



[These financial statements have been audited]

FINANCIAL STATEMENTS

30 JUNE 2013

SENQU MUNICIPALITY

Index

| <i>Contents</i> | <i>Page</i> |
|---|-------------|
| General Information | 1 |
| Approval of the Financial Statements | 2 - 3 |
| Statement of Financial Position | 4 |
| Statement of Financial Performance | 5 |
| Statement of Changes In Net Assets | 6 |
| Cash Flow Statement | 7 |
| Statement of comparison of budget and actual amounts - Statement of Financial Position | 8 - 9 |
| Statement of comparison of budget and actual amounts - Statement of Financial Performance | 10 - 11 |
| Statement of comparison of budget and actual amounts - Cash Flow Statement | 12 - 13 |
| Accounting Policies | 14 - 47 |
| Notes to the Financial Statements | 48 - 83 |
| APPENDICES - Unaudited | |
| A Schedule of External Loans | 84 |
| B Segmental Analysis of Property, Plant and Equipment | 85 |
| C Segmental Statement of Financial Performance | 86 |
| D Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003 | 87 |

SENQU MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GENERAL INFORMATION

NATURE OF BUSINESS

Senqu Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Senqu Municipality includes the following areas:

Lady Grey
Barkly East
Sterkspruit
Rhodes
Herschel
Rossouw

MEMBERS OF THE EXECUTIVE COMMITTEE

NY Mtyali
MW Mpelwane
GN Mbonzana
NM Kwinana
S Mziki
M Maflika
J Constable

MUNICIPAL MANAGER

M M Yawa

CHIEF FINANCIAL OFFICER

C R Venter

REGISTERED OFFICE

P.O. Box 18
Lady Grey
9755

AUDITORS

Auditor-General
P O Box 13252
East London

PRINCIPLE BANKERS

Standard Bank

ATTORNEYS

Le Roux Attorneys
101 Cape Road
Port Elizabeth

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

SENQU MUNICIPALITY

MEMBERS OF THE SENQU MUNICIPALITY

| WARD | COUNCILLOR |
|--------------|-----------------|
| 1 | B.S Majodina |
| 2 | P.G. Key |
| 3 | N. Nombula |
| 4 | N. M. Kwinana |
| 5 | J Lamani |
| 6 | N.C Mraji |
| 7 | M.B Gojo |
| 8 | M.G. Moeletsi |
| 9 | A.P April |
| 10 | S. Mfisa |
| 11 | M.N Ngedane |
| 12 | M.P Bingwa |
| 13 | L.M Tokwe |
| 14 | M.J Mjali |
| 15 | S.S Ndzongana |
| 16 | M.M Mafilika |
| 17 | P.N August |
| 18 | B. Ngogodo |
| 19 | N.C Motemekoane |
| Proportional | A. P. Kwinana |
| Proportional | A.H Sobhuza |
| Proportional | G. Mbonyana |
| Proportional | G.N Mvunyiswa |
| Proportional | I Mosisidi |
| Proportional | I. Elia |
| Proportional | I.S Van De Walt |
| Proportional | J. Constable |
| Proportional | M. A Mshasha |
| Proportional | M. Senoamali |
| Proportional | M.A Mangali |
| Proportional | M.J Sereba |
| Proportional | M.W. Mpelwane |
| Proportional | N.M Nthako |
| Proportional | N.Y Mtyali |
| Proportional | R.M Joubert |
| Proportional | S. Mziki |
| Proportional | S.S Tindleni |

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2013, which are set out on pages 1 to 87 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2013 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

M M Yawa
Municipal Manager

Date

SENQU MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

| | Notes | 2013 R (Actual) | 2012 R (Restated) |
|--|--------------|-----------------------|-------------------------|
| NET ASSETS AND LIABILITIES | | | |
| Net Assets | | 318 272 066 | 275 251 336 |
| Capital Replacement Reserve | 2 | - | - |
| Revaluation Reserve | 2 | 1 642 127 | 1 226 989 |
| Employee Benefits Reserve | 2 | - | - |
| Valuation Roll Reserve | 2 | - | - |
| Accumulated Surplus | 2 | 316 629 938 | 274 024 347 |
| Non-Current Liabilities | | 29 785 558 | 30 566 991 |
| Long-term Liabilities | 3 | 14 439 371 | 15 237 007 |
| Employee benefits | 4 | 10 220 582 | 10 726 761 |
| Non-Current Provisions | 5 | 5 125 605 | 4 603 223 |
| Liabilities associated with Discontinued Operations | 36.01 | - | 2 328 360 |
| Current Liabilities | | 36 688 606 | 26 698 832 |
| Consumer Deposits | 6 | 949 266 | 532 757 |
| Current Employee benefits Provisions | 7 | 5 476 669 | 4 899 112 |
| Payables from exchange transactions | 8 | - | - |
| Unspent Conditional Government Grants and Receipts | 9 | 1 644 785 | 3 148 381 |
| Operating Lease Liability | 10 | 27 825 349 | 17 318 480 |
| Current Portion of Long-term Liabilities | 20.1 | 1 340 | 1 970 |
| | 3 | 791 198 | 798 132 |
| Total Net Assets and Liabilities | | 384 746 230 | 334 845 519 |
| ASSETS | | | |
| Non-Current Assets | | 211 700 752 | 187 680 390 |
| Property, Plant and Equipment | 12 | 201 257 572 | 177 155 254 |
| Capitalised Restoration Cost | 13 | - | - |
| Investment Property | 15 | 10 262 000 | 10 262 000 |
| Intangible Assets | 16 | 181 180 | 263 136 |
| Non-Current Assets Held for Sale | 14 | 1 787 | 84 851 |
| Assets associated with Discontinued Operations | 36.01 | - | 848 736 |
| Current Assets | | 173 043 691 | 146 231 542 |
| Inventory | 17 | 3 751 818 | 3 521 067 |
| Receivables from exchange transactions | 18 | 12 606 610 | 14 687 943 |
| Receivables from non-exchange transactions | 19 | 838 937 | 599 419 |
| Unpaid Conditional Government Grants and Receipts | 10 | - | 342 129 |
| Operating Lease Asset | 20.2 | 83 370 | 58 542 |
| Taxes | 11 | 1 510 022 | 1 125 142 |
| Cash and Cash Equivalents | 21 | 154 252 933 | 125 897 298 |
| Total Assets | | 384 746 230 | 334 845 519 |

SENQU MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

| | | 2013 | 2012 | 2012 |
|--|-------|--------------------|-----------------------------------|------------------------|
| | | | Restated - Note 36 and Note 37 | Previously Reported |
| Notes | R | R | R | R |
| REVENUE | | | | |
| Revenue from Non-exchange Transactions | | 130 328 670 | 133 973 865 | 133 965 867 |
| Taxation Revenue | | 4 311 689 | 4 001 011 | 4 001 011 |
| Property taxes | 22 | 4 311 689 | 4 001 011 | 4 001 011 |
| Transfer Revenue | | 123 760 561 | 129 922 399 | 129 914 401 |
| Government Grants and Subsidies - Capital | 23 | 20 143 049 | 22 106 014 | 22 106 014 |
| Government Grants and Subsidies - Operating | 23 | 103 398 274 | 107 758 386 | 107 758 386 |
| Public Contributions and Donations | | - | 50 000 | 50 000 |
| Contributed Assets | | 219 238 | 7 998 | - |
| Other Revenue | | 2 256 420 | 50 455 | 50 455 |
| Actuarial Gains | | 2 079 250 | - | - |
| Fines | | 65 462 | 50 455 | 50 455 |
| Third Party Payments | | 111 708 | - | - |
| Revenue from Exchange Transactions | | 41 062 168 | 31 142 423 | 31 129 970 |
| Service Charges | 24 | 25 267 381 | 19 950 838 | 19 950 838 |
| Rental of Facilities and Equipment | | 423 707 | 570 499 | 558 046 |
| Interest Earned - external investments | | 7 476 031 | 6 790 249 | 6 790 249 |
| Interest Earned - outstanding debtors | | 1 092 245 | 881 990 | 881 990 |
| Licences and Permits | | 1 749 913 | 1 680 258 | 1 680 258 |
| Agency Services | | 1 618 737 | 579 596 | 579 596 |
| Other Income | 25 | 1 194 973 | 688 992 | 688 992 |
| Transfer of Functions - Water and Sanitation | | 2 239 181 | - | - |
| Total Revenue | | 171 390 838 | 165 116 287 | 165 095 836 |
| EXPENDITURE | | | | |
| Employee Related Costs | 26 | 40 017 604 | 30 793 033 | 30 793 033 |
| Remuneration of Councillors | 27 | 8 858 218 | 8 386 846 | 8 386 846 |
| Debt Impairment | 28 | 5 093 346 | 2 694 143 | 2 694 143 |
| Depreciation and Amortisation | 29 | 12 914 217 | 11 578 656 | 11 675 067 |
| Impairment | | 522 382 | 352 641 | 116 766 |
| Repairs and Maintenance | 30 | 2 554 473 | 3 405 197 | 3 405 197 |
| Actuarial losses | 4 | - | 561 491 | 561 491 |
| Finance Charges | 31 | 1 147 102 | 1 259 394 | 1 717 717 |
| Bulk Purchases | 32 | 19 167 363 | 15 130 377 | 15 130 377 |
| Grants and Subsidies Paid | 33 | 333 000 | 731 837 | 731 837 |
| Other Operating Grant Expenditure | 34 | 15 231 233 | 25 442 356 | 26 240 396 |
| General Expenses | 35 | 21 953 645 | 17 210 283 | 17 209 501 |
| Loss on disposal of PPE/Investment Property | | 992 665 | 85 282 | 85 282 |
| Total Expenditure | | 128 785 247 | 117 631 536 | 118 747 653 |
| NET SURPLUS FOR THE YEAR - BEFORE DISCONTINUED OPERATIONS | | 42 605 591 | 47 484 752 | 46 348 183 |
| Discontinued Operations (Water and Sanitation) | 36.01 | - | (199 653) | (199 653) |
| NET SURPLUS FOR THE YEAR - AFTER DISCONTINUED OPERATIONS | | 42 605 591 | 47 285 099 | 46 148 530 |

SENQU MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

| | Capital Replacement Reserve | Revaluation Reserve | Employee Benefits Reserve | Valuation Roll Reserve | Accumulated Surplus/ (Deficit) |
|---|-----------------------------------|------------------------|---------------------------------|------------------------------|--------------------------------------|
| | R | R | R | R | R |
| Balance at 30 JUNE 2011 | 56 463 739 | 844 413 | 5 644 845 | 689 618 | 160 193 431 |
| Correction of error - Note - 37.13 | (56 463 739) | - | (5 644 845) | (689 618) | 66 545 817 |
| Restated Balance at 1 JULY 2011 | - | 844 413 | - | - | 226 739 248 |
| Net Surplus/(Deficit) for the year | - | - | - | - | 47 285 099 |
| Transfer to CRR - previously reported | 18 678 296 | - | - | - | (18 678 296) |
| Revaluation on Land and Buildings - Restated | - | 382 576 | - | - | - |
| Transfer to Valuation Roll Reserve in terms of Funding and Reserves Policy - previously reported | - | - | - | 229 873 | (229 873) |
| Transfer to Employee Benefits Reserve in terms of Funding and Reserves Policy - previously reported | - | - | 6 000 349 | - | (6 000 349) |
| Correction of error - Note - 37.13 | (18 678 296) | - | (6 000 349) | (229 873) | 24 908 518 |
| Balance at 30 JUNE 2012 | - | 1 226 989 | - | - | 274 024 347 |
| Net Surplus/(Deficit) for the year | - | - | - | - | 42 605 591 |
| Revaluation on Land and Buildings | - | 415 138 | - | - | - |
| Balance at 30 JUNE 2013 | - | 1 642 127 | - | - | 316 629 938 |

Total

R

223 836 047
3 747 615

227 583 661
47 285 099
-
382 576

-
-
-

275 251 336
42 605 591
415 138

318 272 066

SENQU MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

| | Notes | 2013 R | 2012 R |
|---|-----------|---------------------|---------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Ratepayers and other - Restated 2012 | | 35 066 252 | 29 569 773 |
| Government | | 134 390 321 | 123 562 445 |
| Interest | | 7 476 031 | 6 790 249 |
| Payments | | | |
| Suppliers - Restated 2012 | | (71 317 490) | (80 610 013) |
| Employees - Restated 2012 | | (37 962 263) | (28 513 293) |
| Finance charges | | (1 147 102) | (1 259 394) |
| Transfers and Grants | | (333 000) | (731 837) |
| Cash generated by operations | 38 | 66 172 749 | 48 807 931 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Property, Plant and Equipment | | (37 641 212) | (38 960 379) |
| Proceeds on Disposal of Fixed Assets | | 236 209 | 212 979 |
| Purchase of Intangible Assets | | (24 049) | (68 352) |
| Decrease in Long-term Receivables | | - | 13 695 |
| Net Cash from Investing Activities | | (37 429 052) | (38 802 056) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| New loans raised | | - | 281 615 |
| Loans repaid | | (804 570) | (727 712) |
| Increase in Consumer Deposits | | 416 509 | 190 938 |
| Net Cash from Financing Activities | | (388 061) | (255 159) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | | |
| | | 28 355 635 | 9 750 715 |
| Cash and Cash Equivalents at the beginning of the year | | 125 897 298 | 116 146 583 |
| Cash and Cash Equivalents at the end of the year | 39 | 154 252 933 | 125 897 298 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | | |
| | | 28 355 635 | 9 750 715 |

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2013 R (Actual) | 2013 R (Final Budget) | 2013 R (Variance) | Explanations for material variances (10% of line-item with a minimum of R1m) |
|--------------------------------------|-----------------------|-----------------------------|-------------------------|--|
| ASSETS | | | | |
| Current assets | | | | |
| Cash | 1 177 231 | 500 000 | 677 231 | |
| Call investment deposits | 153 075 703 | 101 123 354 | 51 952 348 | 51% Effect of under expenditure on grants |
| Consumer debtors | 12 606 610 | 11 080 357 | 1 526 253 | Transfer of Function - Water and Sanitation and correction on Opening balance of Joe |
| Other Receivables | 2 432 329 | 6 663 460 | (4 231 131) | 14% Gqabi District Municipality (Water Services Authority) |
| Inventory | 3 751 818 | 4 582 302 | (830 483) | -63% Increased to a more realistic amount comparing to the 2012 financial statements |
| Total current assets | 173 043 691 | 123 949 473 | 49 094 218 | -18% Correction on Inventory-Land held for sale not budgeted for |
| Non current assets | | | | |
| Investment property | 10 262 000 | 12 548 500 | (2 286 500) | -18% Correction on Investment Properties not budgeted for |
| Property, plant and equipment | 201 259 359 | 219 499 393 | (18 240 034) | -8% Projects budgeted for not completed |
| Intangible Assets | 181 180 | 257 598 | (76 418) | -30% |
| Total non current assets | 211 702 539 | 232 305 491 | (20 602 952) | |
| TOTAL ASSETS | 384 746 230 | 356 254 964 | 28 491 266 | |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Borrowing | 791 198 | 899 040 | (107 842) | -12% |
| Consumer deposits | 949 266 | 532 757 | 416 509 | 78% |
| Trade and other payables | 29 471 474 | 3 301 184 | 26 170 290 | 793% Unspent Grants not budgeted for |
| Provisions and Employee Benefits | 5 476 669 | 11 398 831 | (5 922 162) | -52% Recalculation of Landfill site provision to area contaminated |
| Total current liabilities | 36 688 606 | 16 131 811 | 20 556 795 | |
| Non current liabilities | | | | |
| Borrowing | 14 439 371 | 14 337 967 | 101 404 | 1% |
| Provisions and Employee Benefits | 15 346 187 | 16 211 763 | (865 576) | -5% |
| Total non current liabilities | 29 785 558 | 30 549 730 | (764 172) | |
| TOTAL LIABILITIES | 66 474 165 | 46 681 542 | 19 792 623 | |
| NET ASSETS | 318 272 066 | 309 573 422 | 8 698 643 | |
| COMMUNITY WEALTH | | | | |
| Accumulated Surplus/(Deficit) | 203 133 924 | 205 164 091 | (2 030 167) | -1% Effect of transfer of Water and Sanitation function |
| Reserves | 115 138 141 | 104 409 331 | 10 728 810 | 10% More contributed to reserves than budgeted for |
| TOTAL COMMUNITY WEALTH/EQUITY | 318 272 065 | 309 573 422 | 8 698 643 | |

