued)

Explanations for variances between budget and actuals:

#### Statement of Financial Performance

1. Service charges - Variance is due to an over estimation of service charges
2. Licences and permits - Increased demand in the number of applications for licences and permits received and awarded.
3. Administration and management fees received - Lower than anticipated connection and disconnection fees received.
4. Insurance recoveries - The figure increased as in some instances of insurance claims, the insurer opted to pay the sum equal to the losses claimed for rather than replace or repair the damaged/lost assets.
5. Interest received - The interest received decreased as a result of less money invested into call accounts as Cogta stopped some MIG transfers to the municipality due to under spending.
6. Personnel - The over expenditure on employee costs is as a result of high number of hours on overtime and extended acting allowances on some executive manager posts.
7. Depreciation and amortisation - Depreciation is due to additions on infrastructure projects.
8. Debt impairment - The variance is due to lower than anticipated debtor's collection rate.
9. Repairs and maintenance - The variance is due to reduced maintenance taking place as a result of cash constraints and sourcing of goods and services at a reduced rates.
10. Bulk purchases - The variance is due to Eskom increased winter tariffs and the higher than expected consumption of electricity.
11. General expenses - The variance is due to higher than anticipated costs on security services.

#### Statement of Financial Position

12. Inventories - Variance is due to increased demand due to structural changes.
13. Receivables from exchange transactions - The variance is due to the reduction in the debt disclosed as owed by the debt collectors after reconciling the amount paid as commission to the amount actually collected for the 2014/15 year.
14. Receivables from non-exchange transactions - The variance is due to Sedibeng timeously transferring funds for health services.
15. Consumer debtors - The variance is due to an increase in the tariffs and lower than expected debtors collection.
16. Cash and cash equivalents - The variance is due to ring fenced grant funds in the call accounts for projects which were completed in June and paid for in July and some unspent grant funds of which rollovers have been requested for use in 2016/17,
17. Investment property - The variance is due to depreciation.
18. Property, plant and equipment - The variance is due to depreciation.
19. Intangible assets - The variance is due to depreciation.
20. Payables from exchange transactions - The variance is due to creditors at year end being higher than anticipated as the municipality experienced cash constraints.
21. VAT payable - Variance is due to service providers which were not VAT vendors.
22. Consumer deposits - Variance is due to an increase in new consumer accounts.
23. Unspent conditional grants - Variance is due to delayed start to grant funded projects.
24. Variance is due to employee benefits erroneously over budgeted for.
25. Employee benefit obligation - Implementation of GRAP 25.

# Lesedi Local Municipality

## Appendix A

June 2016

### Schedule of external loans as at 30 June 2016

Loan Number	Redeemable	Balance at 30 June 2015	Received during the period	Redeemed written off during the period	Balance at 30 June 2016	
		Rand	Rand	Rand	Rand	
<b>Development Bank of South Africa</b>						
R13 Rat Elec - 9.45% Fixed	102187	15 years	2 832 946	-	369 812	2 463 134
R14 Electrical Upgrade - 9.59% Fixed	102986_1	20 years	17 309 184	-	711 518	16 597 666
R15 Electrical Upgrade - 5.00% Fixed	102986_2	20 years	10 568 666	-	593 252	9 975 414
R16 Vehicle - 11.87% Fixed	6100956	12 years	4 963 778	-	105 311	4 858 467
R17 Infrastructure - 6.75% Fixed	6100955	20 years	2 916 412	-	116 898	2 799 514
R18 Other - 14.24% Fixed	6100954	20 years	2 926 172	-	287 512	2 638 660
R19 Electrical Infrastructure - 12%	61006830	20 years	7 383 340	-	154 285	7 229 055
R20 Electrical Upgrade - 6.75%	61006831	20 years	11 845 636	-	407 022	11 438 614
R21 Roads and Stormwater - 11.65%	61006809	12 years	4 302 163	-	317 621	3 984 542
			<b>65 048 297</b>	<b>-</b>	<b>3 063 231</b>	<b>61 985 066</b>
<b>Total external loans</b>						
Loan Stock			-	-	-	-
Structured loans			-	-	-	-
Funding facility			-	-	-	-
Development Bank of South Africa			65 048 297	-	3 063 231	61 985 066
Bonds			-	-	-	-
Other loans			-	-	-	-
Lease liability			-	-	-	-
Annuity loans			-	-	-	-
Government loans			-	-	-	-
			<b>65 048 297</b>	<b>-</b>	<b>3 063 231</b>	<b>61 985 066</b>