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

| | 2013 R (Approved Budget) | 2013 R (Adjustments) | 2013 R (Final Budget) | Explanations for material adjustments (10% of line-item with a minimum of R1m) |
|--------------------------------------|--------------------------------|----------------------------|-----------------------------|---|
| ASSETS | | | | |
| Current assets | | | | |
| Cash | 500 000 | - | 500 000 | 0% |
| Call investment deposits | 95 279 068 | 5 844 286 | 101 123 354 | 6% Increased to a more realistic amount comparing to the 2012 financial statements |
| Consumer debtors | 6 627 318 | 4 453 040 | 11 080 357 | 40% function Decrease in Provision for Debt Impairment due to the transfer of the Water and Sanitation |
| Other Receivables | 3 067 507 | 3 595 953 | 6 663 460 | 54% Increased to a more realistic amount comparing to the 2012 financial statements |
| Inventory | 5 669 239 | (1 086 938) | 4 582 302 | -24% Reduced to a more realistic amount comparing to the 2012 financial statements |
| Total current assets | 111 143 132 | 12 806 341 | 123 949 473 | |
| Non current assets | | | | |
| Investment property | 12 548 500 | - | 12 548 500 | 0% |
| Property, plant and equipment | 204 497 744 | 15 001 649 | 219 499 393 | 7% Additional budget provided for Khwezi-Naledi node and Sport fields |
| Intangible Assets | 303 424 | (45 826) | 257 598 | -18% |
| Total non current assets | 217 349 668 | 14 955 823 | 232 305 491 | |
| TOTAL ASSETS | 328 492 800 | 27 762 164 | 356 254 964 | |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Borrowing | 1 302 671 | (403 631) | 899 040 | -45% |
| Consumer deposits | 465 578 | 67 178 | 532 757 | 13% |
| Trade and other payables | 2 129 697 | 1 171 487 | 3 301 184 | 35% Increased to a more realistic amount comparing to the 2012 financial statements |
| Provisions and Employee Benefits | 12 305 629 | (906 797) | 11 398 831 | -8% |
| Total current liabilities | 16 203 575 | (71 763) | 16 131 811 | |
| Non current liabilities | | | | |
| Borrowing | 13 194 211 | 1 143 756 | 14 337 967 | 8% |
| Provisions and Employee Benefits | 17 050 673 | (838 910) | 16 211 763 | -5% |
| Total non current liabilities | 30 244 885 | 304 846 | 30 549 730 | |
| TOTAL LIABILITIES | 46 448 459 | 233 082 | 46 681 542 | |
| NET ASSETS | 282 044 341 | 27 529 081 | 309 573 422 | |
| COMMUNITY WEALTH | | | | |
| Accumulated Surplus/(Deficit) | 180 156 776 | 25 007 316 | 205 164 091 | 12% Increased with appropriation to reserves amount for 2011/2012 |
| Reserves | 101 887 565 | 2 521 766 | 104 409 331 | 2% |
| TOTAL COMMUNITY WEALTH/EQUITY | 282 044 341 | 27 529 081 | 309 573 422 | |

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2013 R (Actual) | 2013 R (Final Budget) | 2013 R (Variance) | Explanations for material variances (10% of line-item with a minimum of R1m) |
|---|-----------------------|-----------------------------|-------------------------|--|
| REVENUE BY SOURCE | | | | |
| Property rates | 4 311 689 | 4 375 503 | (63 814) | -1% |
| Service charges | 25 267 381 | 21 627 921 | 3 639 460 | 17% Rebates were budgeted as expenditure, but deducted from Service Charges in terms of Grap 9 |
| Rental of facilities and equipment | 423 707 | 262 260 | 161 447 | 62% |
| Interest earned - external investments | 7 476 031 | 7 300 000 | 176 031 | 2% |
| Interest earned - outstanding debtors | 1 092 245 | 774 032 | 318 213 | 41% |
| Fines | 65 462 | 60 000 | 5 462 | 9% |
| Licences and permits | 1 749 913 | 1 140 000 | 609 913 | 54% |
| Agency services | 1 618 737 | 1 731 390 | (112 653) | -7% |
| Government Grants and Subsidies - Operating | 103 398 274 | 116 003 255 | (12 604 981) | -11% Grants not spent in the financial year |
| Other revenue | 5 844 350 | 1 847 792 | 3 996 559 | 216% Actuarial Gains, Third Party payments and Contributed assets not budgeted for |
| Total Operating Revenue | 151 247 789 | 155 122 152 | (3 874 363) | - |
| EXPENDITURE BY TYPE | | | | |
| Employee related costs | 40 017 604 | 47 475 641 | (7 458 037) | -16% Performance bonuses not paid out, Vacant funded posts not filled. |
| Remuneration of councillors | 8 858 218 | 9 086 172 | (227 954) | -3% |
| Debt impairment | 5 093 346 | 3 953 450 | 1 139 895 | 29% Non-payment of services in Sterkspruit |
| Depreciation & asset impairment | 13 436 599 | 14 541 771 | (1 105 172) | -8% |
| Finance charges | 1 147 102 | 2 119 720 | (972 618) | -46% Restatement on Interest on Landfill Site - Recalculated to area contaminated |
| Bulk purchases | 19 167 363 | 20 071 600 | (904 237) | -5% |
| Grants and subsidies paid | 333 000 | 333 000 | - | 0% |
| Other expenditure | 39 739 351 | 57 806 769 | (18 067 418) | -31% Non-expenditure of Operational grants |
| Loss on disposal of PPE | 992 665 | - | 992 665 | 100% Did not predict loss on disposals of assets |
| Total Operating Expenditure | 128 785 247 | 155 388 123 | (26 602 876) | |
| Operating Surplus/(Deficit) for the year | 22 462 542 | (265 971) | 22 728 513 | |
| Government Grants and Subsidies - Capital | 20 143 049 | 39 477 923 | (19 334 874) | -49% Municipal Infrastructure Grant not spent in the financial year |
| Net Surplus for the year | 42 605 591 | 39 211 952 | 3 393 639 | |

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

| | 2013 R (Approved Budget) | 2013 R (Adjustments) | 2013 R (Final Budget) | Explanations for material adjustments (10% of line-item with a minimum of R1m) |
|---|--------------------------------|----------------------------|-----------------------------|---|
| REVENUE BY SOURCE | | | | |
| Property rates | 4 424 881 | (49 378) | 4 375 503 | -1% |
| Service charges | 35 177 115 | (13 549 194) | 21 627 921 | -63% Decrease in Service Charges due to the transfer of the Water and Sanitation function |
| Rental of facilities and equipment | 283 020 | (20 760) | 262 260 | -8% |
| Interest earned - external investments | 6 000 000 | 1 300 000 | 7 300 000 | 18% Better interest rate |
| Interest earned - outstanding debtors | 903 056 | (129 024) | 774 032 | -17% |
| Fines | 25 000 | 35 000 | 60 000 | 58% |
| Licences and permits | 840 000 | 300 000 | 1 140 000 | 26% Bigger demand for services |
| Agency services | 560 600 | 1 170 790 | 1 731 390 | 68% Agency fees from JGDM for the Water and Sanitation function previously not budgeted for |
| Government Grants and Subsidies - Operating | 99 544 806 | 16 458 449 | 116 003 255 | 14% Unspent grants rolled-over |
| Other revenue | 408 168 | 1 439 624 | 1 847 792 | 78% Budgeted for Transfer of Water and Sanitation liability to JGDM |
| Total Operating Revenue | 148 166 646 | 6 955 507 | 155 122 152 | |
| EXPENDITURE BY TYPE | | | | |
| Employee related costs | 49 846 445 | (2 370 804) | 47 475 641 | -5% Vacant posts not yet filled yet |
| Remuneration of councillors | 9 056 245 | 29 927 | 9 086 172 | 0% |
| Debt impairment | 5 580 391 | (1 626 941) | 3 953 450 | -41% Decrease in Debt Impairment due to the transfer of the Water and Sanitation function. |
| Depreciation & asset impairment | 13 810 422 | 731 349 | 14 541 771 | 5% |
| Finance charges | 2 318 801 | (199 081) | 2 119 720 | -9% |
| Bulk purchases | 20 071 600 | - | 20 071 600 | 0% |
| Grants and subsidies paid | 333 000 | - | 333 000 | 0% |
| Other expenditure | 43 190 426 | 14 616 343 | 57 806 769 | 25% Budgeted for Housing and Kwezi-Naledi operating grant expenditure |
| Total Operating Expenditure | 144 207 330 | 11 180 792 | 155 388 123 | |
| Operating Surplus/(Deficit) for the year | 3 959 315 | (4 225 286) | (265 971) | |
| Government Grants and Subsidies - Capital | 26 623 750 | 12 854 173 | 39 477 923 | 33% Unspent grants rolled-over |
| Net Surplus for the year | 30 583 065 | 8 628 887 | 39 211 952 | |

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

| | 2013 R (Actual) | 2013 R (Final Budget) | 2013 R (Variance) | Explanations for material variances (10% of line-item with a minimum of R1m) |
|--|-----------------------|-----------------------------|-------------------------|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Ratepayers and other | 35 066 252 | 24 668 408 | 10 397 844 | 42% Effect of transfer of Water and Sanitation function |
| Government | 134 390 321 | 138 162 698 | (3 772 377) | -3% Grants not spent in the financial year |
| Interest | 7 476 031 | 8 074 032 | (598 001) | -7% |
| Payments | | | | |
| Suppliers and Employees | (109 279 753) | (132 201 148) | 22 921 394 | -17% Effect of grants not spent in the financial year |
| Finance charges | (1 147 102) | (2 119 720) | 972 618 | -46% Restatement on Interest on Landfill Site - Recalculated to area contaminated |
| Transfers and Grants | (333 000) | (333 000) | - | 0% |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 66 172 749 | 36 251 270 | - | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| Proceeds on disposal of Assets | 236 209 | - | 236 209 | |
| Payments | | | | |
| Capital assets | (37 665 261) | (59 727 082) | 22 061 821 | -37% Municipal Infrastructure Grant not spent in the financial year |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (37 429 052) | (59 727 082) | 22 298 029 | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Increase/(decrease) in consumer deposits | 416 509 | - | 416 509 | |
| Payments | | | | |
| Repayment of borrowing | (804 570) | (798 132) | (6 438) | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (388 061) | (798 132) | 410 071 | |
| NET INCREASE/(DECREASE) IN CASH HELD | 28 355 635 | (24 273 944) | 22 708 101 | |
| Cash and Cash Equivalents at the beginning of the year | 125 897 298 | 125 897 298 | - | 0% |
| Cash and Cash Equivalents at the end of the year | 154 252 933 | 101 623 354 | 52 629 579 | 52% Effect of under-expenditure on grants |

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

| | 2013 R (Approved Budget) | 2013 R (Adjustments) | 2013 R (Final Budget) | Explanations for material adjustments (10% of line-item with a minimum of R1m) |
|--|--------------------------------|----------------------------|-----------------------------|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Ratepayers and other | 40 555 431 | (15 887 023) | 24 668 408 | -64% Effect of transfer of Water and Sanitation function |
| Government | 126 168 556 | 11 994 142 | 138 162 698 | 9% Increase in allocations made by National Treasury |
| Interest | 6 903 056 | 1 170 976 | 8 074 032 | 15% Better interest rate |
| Payments | | | | |
| Suppliers and Employees | (124 772 809) | (7 428 339) | (132 201 148) | 6% Effect of Unspent grants |
| Finance charges | (2 318 801) | 199 081 | (2 119 720) | -9% |
| Transfers and Grants | (333 000) | - | (333 000) | 0% |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 46 202 434 | (9 951 163) | 36 251 270 | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| Decrease/(increase) in non-current receivables | 13 695 | (13 695) | - | |
| Payments | | | | |
| Capital assets | (45 153 750) | (14 573 332) | (59 727 082) | 24% Additional budget provided for Khwezi-Naledi node and Sport fields |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (45 140 055) | (14 587 027) | (59 727 082) | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Increase/(decrease) in consumer deposits | 34 487 | (34 487) | - | |
| Payments | | | | |
| Repayment of borrowing | (1 206 177) | 408 045 | (798 132) | -51% |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (1 171 690) | 373 557 | (798 132) | |
| NET INCREASE/(DECREASE) IN CASH HELD | (109 311) | (24 164 633) | (24 273 944) | |
| Cash and Cash Equivalents at the beginning of the year | 95 888 380 | 30 008 919 | 125 897 298 | 24% Unspent grants rolled-over |
| Cash and Cash Equivalents at the end of the year | 95 779 068 | 5 844 286 | 101 623 354 | 6% Increased to a more realistic amount comparing to the 2012 financial statements |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|--|---------------------------------|--------------------|
| 2 NET ASSET RESERVES | | |
| 2.1 Reserves | 1 642 127 | 1 226 989 |
| Capital Replacement Reserve | - | - |
| Balance previously reported | - | 75 142 035 |
| Correction of error - Transferred to Accumulated Surplus - Note 37.10 | - | (75 142 035) |
| Employee Benefits Reserve | - | - |
| Balance previously reported | - | 11 645 194 |
| Correction of error - Transferred to Accumulated Surplus - Note 37.11 | - | (11 645 194) |
| Revaluations Reserve | 1 642 127 | 1 226 989 |
| Valuation Roll Reserve | - | - |
| Balance previously reported | - | 919 491 |
| Correction of error - Transferred to Accumulated Surplus - Note 37.12 | - | (919 491) |
| Total Net Asset Reserve and Liabilities | 1 642 127 | 1 226 989 |
| 2.2 Accumulated Surplus | | Restated |
| The following internal funds and reserves are ring-fenced within the Accumulated Surplus | | |
| Capital Replacement Reserve | 95 532 283 | 75 142 035 |
| Employee Benefits Reserve | 17 632 892 | 11 645 194 |
| Valuation Roll Reserve | 330 838 | 919 491 |
| Accumulated Surplus due to the results of operations | 203 133 924 | 186 317 627 |
| Total Accumulated Surplus | 316 629 938 | 274 024 347 |
| 3 LONG-TERM LIABILITIES | | |
| Annuity Loans - At amortised cost | 15 219 060 | 15 991 202 |
| Capitalised Lease Liability - At amortised cost | 11 510 | 43 938 |
| | 15 230 570 | 16 035 140 |
| Less: Current Portion transferred to Current Liabilities | 791 198 | 798 132 |
| Annuity Loans - At amortised cost | 779 689 | 765 704 |
| Capitalised Lease Liability - At amortised cost | 11 510 | 32 429 |
| Total Long-term Liabilities - At amortised cost using the effective interest rate method | 14 439 371 | 15 237 007 |
| Development Bank Loan | | |
| The fair value of Long- Term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions. | | |
| The obligations under annuity loans are scheduled below: | | |
| | Minimum annuity payments | |
| Amounts payable under annuity loans: | | |
| Payable within one year | 1 925 432 | 1 969 561 |
| Payable within two to five years | 7 195 606 | 7 372 124 |
| Payable after five years | 16 647 621 | 18 515 413 |
| | 25 768 659 | 27 857 098 |
| Less: Future finance obligations | (10 549 599) | (11 865 896) |
| Present value of annuity obligations | 15 219 060 | 15 991 202 |
| The obligations under finance leases are scheduled below: | | |
| | Minimum lease payments | |
| Amounts payable under finance leases: | | |
| Payable within one year | 11 738 | 35 215 |
| Payable within two to five years | - | 11 738 |
| | 11 738 | 46 954 |
| Less: Future finance obligations | (229) | (3 015) |
| Present value of lease obligations | 11 510 | 43 938 |
| Leases are secured by property, plant and equipment - Note 12 | | |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

0 LONG-TERM LIABILITIES (CONTINUED)

The capitalised lease liability consist out of the following contract:

| Supplier | Description of leased item | Effective Interest rate | Annual Escalation | Lease Term | Maturity Date |
|--------------------|----------------------------|-------------------------|-------------------|------------|---------------|
| NRB Risk Solutions | Telephone System | 10% | 0% | 3 Years | 11/2013 |

4 EMPLOYEE BENEFITS

Post Retirement Benefits - Refer to Note 4.1
Long Service Awards - Refer to Note 4.2

Total Non-current Employee Benefit Liabilities

| 2013 R | 2012 R |
|-------------------|-------------------|
| 9 493 538 | 11 022 665 |
| 727 044 | 841 146 |
| 10 220 582 | 11 863 811 |

Post Retirement Benefits

Balance 1 July
Contribution for the year
Expenditure for the year
Actuarial Loss/(Gain)
Transfer of Function - Note 36.01

| | |
|-------------|-----------|
| 11 204 297 | 8 951 931 |
| 1 636 849 | 1 528 836 |
| (204 096) | (181 671) |
| (1 911 095) | 905 201 |
| (1 029 209) | - |

Total post retirement benefits 30 June

| | |
|------------------|-------------------|
| 9 696 746 | 11 204 297 |
|------------------|-------------------|

Less: Transfer of Current Portion - Note 7

| | |
|-----------|-----------|
| (203 208) | (181 632) |
|-----------|-----------|

Balance 30 June

| | |
|------------------|-------------------|
| 9 493 538 | 11 022 665 |
|------------------|-------------------|

Long Service Awards

Balance 1 July
Contribution for the year
Expenditure for the year
Actuarial Loss
Transfer of Function - Note 36.01

| | |
|-----------|-----------|
| 951 858 | 842 594 |
| 209 133 | 236 705 |
| (51 719) | (158 058) |
| (168 154) | 30 617 |
| (107 841) | - |

Total long service 30 June

| | |
|----------------|----------------|
| 833 277 | 951 858 |
|----------------|----------------|

Less: Transfer of Current Portion - Note 7

| | |
|-----------|-----------|
| (106 233) | (110 712) |
|-----------|-----------|

Balance 30 June

| | |
|----------------|----------------|
| 727 044 | 841 146 |
|----------------|----------------|

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July
Contribution for the year
Expenditure for the year
Actuarial Loss/(Gain)
Transfer of Function - Note 36.01

| | |
|-------------|-----------|
| 12 156 155 | 9 794 525 |
| 1 845 982 | 1 765 541 |
| (255 814) | (339 729) |
| (2 079 250) | 935 818 |
| (1 137 050) | - |

Total employee benefits 30 June

| | |
|-------------------|-------------------|
| 10 530 023 | 12 156 155 |
|-------------------|-------------------|

Less: Transfer of Current Portion - Note 7

| | |
|-----------|-----------|
| (309 441) | (292 344) |
|-----------|-----------|

Balance 30 June

| | |
|-------------------|-------------------|
| 10 220 582 | 11 863 811 |
|-------------------|-------------------|

Attributable to:

Continued Operations
Discontinued Operations

| | |
|---|------------|
| - | 10 726 761 |
| - | 1 137 050 |

| | |
|---|-------------------|
| - | 11 863 811 |
|---|-------------------|

4.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members
Continuation members (e.g. Retirees, widows, orphans)

| | |
|-----|----|
| 112 | 96 |
| 5 | 5 |

Total Members

| | |
|------------|------------|
| 117 | 101 |
|------------|------------|

On 1 July 2012, 15 employees were transferred to Joe Gqabi District Municipality which resulted in a transfer of a total liability of R1 029 209 for Post Retirement Benefits.

The liability in respect of past service has been estimated to be as follows:

In-service members
Continuation members

| | |
|-----------|-----------|
| 6 904 449 | 8 584 474 |
| 2 792 297 | 2 619 823 |

Total Liability

| | |
|------------------|-------------------|
| 9 696 746 | 11 204 297 |
|------------------|-------------------|

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4 EMPLOYEE BENEFITS (CONTINUED)

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

| | 2013 R | 2012 R |
|--|---------------------|---------------------|
| | 2011 R (million) | 2010 R (million) |
| Total Liability | 8.952 | 6.758 |
| Experience adjustments were calculated as follows: | 2013 R (million) | 2012 R (million) |
| Liabilities: (Gain) / loss | (1.777) | 0.341 |
| Assets: Gain / (loss) | - | - |

The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Discovery
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R 801 985, whereas the Interest Cost for the next year is estimated to be R 877 318.

Key actuarial assumptions used:

| | 2013 % | 2012 % |
|---------------------------------|-----------|-----------|
| i) Rate of interest | | |
| Discount rate | 9.14% | 8.31% |
| Health Care Cost Inflation Rate | 7.93% | 7.21% |
| Net Effective Discount Rate | 1.12% | 1.03% |

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 63 for males and 58 for females, which then implicitly allows for expected rates of early and ill-health retirement.

The amounts recognised in the Statement of Financial Position are as follows:

| | 2013 R | 2012 R |
|-----------------------------------|------------------|-------------------|
| Present value of fund obligations | 9 696 746 | 11 204 297 |
| Net liability | 9 696 746 | 11 204 297 |

Reconciliation of present value of fund obligation:

| | | |
|---|------------------|-------------------|
| Present value of fund obligation at the beginning of the year | 11 204 297 | 8 951 931 |
| Total expenses | 1 432 753 | 1 347 165 |
| Current service cost | 798 331 | 750 242 |
| Interest Cost | 838 518 | 778 594 |
| Benefits Paid | (204 096) | (181 671) |
| Actuarial (gains)/losses | (1 911 095) | 905 201 |
| Transfer of Function - Note 36.01 | (1 029 209) | - |
| Present value of fund obligation at the end of the year | 9 696 746 | 11 204 297 |
| Less: Transfer of Current Portion - Note 7 | (203 208) | (181 632) |
| Balance 30 June | 9 493 538 | 11 022 665 |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on the Accrued Liability

| Assumption | In-service members liability (Rm) | Continuation members liability (Rm) | Total liability (Rm) | % change |
|---------------------|-----------------------------------|-------------------------------------|----------------------|----------|
| Central Assumptions | 6.904 | 2.792 | 9.696 | |

The effect of movements in the assumptions are as follows:

| Assumption | Change | In-service members liability (Rm) | Continuation members liability (Rm) | Total liability (Rm) | % change |
|---------------------------|---------|-----------------------------------|-------------------------------------|----------------------|----------|
| Health care inflation | 1% | 8.396 | 3.070 | 11.466 | 18% |
| Health care inflation | -1% | 5.738 | 2.549 | 8.287 | -15% |
| Post-retirement mortality | -1 year | 7.137 | 2.905 | 10.042 | 4% |
| Average retirement age | -1 year | 7.450 | 2.792 | 10.242 | 6% |
| Withdrawal Rate | -50% | 7.863 | 2.792 | 10.655 | 10% |

| Assumption | Change | Current-service Cost (R) | Interest Cost (R) | Total (R) | % change |
|---------------------------|---------|--------------------------|-------------------|-----------|----------|
| Central Assumption | | 798 300 | 838 500 | 1 636 800 | |
| Health care inflation | 1% | 968 200 | 987 100 | 1 955 300 | 19% |
| Health care inflation | -1% | 664 700 | 718 800 | 1 383 500 | -15% |
| Post-retirement mortality | -1 year | 825 000 | 868 600 | 1 693 600 | 3% |
| Average retirement age | -1 year | 772 300 | 899 800 | 1 672 100 | 2% |
| Withdrawal Rate | -50% | 894 400 | 898 300 | 1 792 700 | 10% |

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

| 2013 | 2012 |
|------|------|
| 195 | 177 |

On 1 July 2012, 32 employees were transferred to Joe Gqabi District Municipality which resulted in a transfer of a total liability of R107 841 for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R 200 448, whereas the Interest Cost for the next year is estimated to be R 55 506.

Key actuarial assumptions used:

| 2013 | 2012 |
|------|------|
| % | % |

i) Rate of interest

| | | |
|--|-------|-------|
| Discount rate | 7.11% | 6.13% |
| General Salary Inflation (long-term) | 6.77% | 6.03% |
| Net Effective Discount Rate applied to salary-related Long Service Bonuses | 0.31% | 0.10% |

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

The amounts recognised in the Statement of Financial Position are as follows:

| | 2013 R | 2012 R |
|-----------------------------------|----------------|----------------|
| Present value of fund obligations | 833 277 | 951 858 |
| Net liability | 833 277 | 951 858 |

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

| | 2010 R | 2010 R | 2009 R |
|------------------------|---------|---------|---------|
| Total Liability | 842 594 | 644 199 | 586 437 |

Experience adjustments were calculated as follows:

| | 2013 | 2012 | 2011 | 2010 |
|----------------------------|-----------|--------|--------|-------|
| Liabilities: (Gain) / loss | (125 553) | 10 204 | 79 620 | 9 439 |
| Assets: Gain / (loss) | - | - | - | - |

The municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4 EMPLOYEE BENEFITS (CONTINUED)

Reconciliation of present value of fund obligation:

| | 2013 R | 2012 R |
|---|----------------|----------------|
| Present value of fund obligation at the beginning of the year | 951 858 | 842 594 |
| Total expenses | 157 414 | 78 647 |
| Current service cost | 159 778 | 180 503 |
| Interest Cost | 49 355 | 56 202 |
| Benefits Paid | (51 719) | (158 058) |
| Actuarial (gains)/losses | (168 154) | 30 617 |
| Transfer of Function - Note 36.01 | (107 841) | - |
| Present value of fund obligation at the end of the year | 833 277 | 951 858 |
| <u>Less:</u> Transfer of Current Portion - Note 7 | (106 233) | (110 712) |
| Balance 30 June | 727 044 | 841 146 |

Sensitivity Analysis on changes to the Unfunded Accrued Liability

| Assumption | Change | Liability (R) | % change |
|--------------------------|--------|------------------|----------|
| Central assumptions | | 0.833 | |
| General salary inflation | 1% | 0.881 | 6% |
| General salary inflation | -1% | 0.790 | -5% |
| Average retirement age | -2 yrs | 0.781 | -6% |
| Average retirement age | 2 yrs | 0.886 | 6% |
| Withdrawal rates | -50% | 1.030 | 24% |

| Assumption | Change | Current-service Cost (R) | Interest Cost (R) | Total (R) | % change |
|---------------------------|--------|--------------------------------|----------------------|--------------|----------|
| Central Assumption | | 159 800 | 49 400 | 209 200 | |
| Health care inflation | 1% | 167 200 | 52 200 | 219 400 | 5% |
| Health care inflation | -1% | 152 900 | 46 800 | 199 700 | -5% |
| Post-retirement mortality | -2 yrs | 154 100 | 46 600 | 200 700 | -4% |
| Average retirement age | +2 yrs | 171 600 | 55 600 | 227 200 | 9% |
| Withdrawal Rate | -50% | 189 700 | 58 500 | 248 200 | 19% |

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

| | 2013 R | 2012 R |
|---|-----------|-----------|
| Contributions paid recognised in the Statement of Financial Performance | 2 899 109 | 2 667 480 |

DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

| | | |
|-------------------------------|----------------|----------------|
| SALA Pension Fund | 567 874 | 561 018 |
| SAMWU National Provident Fund | 71 437 | 72 463 |
| Liberty Life | 2 832 | 2 832 |
| | 642 143 | 636 313 |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 5 | NON-CURRENT PROVISIONS | 2013 R | 2012 R |
|---|---|-------------------|-------------------|
| | Provision for Rehabilitation of Landfill-sites | 5 125 605 | 4 603 223 |
| | Total Non-current Employee Benefit Liabilities | 5 125 605 | 4 603 223 |
| | <u>Landfill Sites</u> | | |
| | Balance 1 July | 4 603 223 | 9 166 462 |
| | Correction on Opening balance of Landfill Site Provision - Note 37.07 | - | (4 845 520) |
| | Restated Balance 1 July | 4 603 223 | 4 320 942 |
| | Additions | 522 382 | 282 282 |
| | Balance previously reported | - | 458 323 |
| | Correction on 2011/2012 additions on Landfill Site Provision - Note 37.07 | - | (176 041) |
| | Total provision 30 June | 5 125 605 | 4 603 223 |
| | Less: Transfer of Current Portion to Current Provisions - Note 8 | - | - |
| | Balance previously reported | - | (6 497 749) |
| | Correction on Current portion of Landfill sites transferred to Current Provision - Note 37.07 | - | 6 497 749 |
| | Balance 30 June | 5 125 605 | 4 603 223 |

It is expected that outflows of economic benefits in respect of the provision for rehabilitation of landfill sites will occur beyond the 3-Year Medium Term Revenue and Expenditure Framework period.

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

Landfill Sites

| | <u>Lady Grey Landfill Site (Current cell)</u> | <u>Lady Grey Landfill Site (Cell 2)</u> | <u>Barkly East Landfill Site (Cell to be capped)</u> | <u>Barkly East Landfill Site (Currently in use)</u> | <u>Barkly East Landfill Site (Remaining cells)</u> |
|---|--|--|---|--|---|
| Area (m ²) | 2 010 | 2 400 | 650 | 1 400 | 6 300 |
| Earthworks - Shape Landfill (R10/m ²) | 20 100 | 24 000 | 6 500 | 14 000 | 63 000 |
| Topsoil (R45/m ²) | 90 450 | 108 000 | 29 250 | 63 000 | 311 490 |
| Cost of Storm water Cut off drain (R75/m) | 6 750 | - | 4 500 | 4 875 | 10 500 |
| Preliminary and general (Rand) | 23 460 | 26 400 | 8 050 | 16 375 | 76 998 |
| Contingencies (Rand) | 14 076 | 15 840 | 4 830 | 9 825 | 46 199 |
| Engineering Design (Rand) | 21 677 | 24 394 | 7 438 | 15 131 | 71 146 |
| Cost/m ² for rehabilitation (Rand) | 87.82 | 82.76 | 93.18 | 88.00 | 91.96 |

Old Landfill Sites

| | <u>Lady Grey - Old Landfill Site</u> | <u>Barkly East - Old Landfill Site</u> |
|---|---|---|
| Area (m ²) | 9 053 | 21 184 |
| Cost/m ² for rehabilitation (Rand) | 87.82 | 93.18 |

Waste Disposal Sites

| | <u>Rhodes Waste Disposal site</u> | <u>Rossouw Waste Disposal site</u> | <u>Sterkspruit Waste Disposal site</u> |
|---|--|---|---|
| Area (m ²) | 540 | 390 | 8 600 |
| Earthworks - Shape Landfill (R10/m ²) | 5 400 | 3 900 | 86 000 |
| Topsoil (R45/m ²) | 24 300 | 17 550 | 387 000 |
| Cost of Storm water Cut off drain (R75/m) | 5 625 | 5 250 | 16 500 |
| Fencing (R500/m) | 105 000 | 50 000 | 410 000 |
| Preliminary and general (Rand) | 28 065 | 15 340 | 179 900 |
| Contingencies (Rand) | 16 839 | 9 204 | 107 940 |
| Engineering Design (Rand) | 25 932 | 14 174 | 166 228 |
| Cost/m ² for rehabilitation (Rand) | 391.04 | 295.94 | 157.39 |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 6 | CONSUMER DEPOSITS | 2013 R | 2012 R |
|---|---|-------------------|-------------------|
| | Electricity | 949 266 | 532 757 |
| | Total Consumer Deposits | 949 266 | 532 757 |
| | Guarantees held in lieu of Electricity Deposits | - | - |

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

Consumer deposits are paid by consumers on application for new and electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

| 7 | CURRENT EMPLOYEE BENEFITS | | |
|---|--|------------------|------------------|
| | Current Portion of Post Retirement Benefits - Note 4 | 203 208 | 181 632 |
| | Current Portion of Long-Service Provisions - Note 4 | 106 233 | 110 712 |
| | Bonuses and Performance Bonuses | 3 103 987 | 2 450 342 |
| | Compensation for injuries on duty contribution | - | 405 517 |
| | Staff Leave | 2 063 241 | 2 846 213 |
| | Total Current Employee Benefits | 5 476 669 | 5 994 417 |

The movement in current employee benefits are reconciled as follows:

Attributable to:

| | | |
|-------------------------|---|------------------|
| Continued Operations | - | 4 899 112 |
| Discontinued Operations | - | 1 095 305 |
| | - | 5 994 417 |

Post Retirement Benefits

| | | |
|------------------------------|----------------|----------------|
| Balance at beginning of year | 181 632 | 164 196 |
| Adjustment from non-current | 21 576 | 17 436 |
| Balance at end of year | 203 208 | 181 632 |

Long-service Awards

| | | |
|------------------------------|----------------|----------------|
| Balance at beginning of year | 110 712 | 200 699 |
| Adjustment from non-current | (4 479) | (89 987) |
| Balance at end of year | 106 233 | 110 712 |

Bonuses and Performance Bonuses

| | | |
|-----------------------------------|------------------|------------------|
| Balance at beginning of year | 2 450 342 | 2 242 421 |
| Contribution to provision | 1 238 031 | 1 319 072 |
| Expenditure incurred | (53 412) | (1 111 151) |
| Transfer of Function - Note 36.01 | (530 974) | - |
| Balance at end of year | 3 103 987 | 2 450 342 |

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement. Bonuses are paid in November of each year.

Compensation for injuries on duty contribution

| | | |
|------------------------------|-----------|----------------|
| Balance at beginning of year | 405 517 | 795 319 |
| Contribution to provision | 439 071 | 444 765 |
| Expenditure incurred | (844 588) | (834 566) |
| Balance at end of year | - | 405 517 |

The balance on the compensation for injuries on duty contribution represents the current liability of the municipality that has not yet been paid over to the relevant authorities. There is no possibility of reimbursement.

Staff Leave

| | | |
|-----------------------------------|------------------|------------------|
| Balance at beginning of year | 2 846 213 | 1 810 405 |
| Contribution to provision | 529 618 | 1 751 163 |
| Expenditure incurred | (843 547) | (715 355) |
| Transfer of Function - Note 36.01 | (469 043) | - |
| Balance at end of year | 2 063 241 | 2 846 213 |

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|--|-------------------|-------------------|
| 8 PROVISIONS | | |
| Current Portion of Rehabilitation of Landfill-sites - Note 5 | - | - |
| Balance previously reported | - | 6 497 749 |
| Correction on Current portion of Landfill sites transferred from Non-current Provision - Note 37.08 | - | (6 497 749) |
| Total Provisions | - | - |
| 9 PAYABLES FROM EXCHANGE TRANSACTIONS | | |
| Other Payables | 63 721 | 1 440 284 |
| Deposits: Other | 10 640 | 3 700 |
| Payments received in advance | 626 597 | 830 365 |
| Retentions | 666 585 | 665 325 |
| DBSA Interest Accrual | 277 242 | 304 712 |
| Total Trade Payables | 1 644 785 | 3 244 387 |
| Attributable to: | | |
| Continued Operations | - | 3 148 381 |
| Discontinued Operations | - | 96 006 |
| | - | 3 244 387 |
| Payables are being recognised net of any discounts. | | |
| Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary. | | |
| The carrying value of payables approximates its fair value. | | |
| 10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS | | |
| Unspent Grants | 27 825 349 | 17 318 480 |
| National Government Grants | 19 652 757 | 8 164 825 |
| Provincial Government Grants | 8 172 591 | 9 107 599 |
| District Municipality | - | 46 056 |
| Less: Unpaid Grants | - | 342 129 |
| National Government Grants | - | 342 129 |
| Total Conditional Grants and Receipts | 27 825 349 | 16 976 351 |
| The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. Application for roll-overs was submitted to National Treasury. No grants were withheld. | | |
| 11 TAXES | | |
| 11.01 VAT PAYABLE | | |
| VAT Payable | 1 371 733 | 1 353 620 |
| Less: Contribution to Provision for Impairment of Trade Receivables from Exchange Transactions | (949 635) | (983 966) |
| Total Vat payable | 422 097 | 369 654 |
| 11.02 VAT RECEIVABLE | | |
| VAT Receivable | 1 932 120 | 1 806 736 |
| Total VAT receivable | 1 932 120 | 1 806 736 |
| 11.03 NET VAT RECEIVABLE/(PAYABLE) | 1 510 022 | 1 437 083 |
| Attributable to: | | |
| Continued Operations | - | 1 125 142 |
| Discontinued Operations | - | 311 940 |
| | - | 1 437 083 |
| VAT is payable/receivable on the cash basis. | | |

12 PROPERTY, PLANT AND EQUIPMENT

See attached sheet

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 12 | PROPERTY, PLANT AND EQUIPMENT (CONTINUED) | 2013 R | 2012 R | |
|----|--|------------------|------------------|------------------|
| | Carrying value of assets retired from active use and transferred to Non-Current assets held for sale: | | | |
| | Cost | 29 241 | 130 671 | |
| | Other assets | 29 241 | 130 671 | |
| | Accumulated depreciation | 27 454 | 45 819 | |
| | Other assets | 27 454 | 45 819 | |
| | Carrying value | <u>1 786</u> | <u>84 851</u> | |
| | Assets pledged as security: | | | |
| | No assets are pledged as security for Senqu Municipality | | | |
| | Impairment of property plant and equipment for the year | | | |
| | Impairment charges on Property, plant and equipment recognised in statement of financial performance | | | |
| | Infrastructure | - | 70 359 | |
| | | <u>-</u> | <u>70 359</u> | |
| | The main reasons for the Impairments above are the replacement of old electricity infrastructure as well as deterioration of gravel roads due to flooding. | | | |
| | Effect of changes in accounting estimates | | | |
| | The useful lives and the residual values of Property, Plant and Equipment have been reviewed at year end. The effect of the changes are shown below: | | | |
| | | 2013 R | 2014 R | 2015 R |
| | Effect on Property, plant and equipment | <u>(504 059)</u> | <u>(504 059)</u> | <u>(504 059)</u> |
| 13 | CAPITALISED RESTORATION COST | 2013 R | 2012 R | |
| | Net Carrying amount at 1 July | 4 603 223 | 4 320 942 | |
| | Cost | 4 603 223 | 4 320 942 | |
| | Balance previously reported | - | 2 120 286 | |
| | Correction of error - Cost on 1 July 2011 Recalculated to the 'area contaminated' - Note 37.09 | - | 2 200 656 | |
| | Accumulated Depreciation | - | - | |
| | Balance previously reported | - | (482 987) | |
| | Correction of error - Transferred to Accumulated Impairments - Note 37.09 | - | 482 987 | |
| | Accumulated Impairments | (4 603 223) | (4 320 942) | |
| | Balance previously reported | - | - | |
| | Correction of error - Transferred from Accumulated Depreciation - Note 37.09 | - | (482 987) | |
| | Correction of error - Accumulated Impairments Recalculated to the 'area contaminated' - Note 37.09 | - | (3 837 955) | |
| | Acquisitions | 522 382 | 282 282 | |
| | Balance previously reported | - | - | |
| | Correction of error - Acquisitions for 2011/2012 Recalculated to the 'area contaminated' - Note 37.09 | - | 282 282 | |
| | Depreciation for the year | - | - | |
| | Balance previously reported | - | (80 498) | |
| | Correction of error - Transferred to Impairments - Note 37.09 | - | 80 498 | |
| | Impairment | (522 382) | (282 282) | |
| | Balance previously reported | - | (46 407) | |
| | Correction of error - Impairment for 2011/2012 Recalculated to the 'area contaminated' - Note 37.09 | - | 46 407 | |
| | Correction of error - Transferred to Impairments - Note 37.09 | - | (80 498) | |
| | Correction of error - Impairment for 2011/2012 Recalculated to the 'area contaminated' - Note 37.09 | - | (201 784) | |
| | Net Carrying amount at 30 June | - | - | |
| | Cost | 5 125 605 | 4 603 223 | |
| | Accumulated Impairments | (5 125 605) | (4 603 223) | |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | | | |
|-----------|---|--------------------------|---------------------------|
| 14 | NON-CURRENT ASSETS HELD FOR SALE | 2013 | 2012 |
| | | R | R |
| | Non-current assets held for sale at beginning of year - at book value | 84 851 | 33 694 |
| | Additions for the year | 517 468 | 349 419 |
| | | <hr/> | <hr/> |
| | Non-current assets sold/written off during the year | 602 319 (600 533) | 383 113 (298 261) |
| | Non-current assets held for sale at end of year - at book value | <hr/> 1 787 <hr/> | <hr/> 84 851 <hr/> |

Non-current assets are items written off and sold at auctions during the financial year.

| | | | |
|-----------|--|-------------------|-------------------|
| 15 | INVESTMENT PROPERTY | 2013 | 2012 |
| | | R | R |
| | Net Carrying amount at 1 July | 10 262 000 | 10 262 000 |
| | Fair Value | 10 262 000 | 10 262 000 |
| | Balance previously reported | - | 12 548 500 |
| | Correction of error - Derecognise Investment Property - 1 July 2011 - At Fair value - Note 37.04 | - | (2 286 500) |
| | | <hr/> | <hr/> |
| | Net Carrying amount at 30 June | 10 262 000 | 10 262 000 |
| | Fair Value | 10 262 000 | 10 262 000 |

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The valuations were performed by Umhlaba Valuers and the valuer was Mr Hein McLeod, a professional valuer with registration number 3257. Properties were valued on the comparative sales method of valuation, based on the active market values in the area. Mr McLeod indicated that there were no significant changes in property values against that of the prior year.

| | | | |
|-----------|---|----------------|----------------|
| 16 | INTANGIBLE ASSETS | 2013 | 2012 |
| | | R | R |
| | Computer Software | | |
| | Net Carrying amount at 1 July | 263 136 | 295 005 |
| | Cost | 546 587 | 506 055 |
| | Balance previously reported | - | 585 350 |
| | Correction of error - Intangible assets incorrectly capitalised - 1 July 2011 - Note 37.03 | - | (79 295) |
| | Accumulated Amortisation | (283 452) | (211 051) |
| | Balance previously reported | - | (284 993) |
| | Correction of error - Backlog Depreciation incorrectly calculated - 1 July 2011 - Note 37.03 | - | 43 229 |
| | Correction of error - Backlog Depreciation previously incorrectly calculated - 1 July 2011 - Note 37.03 | - | 30 714 |
| | Acquisitions | 24 049 | 68 352 |
| | Disposals | (519) | (536) |
| | Amortisation | (105 485) | (99 686) |
| | Balance previously reported | - | (110 576) |
| | Correction of error - Depreciation for 2011/2012 incorrectly capitalised - Note 37.03 | - | 10 891 |
| | | <hr/> | <hr/> |
| | Net Carrying amount at 30 June | 181 180 | 263 136 |
| | Cost | 567 136 | 546 587 |
| | Accumulated Amortisation | (385 956) | (283 452) |

No intangible asset was assessed as having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|------------------|------------------|
| 17 INVENTORY | | |
| Electricity materials | 1 308 418 | 1 077 667 |
| Land held for sale | 2 443 400 | 2 443 400 |
| Balance previously reported | - | 3 232 900 |
| Correction of error - Derecognise Inventory - Land held for sale - 1 July 2011 - Note 37.05 | - | (789 500) |
| Total Inventory | 3 751 818 | 3 521 067 |

No inventory assets were pledged as security for liabilities.

| | 2013 R | 2012 R |
|--|-------------------|-------------------|
| 18 RECEIVABLES FROM EXCHANGE TRANSACTIONS | | |
| Service Receivables | | |
| Electricity | 9 748 275 | 6 923 785 |
| Water | - | 2 512 603 |
| Housing Rentals | 249 024 | 251 795 |
| Refuse | 3 688 937 | 3 059 131 |
| Sewerage | - | 2 238 134 |
| Other Arrears | 8 395 203 | 10 825 739 |
| Gariep Municipality (R 700 000 Short-term operating loan including interest) | - | 857 634 |
| Joe Gqabi District Municipality (Water Services Authority) | 7 887 134 | 9 286 090 |
| Payments in advance | 508 069 | 588 723 |
| Other | - | 93 291 |
| Total Service Receivables | 22 081 439 | 25 811 187 |
| Less: Allowance for Doubtful Debts | (9 474 829) | (10 586 448) |
| Net Service Receivables | 12 606 610 | 15 224 739 |
| Total Net Receivables from Exchange Transactions | 12 606 610 | 15 224 739 |
| Attributable to: | | |
| Continued Operations | - | 14 687 943 |
| Discontinued Operations | - | 536 796 |
| | - | 15 224 739 |

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

In June 2007 Senqu Municipality extended a loan to Gariep Municipality for the payment of staff salaries. The loan granted was supposed to be a short-term loan that would be paid back within 3 months of granting the loan. The matter has been so long outstanding that it was decided to write the loan off, as the municipality also do with other bad debts.

Ageing of Receivables from Exchange Transactions

(Electricity): Ageing

| | | |
|-----------------------------|------------------|------------------|
| Current (0 - 30 days) | 2 770 563 | 2 602 875 |
| 31 - 60 Days | 1 607 479 | 788 489 |
| 61 - 90 Days | 899 275 | 491 711 |
| + 90 Days | 4 813 894 | 3 444 629 |
| Payment received in advance | (342 937) | (403 919) |
| Total | 9 748 275 | 6 923 785 |

(Water): Ageing

| | | |
|-----------------------------|---|------------------|
| Current (0 - 30 days) | - | 387 518 |
| 31 - 60 Days | - | 89 123 |
| 61 - 90 Days | - | 74 711 |
| + 90 Days | - | 2 047 407 |
| Payment received in advance | - | (86 155) |
| Total | - | 2 512 603 |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | | | |
|----|---|-------------------|-------------------|
| 18 | RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED) | 2013 | 2012 |
| | | R | R |
| | <u>(Housing Rentals): Ageing</u> | | |
| | Current (0 - 30 days) | 11 063 | 11 741 |
| | 31 - 60 Days | 22 988 | 11 206 |
| | 61 - 90 Days | 5 896 | 5 599 |
| | + 90 Days | 279 691 | 284 454 |
| | Payment received in advance | (70 614) | (61 205) |
| | Total | 249 024 | 251 795 |
| | <u>(Refuse): Ageing</u> | | |
| | Current (0 - 30 days) | 222 387 | 208 255 |
| | 31 - 60 Days | 126 458 | 97 296 |
| | 61 - 90 Days | 104 744 | 77 490 |
| | + 90 Days | 3 329 866 | 2 703 684 |
| | Payment received in advance | (94 518) | (27 593) |
| | Total | 3 688 937 | 3 059 131 |
| | <u>(Sewerage): Ageing</u> | | |
| | Current (0 - 30 days) | - | 99 454 |
| | 31 - 60 Days | - | 56 253 |
| | 61 - 90 Days | - | 47 728 |
| | + 90 Days | - | 2 044 550 |
| | Payment received in advance | - | (9 850) |
| | Total | - | 2 238 134 |
| | <u>(Other): Ageing</u> | | |
| | Current (0 - 30 days) | 508 069 | 682 015 |
| | + 90 Days | 7 887 134 | 10 143 724 |
| | Total | 8 395 203 | 10 825 739 |
| | <u>Reconciliation of Provision for Bad Debts</u> | | |
| | Balance at beginning of year | 10 586 448 | 7 082 635 |
| | Transfer of Function - Note 36.01 | (4 309 947) | - |
| | Contribution to provision | 4 674 564 | 3 781 095 |
| | Bad Debts (written off) | (1 476 236) | (277 283) |
| | Balance at end of year | 9 474 829 | 10 586 448 |

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

| | | | |
|----|---|------------------|------------------|
| 19 | RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS | | |
| | <u>Service Receivables</u> | | |
| | Rates | 5 511 550 | 4 642 380 |
| | Payments in advance | 118 528 | 241 642 |
| | Other Receivables | 54 559 | - |
| | Total Service Receivables | 5 684 637 | 4 884 022 |
| | Less: Allowance for Doubtful Debts | (4 845 700) | (4 284 602) |
| | Net Service Receivables | 838 937 | 599 419 |
| | Total Net Receivables from Non-Exchange Transactions | 838 937 | 599 419 |

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

19 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Ageing of Receivables from Non-Exchange Transactions

| | 2013 R | 2012 R |
|-----------------------------|------------------|------------------|
| (Rates): Ageing | | |
| Current (0 - 30 days) | 49 713 | 36 432 |
| 31 - 60 Days | 174 082 | 134 803 |
| 61 - 90 Days | 119 559 | 110 428 |
| + 90 Days | 5 286 725 | 4 602 360 |
| Payment received in advance | (118 528) | (241 642) |
| Total | 5 511 550 | 4 642 380 |

| | Exchange Transactions R's | Non-Exchange Transactions R's | Total R's |
|--|---------------------------------|-------------------------------------|--------------|
|--|---------------------------------|-------------------------------------|--------------|

The ageing of amounts past due but not impaired is as follows:

2013

| | Exchange Transactions R's | Non-Exchange Transactions R's | Total R's |
|---------------------|---------------------------------|-------------------------------------|------------------|
| 1 month past due | 810 665 | 51 104 | 861 769 |
| 2 + months past due | 739 830 | 524 690 | 1 264 520 |
| Total | 1 550 494 | 575 795 | 2 126 289 |

2012

| | Exchange Transactions R's | Non-Exchange Transactions R's | Total R's |
|---------------------|---------------------------------|-------------------------------------|------------------|
| 1 month past due | 489 666 | 22 035 | 511 701 |
| 2 + months past due | 2 411 094 | 513 286 | 2 924 381 |
| Total | 2 900 761 | 535 321 | 3 436 082 |

All Non-Government debtors were either specifically impaired or subject to collective impairment.

Trade and other receivables impaired

2013

| | Exchange Transactions R's | Non-Exchange Transactions R's | Total R's |
|--------------|---------------------------------|-------------------------------------|-------------------|
| Total | 9 474 829 | 4 845 700 | 14 320 529 |

2012

| | Exchange Transactions R's | Non-Exchange Transactions R's | Total R's |
|--------------|---------------------------------|-------------------------------------|-------------------|
| Total | 10 586 448 | 4 284 602 | 14 871 050 |

Debts are required to be settled after 30 days, interest is charged after this date at prime +1%.
The fair value of trade and other receivables approximates their carrying amounts.

Reconciliation of the Total doubtful debt provision

| | 2013 R | 2012 R |
|----------------------------------|------------------|------------------|
| Balance at beginning of the year | 4 284 602 | 4 065 461 |
| Contributions to provision | 696 391 | 281 356 |
| Bad Debts (written off) | (135 293) | (62 215) |
| Balance at end of year | 4 845 700 | 4 284 602 |

The entire provision for bad debts relates to the outstanding rates balance.

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 20 | OPERATING LEASE ARRANGEMENTS | 2013 R | 2012 R |
|------|--|--------------------|--------------------|
| 20.1 | The Municipality as Lessee | | |
| | Balance on 1 July | 1 970 | 3 865 |
| | Movement during the year | (630) | (1 894) |
| | Balance on 30 June | <u>1 340</u> | <u>1 970</u> |
| | At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows: | | |
| | Up to 1 Year | 23 819 | 14 321 |
| | 1 to 5 Years | 104 553 | - |
| | Total Operating Lease Arrangements | <u>128 371</u> | <u>14 321</u> |
| 20.2 | The Municipality as Lessor | | |
| | Balance on 1 July | 58 542 | 33 327 |
| | Correction on Operating Lease Asset Opening balance - Note 37.01 | - | 288 |
| | Restated Balance on 1 July | 58 542 | 33 615 |
| | Operating Lease Asset for the current year | 24 828 | 24 927 |
| | Balance previously reported | - | 12 474 |
| | Correction on Operating Lease Asset movement for 2011/2012 - Note 37.01 | - | 12 453 |
| | Balance on 30 June | <u>83 370</u> | <u>58 542</u> |
| | At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows: | | |
| | Up to 1 Year | 281 237 | 281 378 |
| | 1 to 5 Years | 612 845 | 832 698 |
| | More than 5 Years | 96 997 | 158 382 |
| | Total Operating Lease Arrangements | <u>991 080</u> | <u>1 272 458</u> |
| | This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income. | | |
| | The leases are in respect of land and buildings being leased out for periods ranging until 2019 | | |
| 21 | CASH AND CASH EQUIVALENTS | | |
| | Assets | | |
| | Call and short-term Investments Deposits | 153 075 703 | 124 993 004 |
| | Primary Bank Account | 1 176 531 | 903 394 |
| | Cash Floats | 700 | 900 |
| | Total Cash and Cash Equivalents - Assets | <u>154 252 933</u> | <u>125 897 298</u> |
| | The municipality has the following bank account: | | |
| | Current Accounts | | |
| | Standard Bank - Lady Grey Branch - Account Number 28 063 130 8 | 1 176 531 | 903 394 |
| | | <u>1 176 531</u> | <u>903 394</u> |
| | Standard Bank - Lady Grey Branch - Account Number 28 063 130 8 | | |
| | Cash book balance at beginning of year | 903 394 | 2 275 326 |
| | Cash book balance at end of year | 1 176 531 | 903 394 |
| | Bank statement balance at beginning of year | 2 825 633 | 2 156 859 |
| | Bank statement balance at end of year | 911 904 | 2 825 633 |
| | Call Investment Deposits | | |
| | Call investment deposits consist out of the following accounts: | | |
| | Standard Bank 388489162/0 | 89 272 777 | 64 516 516 |
| | Standard Bank 388489731/0 | 57 039 042 | 54 019 271 |
| | Standard Bank 388486066/0 | 6 763 884 | 6 457 216 |
| | | <u>153 075 703</u> | <u>124 993 004</u> |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 22 | PROPERTY RATES | 2013 R | 2012 R |
|----|--|----------------------|----------------------|
| | <u>Actual</u> | | |
| | Rateable Land and Buildings | 5 624 278 | 5 366 512 |
| | Residential Property | 1 735 384 | 1 667 976 |
| | Commercial Property | 886 265 | 797 036 |
| | Agricultural Purposes | 1 993 952 | 1 908 503 |
| | State - National / Provincial Services | 158 921 | 139 827 |
| | Vacant Property | 849 755 | 853 172 |
| | Less: Rebates | (1 312 589) | (1 365 501) |
| | Total Assessment Rates | 4 311 689 | 4 001 011 |
| | <u>Valuations</u> | | |
| | Rateable Land and Buildings | 1 694 091 860 | 1 690 003 260 |
| | Residential Property | 264 641 600 | 260 011 500 |
| | Commercial Property | 103 742 000 | 103 538 000 |
| | Public Benefits Organisations | 18 161 000 | 20 116 000 |
| | Agricultural Purposes | 1 164 631 860 | 1 161 388 360 |
| | State - National / Provincial Services | 29 213 500 | 26 459 000 |
| | Municipal Property | 39 162 000 | 39 493 000 |
| | Vacant Property | 74 539 900 | 78 997 400 |
| | Total Assessment Rates | 1 694 091 860 | 1 690 003 260 |
| | Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. | | |
| | Rates: | | |
| | Residential | 0.6800c/R | 0.6415c/R |
| | Commercial | 0.8160c/R | 0.7698c/R |
| | Agricultural | 0.1700c/R | 0.1604c/R |
| | State - National / Provincial Services | 0.6800c/R | 0.6415c/R |
| | Vacant Property | 1.1400c/R | 1.0800c/R |

Rates are levied monthly and payable by the end of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

| 23 | GOVERNMENT GRANTS AND SUBSIDIES | 2013 R | 2012 R |
|----|---|--------------------|--------------------|
| | Unconditional Grants | 89 723 000 | 79 190 000 |
| | Equitable Share - Refer to Note 23.01 | 89 723 000 | 79 190 000 |
| | Conditional Grants | 33 818 323 | 50 674 401 |
| | National: Municipal Infrastructure Grant (MIG) | 15 949 170 | 23 176 983 |
| | National: Municipal Finance Management (MFMA) | 1 500 000 | 1 395 577.72 |
| | National: Municipal Systems Improvement Grant | 800 000 | 790 000 |
| | National: Neighbourhood Development Partnership Grant | 10 154 769 | 1 931 571 |
| | National: Expanded Public Works Program | 1 857 000 | 1 625 000 |
| | National: Dept Sport (Youth Development - Sport Fields) | 175 203 | - |
| | Peach & Vegetable Processing | - | 8 302 |
| | Holo Hlahatsi Agricultural Project | 103 897 | 620 |
| | Co-op's Development | - | 2 993 |
| | Prov Gov - Housing (Lady Grey) | - | 1 618 897 |
| | Prov Gov - Housing (Hillside) | 507 727 | 6 213 391 |
| | Implementation Ownership | 53 216 | 45 060 |
| | Rossouw Agricultural Project | 49 582 | 43 230 |
| | Internet/Communication Systems | - | 84 131 |
| | Plastic Products | 90 167 | 115 913 |
| | Provincial Roads (Musong Road) | 626 675 | 12 085 399 |
| | Greenest Municipality | 500 000 | - |
| | Second Economy Regeneration (LED) | 109 862 | 97 218 |
| | Clean Audit | 95 000 | - |
| | Commonage Management Plan | 46 056 | 12 000 |
| | Municipal Support Programme | - | 61 858 |
| | Joe Gqabi DM - District Call Centre | - | 87 383 |
| | Libraries | 1 200 000 | 1 278 873 |
| | Total Government Grants and Subsidies | 123 541 323 | 129 864 401 |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 23 | GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED) | 2013 R | 2012 R |
|--------------|--|---------------------------|---------------------------|
| | Government Grants and Subsidies - Capital | 20 143 049 | 22 106 014 |
| | Government Grants and Subsidies - Operating | 103 398 274 | 107 758 386 |
| | | <u>123 541 323</u> | <u>129 864 401</u> |
| | Revenue recognised per vote as required by Section 123 (c) of the MFMA | | |
| | Equitable share | 89 723 000 | 79 190 000 |
| | Executive & Council | 300 000 | 300 000 |
| | Budget & Treasury | 2 095 000 | 2 031 567 |
| | Planning & Development | 10 554 334 | 2 211 847 |
| | Community & Social Services | 3 678 226 | 1 278 873 |
| | Housing | 560 941 | 7 877 349 |
| | Sport & Recreation | 3 094 896 | 3 306 137 |
| | Waste Management | 500 000 | 133 567 |
| | Road Transport | 13 034 926 | 33 535 060 |
| | | <u>123 541 323</u> | <u>129 864 400</u> |
| | The municipality does not expect any significant changes to the level of grants. No grants had been withheld. | | |
| 23.01 | Equitable share | <u>89 723 000</u> | <u>79 190 000</u> |
| | The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury. | | |
| 23.02 | National: Municipal Infrastructure Grant (MIG) | | |
| | Balance unspent at beginning of year | (342 129) | (267 146) |
| | Current year receipts | 28 025 000 | 23 102 000 |
| | Conditions met - transferred to revenue | (15 949 170) | (23 176 983) |
| | Balance transferred to current (assets)/liabilities | <u>11 733 701</u> | <u>(342 129)</u> |
| | Municipal Infrastructure Grant was utilised to construct roads, pavement, community centres and storm water channels in Senqu. | | |
| 23.03 | National: Municipal Finance Management (MFMA) | | |
| | Balance unspent at beginning of year | - | (54 422) |
| | Current year receipts | 1 500 000 | 1 450 000 |
| | Conditions met - transferred to revenue | (1 500 000) | (1 395 578) |
| | Balance transferred to current liabilities | <u>-</u> | <u>-</u> |
| | Municipal Finance Management grant was used to implement the reforms of the MFMA. | | |
| 23.04 | National: Municipal Systems Improvement Grant | | |
| | Balance unspent at beginning of year | - | - |
| | Current year receipts | 800 000 | 790 000 |
| | Conditions met - transferred to revenue | (800 000) | (790 000) |
| | Balance transferred to current liabilities | <u>-</u> | <u>-</u> |
| | The MSIG was used to improve municipal systems in terms of ward committees and create a functional asset register. | | |
| 23.05 | National: Neighbourhood Development Partnership Grant | | |
| | Balance unspent at beginning of year | 8 164 825 | 7 196 397 |
| | Current year receipts | 10 205 000 | 2 900 000 |
| | Conditions met - transferred to revenue | (10 154 769) | (1 931 571) |
| | Returned to the National Revenue Fund | (296 000) | - |
| | Balance transferred to current liabilities | <u>7 919 056</u> | <u>8 164 825</u> |
| | The NDPG is utilised to attract private and community investment to unlock the social and economic potential within the Senqu area. | | |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 23 | GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED) | 2013 R | 2012 R |
|--------------|---|-----------------------------|-----------------------------|
| 23.06 | National: Expanded Public Works Program | | |
| | Balance unspent at beginning of year | - | - |
| | Current year receipts | 1 857 000 | 1 625 000 |
| | Conditions met - transferred to revenue | (1 857 000) | (1 625 000) |
| | | <u> </u> | <u> </u> |
| | Balance transferred to current liabilities | - | - |
| | | <u> </u> | <u> </u> |
| | The EPWP was utilised to provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities. | | |
| 23.07 | National: Dept Sport (Youth Development - Sport Fields) | | |
| | Balance unspent at beginning of year | - | - |
| | Current year receipts | 175 203 | - |
| | Conditions met - transferred to revenue | (175 203) | - |
| | | <u> </u> | <u> </u> |
| | Balance transferred to current liabilities | - | - |
| | | <u> </u> | <u> </u> |
| | The Department of Sport grant was utilised to provide new and improved sport facilities within the Senqu area. | | |
| 23.08 | Peach & Vegetable Processing | | |
| | Balance unspent at beginning of year | - | 8 302 |
| | Conditions met - transferred to revenue | - | (8 302) |
| | | <u> </u> | <u> </u> |
| | Balance transferred to current liabilities | - | - |
| | | <u> </u> | <u> </u> |
| | The Peach and Vegetable Processing grant was utilised as a Local Economic Development project within the Senqu area. | | |
| 23.09 | Holo Hlahatsi Agricultural Project | | |
| | Balance unspent at beginning of year | 103 897 | 104 517 |
| | Conditions met - transferred to revenue | (103 897) | (620) |
| | | <u> </u> | <u> </u> |
| | Balance transferred to current liabilities | - | 103 897 |
| | | <u> </u> | <u> </u> |
| | The Holo Hlahatsi Agricultural grant was utilised as a Local Economic Development project within the Senqu area. | | |
| 23.10 | Co-op's Development | | |
| | Balance unspent at beginning of year | - | 2 993 |
| | Conditions met - transferred to revenue | - | (2 993) |
| | | <u> </u> | <u> </u> |
| | Balance transferred to current liabilities | - | - |
| | | <u> </u> | <u> </u> |
| | The Co-op's development grant was utilised as a Local Economic Development project within the Senqu area. | | |
| 23.11 | Prov Gov - Housing (Lady Grey) | | |
| | Balance unspent at beginning of year | - | 1 618 897 |
| | Conditions met - transferred to revenue | - | (1 618 897) |
| | | <u> </u> | <u> </u> |
| | Balance transferred to current liabilities | - | - |
| | | <u> </u> | <u> </u> |
| | The grant was received from Provincial Government to be utilised for housing projects within the Senqu area. | | |
| 23.12 | Prov Gov - Housing (Hillside) | | |
| | Balance unspent at beginning of year | 830 240 | 1 280 832 |
| | Current year receipts | 130 909 | 5 762 799 |
| | Conditions met - transferred to revenue | (507 727) | (6 213 391) |
| | | <u> </u> | <u> </u> |
| | Balance transferred to current liabilities | 453 423 | 830 240 |
| | | <u> </u> | <u> </u> |
| | The grant was received from Provincial Government to be utilised for housing projects within the Senqu area. | | |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 23 | GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED) | 2013 R | 2012 R |
|-------|--|------------------|------------------|
| 23.13 | Implementation Ownership | | |
| | Balance unspent at beginning of year | 53 216 | 98 276 |
| | Conditions met - transferred to revenue | (53 216) | (45 060) |
| | Balance transferred to current liabilities | <u>-</u> | <u>53 216</u> |
| | The Implementation Ownership grant was utilised to transfer ownership from council to owners. (Registering of title deeds.) | | |
| 23.14 | Rossouw Agricultural Project | | |
| | Balance unspent at beginning of year | 49 582 | 92 811 |
| | Conditions met - transferred to revenue | (49 582) | (43 230) |
| | Balance transferred to current liabilities | <u>-</u> | <u>49 582</u> |
| | The Rossouw Agricultural grant was utilised as a Local Economic Development project within the Senqu area. | | |
| 23.15 | Herschel People's Housing | | |
| | Balance unspent at beginning of year | 7 412 501 | 7 094 314 |
| | Current year receipts - Interest | 306 667 | 318 187 |
| | Balance transferred to current liabilities | <u>7 719 169</u> | <u>7 412 501</u> |
| | The grant was received to be utilised for housing projects within the Senqu area. | | |
| 23.16 | Internet/Communication Systems | | |
| | Balance unspent at beginning of year | - | 84 131 |
| | Conditions met - transferred to revenue | - | (84 131) |
| | Balance transferred to current liabilities | <u>-</u> | <u>-</u> |
| | Establish to comply with the MFMA with regards to all information technology requirements mentioned in the act. | | |
| 23.17 | Plastic Products | | |
| | Balance unspent at beginning of year | 90 167 | 206 080 |
| | Conditions met - transferred to revenue | (90 167) | (115 913) |
| | Balance transferred to current liabilities | <u>-</u> | <u>90 167</u> |
| | The Plastic Products grant was utilised as a Local Economic Development project within the Senqu area. | | |
| 23.18 | Provincial Roads (Musong Road) | | |
| | Balance unspent at beginning of year | 63 134 | 5 394 538 |
| | Current year receipts | 563 541 | 6 753 994 |
| | Conditions met - transferred to revenue | (626 675) | (12 085 399) |
| | Balance transferred to current liabilities | <u>-</u> | <u>63 134</u> |
| | The grant was received from Provincial Government and utilised to upgrade municipal roads in the area. | | |
| 23.19 | Greenest Municipality | | |
| | Balance unspent at beginning of year | 300 000 | - |
| | Current year receipts | 200 000 | 300 000 |
| | Conditions met - transferred to revenue | (500 000) | - |
| | Balance transferred to current liabilities | <u>-</u> | <u>300 000</u> |
| | The grant was utilised for working towards the goal of 'greening' the environment as well as proactively preserving it for future generations. | | |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | | | |
|--------------|---|--------------------------|--------------------------|
| 23 | GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED) | 2013 | 2012 |
| | | R | R |
| 23.20 | Second Economy Regeneration (LED Strategy) | | |
| | Balance unspent at beginning of year | 109 862 | 100 489 |
| | Current year receipts | - | 106 591 |
| | Conditions met - transferred to revenue | (109 862) | (97 218) |
| | Balance transferred to current liabilities | <u>-</u> | <u>109 862</u> |
| | The grant was received from Provincial Government to improve planning in the Senqu area. | | |
| 23.21 | Clean Audit | | |
| | Balance unspent at beginning of year | 95 000 | - |
| | Current year receipts | - | 95 000 |
| | Conditions met - transferred to revenue | (95 000) | - |
| | Balance transferred to current liabilities | <u>-</u> | <u>95 000</u> |
| | The grant was received from Provincial Government to target a clean audit report for Senqu Municipality. | | |
| 23.22 | Commonage Management Plan | | |
| | Balance unspent at beginning of year | 46 056 | 58 056 |
| | Conditions met - transferred to revenue | (46 056) | (12 000) |
| | Balance transferred to current liabilities | <u>-</u> | <u>46 056</u> |
| | The Commonage Management Plan grant was utilised as a Local Economic Development project within the Senqu area. | | |
| 23.23 | Municipal Support Programme | | |
| | Balance unspent at beginning of year | - | 61 858 |
| | Conditions met - transferred to revenue | - | (61 858) |
| | Balance transferred to current liabilities | <u>-</u> | <u>-</u> |
| | The Municipal Support grant was utilised to improve internal controls in the municipality. | | |
| 23.24 | Joe Gqabi DM - District Call Centre | | |
| | Balance unspent at beginning of year | - | 87 383 |
| | Conditions met - transferred to revenue | - | (87 383) |
| | Balance transferred to current liabilities | <u>-</u> | <u>-</u> |
| | The District Call Centre grant was received from District Municipality for a call centre for Senqu. | | |
| 23.25 | Libraries | | |
| | Balance unspent at beginning of year | - | - |
| | Current year receipts | 1 200 000 | 1 278 873 |
| | Conditions met - transferred to revenue | (1 200 000) | (1 278 873) |
| | Balance transferred to current liabilities | <u>-</u> | <u>-</u> |
| | The Libraries grant was utilised for the up keeping and operational cost for libraries. | | |
| 24 | SERVICE CHARGES | | |
| | Electricity | 22 762 907 | 18 002 849 |
| | Service Charges | 26 438 375 | 21 420 661 |
| | <u>Less:</u> Rebates | (3 675 468) | (3 417 812) |
| | Refuse removal | 2 504 474 | 1 947 988 |
| | Service Charges | 6 449 098 | 5 673 114 |
| | <u>Less:</u> Rebates | (3 944 624) | (3 725 125) |
| | Total Service Charges | <u>25 267 381</u> | <u>19 950 838</u> |
| | Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission. | | |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|--|-------------------|-------------------|
| 25 OTHER INCOME | | |
| Sundry Income | 1 011 640 | 544 325 |
| Building Plan & Inspection Fees | 17 766 | 66 786 |
| Electr. Re-Connection Fees | 36 910 | 46 034 |
| Cemetery Fees | 14 122 | 14 289 |
| Pound Fees | 20 070 | 17 557 |
| Retention Withheld | 94 465 | - |
| Total Other Income | 1 194 973 | 688 992 |
| 26 EMPLOYEE RELATED COSTS | | |
| Employee related costs - Salaries and Wages | 27 628 238 | 20 128 969 |
| Employee related costs - Contributions for UIF, pensions and medical aids | 5 970 423 | 4 009 645 |
| Travel, motor car, telephone, assistance and other allowances | 104 500 | 84 050 |
| Bonuses | 2 994 045 | 2 465 989 |
| Housing Benefits and Allowances | 23 226 | 17 539 |
| Leave Reserve Fund | 529 618 | 1 490 886 |
| Overtime Payments | 482 501 | 481 905 |
| Workmens Compensation Contributions | 439 071 | 348 508 |
| Contribution to provision - Long Service Awards - Note 4 | 209 133 | 236 705 |
| Contribution to provision - Post Retirement Medical - Note 4 | 1 636 849 | 1 528 836 |
| Total Employee Related Costs | 40 017 604 | 30 793 033 |
| KEY MANAGEMENT PERSONNEL | | |
| Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods. | | |
| REMUNERATION OF KEY MANAGEMENT PERSONNEL | | |
| Remuneration of the Municipal Manager - MM Yawa | | |
| Annual Remuneration | 1 243 009 | 1 181 505 |
| Performance Bonuses | - | 297 960 |
| Car Allowance | 82 800 | 82 800 |
| Telephone allowance | 21 500 | 18 000 |
| Contributions to UIF, Medical and Pension Funds | 1 713 | 1 497 |
| Total | 1 349 022 | 1 581 763 |
| Remuneration of the Director Technical Services - RN Crozier | | |
| Annual Remuneration | 1 033 083 | 981 058 |
| Performance Bonuses | - | 253 266 |
| Car Allowance | 93 600 | 93 600 |
| Telephone allowance | 12 000 | 12 000 |
| Contributions to UIF, Medical and Pension Funds | 1 713 | 1 497 |
| Total | 1 140 396 | 1 341 421 |
| Remuneration of Director Community and Social Services - CNL Gologolo | | |
| Annual Remuneration | 798 119 | 757 822 |
| Performance Bonuses | - | 106 349 |
| Car Allowance | 48 000 | 48 000 |
| Telephone allowance | 12 000 | 12 000 |
| Contributions to UIF, Medical and Pension Funds | 1 713 | 1 497 |
| Total | 859 832 | 925 668 |
| Remuneration of the Director Financial Services - Mr CR Venter | | |
| Annual Remuneration | 1 126 683 | 1 074 658 |
| Performance Bonuses | - | 253 266 |
| Telephone allowance | 12 000 | 12 000 |
| Contributions to UIF, Medical and Pension Funds | 1 713 | 1 497 |
| Total | 1 140 396 | 1 341 421 |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 26 | EMPLOYEE RELATED COSTS (CONTINUED) | 2013 R | 2012 R |
|----|--|----------------|------------------|
| | Remuneration of Director Corporate and Support Services - ML Theron (July 2012 - Sept 2012) | | |
| | Annual Remuneration | 185 961 | 805 828 |
| | Performance Bonuses | - | 106 349 |
| | Telephone allowance | 3 000 | 12 000 |
| | Contributions to UIF, Medical and Pension Funds | 374 | 1 497 |
| | Total | 189 335 | 925 675 |
| | Remuneration of Director Corporate and Support Services - TE Wonga (Oct 2012 - June 2013) | | |
| | Annual Remuneration | 563 897 | - |
| | Telephone allowance | 9 000 | - |
| | Car Allowance | 82 000 | - |
| | Contributions to UIF, Medical and Pension Funds | 1 338 | - |
| | Total | 656 235 | - |
| | Remuneration of Director IPME - DP Agyemang (July 2012 - Sept 2012) | | |
| | Annual Remuneration | 255 758 | 898 332 |
| | Performance Bonuses | - | 93 960 |
| | Telephone allowance | 3 000 | 12 000 |
| | Car Allowance | 17 100 | 68 400 |
| | Housing Allowance | 7 500 | 30 000 |
| | Contributions to UIF, Medical and Pension Funds | 374 | 1 497 |
| | Total | 283 732 | 1 104 190 |
| | Remuneration of Director IPME - P Bushula (Oct 2012 - June 2013) | | |
| | Annual Remuneration | 747 545 | - |
| | Telephone allowance | 9 000 | - |
| | Contributions to UIF, Medical and Pension Funds | 103 695 | - |
| | Total | 860 240 | - |

| 27 | REMUNERATION OF COUNCILLORS | | |
|----|---|------------------|------------------|
| | Mayor | 665 421 | 630 735 |
| | Speaker | 536 311 | 508 356 |
| | Executive Committee Members | 1 672 110 | 1 584 606 |
| | Councillors | 5 520 635 | 5 247 601 |
| | Other Councillors' contributions and allowances | 463 741 | 415 548 |
| | Total Councillors' Remuneration | 8 858 218 | 8 386 846 |

In-kind Benefits

The Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Mayor may utilise official Council transportation when engaged in official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....
Signed: **Municipal Manager**

| 28 | DEBT IMPAIRMENT | | |
|----|---|------------------|------------------|
| | Receivables from exchange transactions - Note 18 | 4 674 564 | 2 837 041 |
| | Receivables from non-exchange transactions - Note 19 | 696 391 | 281 356 |
| | Total Contribution to Impairment Provision | 5 370 955 | 3 118 397 |
| | Portion attributable to VAT - Refer to note - 11.01 | 34 331 | (424 254) |
| | Transfer of Function - Note 36.01 | (311 940) | - |
| | Debt impairment recognised in statement of financial performance | 5 093 346 | 2 694 143 |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|--|-------------------|-------------------|
| 29 DEPRECIATION AND AMORTISATION | | |
| Property Plant and Equipment - Restated 2012 | 12 808 732 | 11 478 970 |
| Intangible Assets - Restated 2012 | 105 485 | 99 686 |
| Capitalised Restoration Cost - Restated 2012 | - | - |
| Total Depreciation and Amortisation | 12 914 217 | 11 578 656 |
| 30 REPAIRS AND MAINTENANCE | | |
| Buildings | 204 175 | 30 399 |
| Tools and equipment | 205 960 | 165 013 |
| Furniture and office equipment | 4 942 | 4 272 |
| Vehicles and Implements | 1 046 801 | 1 136 253 |
| Streets and stormwater | 385 841 | 1 051 926 |
| Sport Fields | 4 160 | 28 464 |
| Electricity Reticulation | 555 069 | 605 665 |
| Fencing | 19 698 | 17 312 |
| Street Lights | 1 240 | 181 432 |
| Traffic and Road signs | 36 874 | 29 712 |
| Other | 89 711 | 154 748 |
| Total Repairs and Maintenance | 2 554 473 | 3 405 197 |
| 31 FINANCE CHARGES | | |
| Long-term Liabilities - DBSA | 1 144 315 | 1 253 679 |
| Finance leases | 2 787 | 5 715 |
| Landfill Site - Restated 2012 | - | - |
| Total Finance charges | 1 147 102 | 1 259 394 |
| 32 BULK PURCHASES | | |
| Electricity | 19 167 363 | 15 130 377 |
| Total Bulk Purchases | 19 167 363 | 15 130 377 |
| 33 GRANTS AND SUBSIDIES | | |
| Grants-in-aid and Donations | 333 000 | 731 837 |
| Total Grants and Subsidies | 333 000 | 731 837 |
| 34 OTHER OPERATING GRANT EXPENDITURE | | |
| Asset Register Project | 455 049 | 468 787 |
| Call Centre Project | 77 408 | 459 957 |
| Clean Audit Project | 97 238 | - |
| Commonage Management Project | 31 200 | 12 000 |
| Co-op's Development Project | - | 1 990 |
| Database Project | - | 218 955 |
| Greenest Municipality Project | 395 509 | - |
| Holo Hlahatsi Agricultural Project | - | 620 |
| Housing Hillside Project | 507 726 | 6 213 391 |
| IDP and Budget Project | 356 652 | 251 764 |
| Job Creation Project | 6 005 386 | 3 788 731 |
| LED Strategy Project | - | 20 727 |
| Local Economic Development Project | 154 238 | 21 336 |
| MFMA Implementation Project | 1 693 930 | 1 354 637 |
| MIG PMU Project | 1 096 854 | 846 256 |
| Musong Road Project | 2 425 870 | 10 601 227 |
| Neighbourhood Development Project | 1 633 777 | 896 321 |
| Plastic Products Project | 123 356 | 104 447 |
| Revitalization 2nd Economy Project | 102 000 | 97 218 |
| Rossouw Agricultural Project | 24 206 | 38 934 |
| Town Register Project | 50 835 | 45 060 |
| Total Operating grant expenditure - Restated 2012 | 15 231 233 | 25 442 356 |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 35 | GENERAL EXPENSES | 2013 R | 2012 R |
|----|---|-------------------|-------------------|
| | Audit Fees | 1 593 872 | 1 509 690 |
| | Advertisements | 426 771 | 186 938 |
| | Bank Charges | 196 476 | 209 728 |
| | Books, Magazines & Publications | 33 721 | 88 696 |
| | Communication | 678 176 | 72 835 |
| | Computer Costs | 1 082 183 | 533 920 |
| | Electricity Purchases | 775 300 | 189 255 |
| | Insurance: External | 313 538 | 251 812 |
| | Legal Costs | 388 870 | 737 334 |
| | Membership Fees | 488 346 | 219 166 |
| | Printing & Stationary | 468 839 | 329 637 |
| | Professional Services | 1 384 819 | 1 639 788 |
| | Performance Management Project | 1 128 671 | 600 121 |
| | Lady Grey LED Project | 985 | - |
| | Agriculture Rural Project | - | 25 540 |
| | SPU Project | 371 274 | 120 820 |
| | Youth Cleaning Project | - | 4 750 |
| | Valuation Roll Project | 838 653 | 87 333 |
| | Refuse Removal Project | 22 211 | 809 265 |
| | Subsistence & Traveling | 2 675 758 | 2 208 051 |
| | Telephone Charges | 1 171 586 | 957 804 |
| | Tourism | 494 785 | 319 779 |
| | Training | 959 049 | 470 927 |
| | Transport Costs | 115 612 | 59 757 |
| | Travel and Accommodation | 1 767 469 | 1 515 310 |
| | Vehicle: Fuel & Oil | 1 748 464 | 1 703 474 |
| | Ward Committees | 1 248 583 | 1 159 164 |
| | Sundry | 1 579 633 | 1 199 388 |
| | Total General Expenses - Restated 2012 | 21 953 645 | 17 210 283 |

36 DISCONTINUED OPERATIONS

36.01 Water and Sewerage

The municipality acted as Water Service Provider (WSP) for the provision of water and sanitation services on behalf of the Water Service Authority, Joe Gqabi District Municipality. The Water Service Authority resolved to resume full accountability for these functions as from 1 July 2012.

The effect of Discontinued Operations on the Statement of Financial Position is as follows:

Assets associated with Discontinued Operations

| | | |
|--|---|----------------|
| Receivable from exchange transactions (Water and sanitation) | - | 4 846 743 |
| Less: Allowance for Doubtful Debts (Water and sanitation) | - | (4 309 947) |
| Taxes | - | 311 940 |
| | - | 848 736 |

Liabilities associated with Discontinued Operations

| | | |
|-------------------------------------|---|------------------|
| Employee Benefits | - | 1 137 050 |
| Current Employee Benefits | - | 1 095 305 |
| Payables from exchange transactions | - | 96 006 |
| | - | 2 328 360 |

The effect of Discontinued Operations on the Statement of Financial Performance is as follows:

Income

| | | |
|---------------------------------------|---|-----------|
| Service Charges | - | 3 385 091 |
| Water Services Authority Contribution | - | 9 286 090 |
| Interest Earned - outstanding debtors | - | 286 574 |

Expenditure

| | | |
|--|----------|------------------|
| Employee Related Costs | - | (9 982 883) |
| Debt Impairment | - | (944 054) |
| Repairs and Maintenance | - | (192 364) |
| Actuarial losses | - | (374 327) |
| Finance Charges | - | - |
| General Expenses | - | (1 663 779) |
| Total effect of Discontinued Operations | - | (199 653) |

The effect of Discontinued Operations on the Cash flow Statement is as follows:

| | | |
|---------------------------------|---|------------------|
| Changes in Operating Activities | - | (199 653) |
| | - | (199 653) |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 37 | CORRECTION OF ERROR IN TERMS OF GRAP 3 | 2012 R |
|--------------|--|--------------------|
| | Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below. | |
| 37.01 | Operating Lease Asset | |
| | Balance previously reported | 45 800 |
| | Correction on Operating Lease Asset Opening balance - Note 37.13 | 288 |
| | Correction on Operating Lease Asset movement for 2011/2012 - Note 37.14 | 12 453 |
| | Total | 58 542 |
| 37.02 | Property, Plant and Equipment | |
| | Balance previously reported | 172 718 835 |
| | Correction of Backlog Depreciation previously incorrectly calculated - 1 July 2011 - Note 37.13 | 2 932 592 |
| | Correction of Kwezi-Naledi Node Previously not recognised - Work-in-Progress - Note 37.13 | 1 106 876 |
| | First time recognition of Property, Plant and Equipment - 1 July 2011 - Note 37.13 | 54 525 |
| | Backlog Depreciation for Property, Plant and Equipment previously not recognised - Note 37.13 | (11 475) |
| | Depreciation for 2011/2012 for Property, Plant and Equipment previously not recognised - Note 37.14 | (9 648) |
| | Property, Plant and Equipment incorrectly capitalised - 1 July 2011 - Note 37.13 | (429 478) |
| | Effect on Backlog Depreciation for Property, Plant and Equipment incorrectly capitalised - 1 July 2011 - Note 37.13 | 41 091 |
| | Effect on Depreciation for 2011/2012 for Property, Plant and Equipment incorrectly capitalised - Note 37.14 | 24 717 |
| | Property, Plant and Equipment incorrectly capitalised - 2011/2012 - Note 37.14 | (782) |
| | First time recognition of Donated Property, Plant and Equipment - 1 July 2011 - Note 37.13 | 24 208 |
| | Backlog Depreciation for Donated Property, Plant and Equipment previously not recognised - Note 37.13 | (9 941) |
| | Depreciation for 2011/2012 for Donated Property, Plant and Equipment previously not recognised - Note 37.14 | (4 363) |
| | First time recognition of Donated Property, Plant and Equipment - 2011/2012 - Note 37.14 | 7 998 |
| | Land and Buildings previously not recognised - 1 July 2011 - Note 37.13 | 710 100 |
| | Total | 177 155 255 |
| 37.03 | Intangible Assets | |
| | Balance previously reported | 257 598 |
| | Intangible assets incorrectly capitalised - 1 July 2011 - Note 37.13 | (79 295) |
| | Effect on Backlog Depreciation for Intangible assets incorrectly capitalised - 1 July 2011 - Note 37.13 | 43 229 |
| | Effect on Depreciation for 2011/2012 for Intangible assets incorrectly capitalised - Note 37.14 | 10 891 |
| | Correction of Backlog Depreciation previously incorrectly calculated - 1 July 2011 - Note 37.13 | 30 714 |
| | Total | 263 136 |
| 37.04 | Investment Property | |
| | Balance previously reported | 12 548 500 |
| | Derecognise Investment Property - 1 July 2011 - At Fair value - Note 37.13 | (2 286 500) |
| | Total | 10 262 000 |
| 37.05 | Inventory | |
| | Balance previously reported | 4 310 567 |
| | Derecognise Inventory - Land held for sale - 1 July 2011 - Note 37.13 | (789 500) |
| | Total | 3 521 067 |
| 37.06 | Revaluation Reserve | |
| | Balance previously reported | 1 221 307 |
| | Revaluation on Land and Buildings for 2011/2012 previously not recognised - Note 37.14 | 5 682 |
| | Total | 1 226 989 |
| 37.07 | Non-Current Provisions | |
| | Balance previously reported | 3 127 036 |
| | Correction on Opening balance of Landfill Site Provision - Note 37.13 | (4 845 520) |
| | Correction on 2011/2012 additions on Landfill Site Provision - Note 37.14 | (176 041) |
| | Correction on Current portion of Landfill sites transferred to Current Provision - Note 37.08 | 6 497 749 |
| | Total | 4 603 223 |
| 37.08 | Provisions | |
| | Balance previously reported | 6 497 749 |
| | Correction on Current portion of Landfill sites transferred from Non-Current Provisions - Note 37.07 | (6 497 749) |
| | Total | - |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 37 | CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED) | 2012 R |
|-------|--|-------------------|
| 37.09 | Capitalised Restoration Costs | |
| | Balance previously reported | 1 510 395 |
| | Correction on Cost on 1 July 2011 recalculated to the 'area contaminated' - Note 37.13 | 2 200 656 |
| | Correction on Accumulated Impairments recalculated to the 'area contaminated' - Note 37.13 | (3 837 955) |
| | Correction on Acquisitions for 2011/2012 recalculated to the 'area contaminated' - Note 37.14 | 282 282 |
| | Correction on Impairment for 2011/2012 recalculated to the 'area contaminated' - Note 37.14 | 46 407 |
| | Correction on Impairment for 2011/2012 recalculated to the 'area contaminated' - Note 37.14 | (201 784) |
| | Total | - |
| 37.10 | Capital Replacement Reserve | |
| | Balance previously reported | 75 142 035 |
| | Correction of error - Transferred to Accumulated Surplus - 1 July 2011 - Note 37.13 | (56 463 739) |
| | Correction of error - Transferred to Accumulated Surplus - 2011/2012 movement - Note 37.13 | (18 678 296) |
| | Total | - |
| 37.11 | Employee Benefits Reserve | |
| | Balance previously reported | 11 645 194 |
| | Correction of error - Transferred to Accumulated Surplus - 1 July 2011 - Note 37.13 | (5 644 845) |
| | Correction of error - Transferred to Accumulated Surplus - 2011/2012 movement - Note 37.13 | (6 000 349) |
| | Total | - |
| 37.12 | Valuation Roll Reserve | |
| | Balance previously reported | 919 491 |
| | Correction of error - Transferred to Accumulated Surplus - 1 July 2011 - Note 37.13 | (689 618) |
| | Correction of error - Transferred to Accumulated Surplus - 2011/2012 movement - Note 37.13 | (229 873) |
| | Total | - |
| 37.13 | Accumulated Surplus/(Deficit) | |
| | Correction on Operating Lease Asset Opening balance - Note 37.01 | 288 |
| | Correction of Backlog Depreciation previously incorrectly calculated - 1 July 2011 - Note 37.02 | 2 963 306 |
| | Correction of Kwezi-Naledi Node Previously not recognised - 1 July 2011 WIP - Note 37.02 | 308 836 |
| | First time recognition of Property, Plant and Equipment - 1 July 2010 - Note 37.02 | 54 525 |
| | Backlog Depreciation for Property, Plant and Equipment previously not recognised - Note 37.02 | (11 475) |
| | Property, Plant and Equipment incorrectly capitalised - 1 July 2011 - Note 37.02 | (429 478) |
| | Effect on Backlog Depreciation for Property, Plant and Equipment incorrectly capitalised - 1 July 2011 - Note 37.02 | 41 091 |
| | Correction of opening balance on Intangible Assets - 1 July 2010 - Note 37.03 | (79 295) |
| | Correction of Accumulated Depreciation on Intangible Assets - 1 July 2010 - Note 37.03 | 43 229 |
| | First time recognition of Donated Property, Plant and Equipment - 1 July 2011 - Note 37.02 | 24 208 |
| | Backlog Depreciation for Donated Property, Plant and Equipment previously not recognised - Note 37.02 | (9 941) |
| | Land and Buildings previously not recognised - 1 July 2011 - Note 37.02 | 710 100 |
| | Derecognise Investment Property - 1 July 2011 - At Fair value - Note 37.04 | (2 286 500) |
| | Derecognise Inventory - Land held for sale - 1 July 2011 - Note 37.05 | (789 500) |
| | Correction on Opening balance of Landfill Site Provision - Note 37.07 | 4 845 520 |
| | Correction on Capitalised Restoration Cost - Cost on 1 July 2011 recalculated to the 'area contaminated' - Note 37.09 | 2 200 656 |
| | Correction on Capitalised Restoration Costs - Accumulated Impairments recalculated to the 'area contaminated' - Note 37.09 | (3 837 955) |
| | Correction of error - Transferred from Capital Replacement Reserve - 1 July 2011 - Note 37.10 | 56 463 739 |
| | Correction of error - Transferred from Capital Replacement Reserve - 2011/2012 movement - Note 37.10 | 18 678 296 |
| | Correction of error - Transferred from Employee Benefits Reserve - 1 July 2011 - Note 37.11 | 5 644 845 |
| | Correction of error - Transferred from Employee Benefits Reserve - 2011/2012 movement - Note 37.11 | 6 000 349 |
| | Correction of error - Transferred from Valuation Roll Reserve - 1 July 2011 - Note 37.12 | 689 618 |
| | Correction of error - Transferred from Valuation Roll Reserve - 2011/2012 movement - Note 37.12 | 229 873 |
| | Total | 91 454 335 |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | | |
|----|--|--------------------|
| 37 | CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED) | 2012 R |
| | 37.14 Statement of Financial Performance | |
| | Balance previously reported | 46 148 530 |
| | Correction on Operating Lease Asset movement for 2011/2012 - Note 37.01 | 12 453 |
| | Correction of Kwezi-Naledi Node Previously not recognised - 2011/2012 WIP - Note 37.02 | 798 040 |
| | Depreciation for 2011/2012 for Property, Plant and Equipment previously not recognised - Note 37.02 | (9 648) |
| | Effect on Depreciation for 2011/2012 for Property, Plant and Equipment incorrectly capitalised - Note 37.02 | 35 607 |
| | Property, Plant and Equipment incorrectly capitalised - 2011/2012 - Note 37.02 | (782) |
| | Depreciation for 2011/2012 for Donated Property, Plant and Equipment previously not recognised - Note 37.02 | (4 363) |
| | First time recognition of Donated Property, Plant and Equipment - 2011/2012 - Note 37.02 | 7 998 |
| | Revaluation on Land and Buildings for 2011/2012 previously not recognised - Note 37.06 | (5 682) |
| | Correction of Interest Accrual on Landfill Site Provision - Note 37.07 | 176 041 |
| | Correction on Capitalised Restoration Cost - Acquisitions for 2011/2012 recalculated to the 'area contaminated' - Note 37.09 | 282 282 |
| | Correction on Capitalised Restoration Cost - Impairments for 2011/2012 recalculated to the 'area contaminated' - Note 37.09 | 46 407 |
| | Correction on Capitalised Restoration Cost - Impairment for 2011/2012 recalculated to the 'area contaminated' - Note 37.09 | (201 784) |
| | Total | 47 285 099 |
| | | 2013 R |
| 38 | RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS | 2012 R |
| | Surplus/(Deficit) for the year - From Continuing Operations | 42 605 591 |
| | Adjustments for: | |
| | Depreciation | 12 914 217 |
| | Loss on disposal of property, plant and equipment | 992 665 |
| | Impairments | 522 382 |
| | Contribution from/to employee benefits - non-current | 1 845 982 |
| | Contribution from/to employee benefits - non-current - expenditure incurred | (255 814) |
| | Contribution from/to employee benefits - non-current - actuarial losses | - |
| | Contribution from/to employee benefits - non-current - actuarial gains | (2 079 250) |
| | Contribution to employee benefits – current | 2 206 720 |
| | Contribution to employee benefits – current - expenditure incurred | (1 741 547) |
| | Contribution to provisions – current | - |
| | Contribution to provisions – bad debt | 5 059 014 |
| | Bad debts written off | (1 611 528) |
| | Grants Received | 134 390 321 |
| | Grant recognised as revenue | (123 541 323) |
| | Unspent Grant withheld by National Treasury | 296 000 |
| | Transfer of Function - Water and Sanitation | (6 215 128) |
| | Operating lease income accrued | (24 828) |
| | Operating lease expenses accrued | (630) |
| | Operating Surplus/(Deficit) before discontinued operations and changes in working capital | 65 362 844 |
| | Surplus/(Deficit) for the year from Discontinued Operations - Note 36 | - |
| | Other adjustments associated with discontinued operations | |
| | Bad debts | 944 054 |
| | Operating Surplus/(Deficit) before changes in working capital | 65 362 844 |
| | Changes in working capital | 809 905 |
| | Increase/(Decrease) in Payables from Exchange Transactions | (1 503 596) |
| | Increase/(Decrease) in Taxes | (384 880) |
| | (Increase)/Decrease in Inventory | (230 751) |
| | (Increase)/Decrease in Receivables from exchange transactions | 3 729 748 |
| | Increase in Other Receivables from non-exchange transactions | (800 616) |
| | Cash generated/(absorbed) by operations | 66 172 749 |
| | | 48 807 931 |
| 39 | CASH AND CASH EQUIVALENTS | |
| | Cash and cash equivalents included in the cash flow statement comprise the following: | |
| | Call Investments Deposits - Note 21 | 153 075 703 |
| | Cash Floats - Note 21 | 700 |
| | Bank - Note 21 | 1 176 531 |
| | Total cash and cash equivalents | 154 252 933 |
| | | 124 993 004 |
| | | 900 |
| | | 903 394 |
| | | 125 897 298 |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 40 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES | 2013 R | 2012 R |
|---|--------------------|--------------------|
| Cash and Cash Equivalents - Note 39 | 154 252 933 | 125 897 298 |
| Less: | 154 252 933 | 125 897 298 |
| Unspent Committed Conditional Grants - Note 10 | 27 825 349 | 17 318 480 |
| Net cash resources available for internal distribution Allocated to: | 126 427 585 | 108 578 818 |
| Capital Replacement Reserve | 95 532 283 | 75 142 035 |
| Valuation Roll Reserve | 330 838 | 919 491 |
| Employee Benefit Reserve | 17 632 892 | 11 645 194 |
| Resources available for Working capital requirements | 30 895 301 | 33 436 783 |

| 41 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION | | |
|---|--------------|--------------|
| Long-term Liabilities - Note 3 | 15 230 570 | 16 035 140 |
| Used to finance property, plant and equipment - at cost | (15 230 570) | (16 035 140) |
| Cash invested for repayment of long-term liabilities | - | - |

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 6.75 % and 8.92 % and will be repaid by 2030.

42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

42.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

| | | |
|---|---|-----------|
| Opening balance | - | 358 350 |
| Unauthorised expenditure current year - capital | - | - |
| Unauthorised expenditure current year - operating | - | - |
| Approved by Council or condoned | - | (358 350) |
| Unauthorised expenditure awaiting authorisation | - | - |

| Incident | Disciplinary steps/criminal proceedings |
|---------------------------|---|
| Over expenditure on votes | None |

| | 2013 R (Actual) | 2013 R (Budget) | 2013 R (Variance) | 2013 R (Unauthorised) |
|--|-----------------------|-----------------------|-------------------------|-----------------------------|
| Budget Comparison by Vote - Unauthorised expenditure current year - Operating | | | | |
| Executive & Council | 19 369 927 | 19 440 904 | (70 977) | - |
| Planning & Development | 9 732 176 | 18 228 789 | (8 496 614) | - |
| Corporate Services | 10 831 387 | 11 267 036 | (435 649) | - |
| Housing | 1 413 640 | 9 421 237 | (8 007 598) | - |
| Public Safety | 17 607 | 46 879 | (29 272) | - |
| Budget & Treasury | 12 886 562 | 13 735 190 | (848 628) | - |
| Road Transport | 28 796 808 | 31 826 433 | (3 029 625) | - |
| Electricity | 29 427 526 | 30 531 685 | (1 104 159) | - |
| Community & Social Services | 5 864 475 | 7 246 450 | (1 381 976) | - |
| Sport & Recreation | 122 000 | 224 451 | (102 451) | - |
| Waste Management | 10 323 140 | 13 419 070 | (3 095 930) | - |
| | 128 785 247 | 155 388 125 | (26 602 878) | - |

| | 2013 R (Actual) | 2013 R (Budget) | 2013 R (Variance) | 2013 R (Unauthorised) |
|--|-----------------------|-----------------------|-------------------------|-----------------------------|
| Budget Comparison by Vote - Unauthorised expenditure current year - Capital | | | | |
| Executive & Council | 713 767 | 821 589 | (107 822) | - |
| Planning & Development | 7 318 684 | 10 084 173 | (2 765 489) | - |
| Corporate Services | 2 191 225 | 2 210 000 | (18 775) | - |
| Housing | - | - | - | - |
| Public Safety | - | 500 000 | (500 000) | - |
| Budget & Treasury | 329 552 | 500 000 | (170 448) | - |
| Road Transport | 18 946 583 | 31 579 773 | (12 633 189) | - |
| Electricity | 775 468 | 965 000 | (189 532) | - |
| Community & Social Services | 2 868 326 | 3 633 408 | (765 083) | - |
| Sport & Recreation | 2 780 560 | 7 293 570 | (4 513 010) | - |
| Waste Management | 1 741 097 | 2 139 569 | (398 473) | - |
| | 37 665 261 | 59 727 082 | (22 061 821) | - |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | | | |
|-------------|---|-------------------------|-----------------------|
| | | 2013 | 2012 |
| | | R | R |
| 42 | UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED) | | |
| 42.2 | Fruitless and wasteful expenditure | | |
| | Reconciliation of fruitless and wasteful expenditure: | | |
| | Opening balance | 742 700 | 1 735 953 |
| | Fruitless and wasteful expenditure current year | 2 029 794 | 742 700 |
| | Condoned or written off by Council | - | (1 735 953) |
| | Fruitless and wasteful expenditure awaiting condonement | <u>2 772 494</u> | <u>742 700</u> |

| Incident | Disciplinary steps/criminal proceedings |
|--|---|
| Electricity losses higher than the norm 2012 | None - R742 700 |
| Electricity losses higher than the norm 2013 | None - R2 029 794 |

42.3 Irregular expenditure

| | | | |
|--|---|-------------------------|-------------------------|
| | | | |
| | Reconciliation of irregular expenditure: | | |
| | Opening balance | 1 466 110 | - |
| | Irregular expenditure current year | 762 757 | 1 466 110 |
| | Irregular expenditure awaiting further action | <u>2 228 867</u> | <u>1 466 110</u> |

| Incident | Disciplinary steps/criminal proceedings | | |
|---|---|-----------------------|-------------------------|
| Deviations from Supply Chain regulations - Evaluation criteria for awarding the tender was not used | None | - | 400 000 |
| Deviations from Supply Chain regulations - HDI criteria is not specified in the invitation for bid | None | - | 269 111 |
| CAATS: Employees did not declare interest | None | - | 68 232 |
| CAATS: Awards were made to the close family member | None | - | 2 700 |
| Deviations from Supply Chain regulations - Preferred supplier selected | None | - | 199 728 |
| Deviations from Supply Chain regulations - B-BBEE criteria was not used to evaluated the tender | None | - | 426 520 |
| Payments made to the supplier exceeded the tender price | None | 227 127 | 99 819 |
| Deviations from Supply Chain regulations - Sect 44 - Awards to persons in service of state. (6 staff members) | None | 181 087 | - |
| Payments made in contravention with Section 11(1) of MFMA - UIF refund to Councillors. | None | 354 543 | - |
| | | <u>762 757</u> | <u>1 466 110</u> |

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

42.4 Material Losses

| | | | |
|--|---|------------|------------|
| | Electricity distribution losses | | |
| | Kwh purchased | 25 626 083 | 24 640 468 |
| | Kwh sold | 20 349 847 | 20 966 615 |
| | Kwh losses | 5 276 236 | 3 673 853 |
| | Kwh cost | 0,7480 | 0,6139 |
| | % Losses - Notes - 42.2 | 20,59% | 14,91% |
| | Amount of Units lost considered fruitless expenditure above a norm of average 10% | 2 713 628 | 1 209 807 |
| | Cost of units lost considered fruitless expenditure | 2 029 794 | 742 700 |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 43 | ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT | 2013 R | 2012 R |
|------|--|---------------------|--------------------|
| 43.1 | <u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u> | | |
| | Opening balance | - | - |
| | Council subscriptions | 400 000 | 203 860 |
| | Amount paid - current year | (400 000) | (203 860) |
| | Balance unpaid (included in creditors) | - | - |
| 43.2 | <u>Audit fees - [MFMA 125 (1)(b)]</u> | | |
| | Opening balance | 13 695 | 12 629 |
| | Current year audit fee | 1 593 872 | 1 674 894 |
| | Amount paid - current year | (1 593 872) | (1 661 199) |
| | Amount paid - previous year | (13 695) | (12 629) |
| | Balance unpaid (included in creditors) | - | 13 695 |
| 43.3 | <u>VAT - [MFMA 125 (1)(b)]</u> | | |
| | Opening balance | (1 703 281) | (2 163 537) |
| | Amounts received - previous year | 1 703 281 | 1 228 689 |
| | Amounts received - current year | 15 223 886 | 7 611 902 |
| | Amounts claimed - current year (payable) | (17 078 658) | (8 380 335) |
| | Closing balance Cr/(Dt) | (1 854 772) | (1 703 281) |
| | Vat in suspense due to cash basis of accounting | 1 293 873 | 103 456 |
| | VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year. | | |
| 43.4 | <u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u> | | |
| | Opening balance | - | - |
| | Current year payroll deductions and Council Contributions | 6 543 688 | 6 562 834 |
| | Amount paid - current year | (6 543 688) | (6 562 834) |
| | Balance unpaid | - | - |
| 43.5 | <u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u> | | |
| | Opening balance | - | - |
| | Current year payroll deductions and Council Contributions | 4 894 398 | 3 558 211 |
| | Amount paid - current year | (4 894 398) | (3 558 211) |
| | Balance unpaid (included in creditors) | - | - |
| 43.6 | <u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u> | | |
| | No Councillors had arrear accounts outstanding for more than 90 days during the year | | |
| | Refer to Note 51.1 for outstanding accounts at year-end for Councillors | | |
| 43.7 | <u>Quotations awarded - Supply Chain Management</u> | | |
| | No non-compliance with the Supply Chain Management Regulations were identified during the financial year | | |
| 43.8 | <u>Reporting i.t.o Section 45 - Supply Chain Management Act</u> | | |
| | Business were done with the following employee of the municipality with no influence in decision making: | | |
| | <u>Staff Member</u> | <u>Entity</u> | |
| | D. Oertel | Mountain View Hotel | 90 197 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | | | |
|----|---|-------------------------|-------------------------|
| 44 | CAPITAL COMMITMENTS | 2013 R | 2012 R |
| | Commitments in respect of capital expenditure: | | |
| | Approved and contracted for: | 28 728 555 | 10 531 795 |
| | Land & Buildings | 2 749 586 | 51 486 |
| | Infrastructure | 25 310 498 | 10 480 309 |
| | Community | 668 471 | - |
| | Total - Restated 2012 | 28 728 555 | 10 531 795 |
| | This expenditure will be financed from: | | |
| | Capital Replacement Reserve | 3 418 057 | 2 564 273 |
| | Government Grants - MIG | 22 555 074 | 275 218 |
| | Government Grants - NDPG | - | 7 034 056 |
| | Department of Transport | - | 658 248 |
| | Department of Sport | 2 755 424 | - |
| | | 28 728 555 | 10 531 795 |

45 **FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

The Municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

This risk is managed on an on-going basis.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

| | | |
|---|-----------|-----------|
| 1% (2012 - 0.5%) Increase in interest rates | 1 390 217 | 549 306 |
| 0.5% (2012 - 0.5%) Decrease in interest rates | (695 108) | (549 306) |

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 18 and 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

45 FINANCIAL RISK MANAGEMENT (CONTINUED)

Balances past due not impaired:

| | 2013 % | 2013 R | 2012 % | 2012 R |
|---------------------------------|-----------|-----------|-----------|-----------|
| <u>Non-Exchange Receivables</u> | | | | |
| Rates | 100.00% | 575 795 | 100.00% | 535 321 |
| <u>Exchange Receivables</u> | | | | |
| Electricity | 94.57% | 1 466 329 | 83.72% | 2 428 482 |
| Water | 0.00% | - | 3.63% | 105 295 |
| Refuse | 4.19% | 64 995 | 3.60% | 104 464 |
| Sewerage | 0.00% | - | 1.96% | 56 882 |
| Other | 1.24% | 19 171 | 7.09% | 205 637 |
| | 100.00% | 1 550 494 | 100.00% | 2 900 761 |

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 18 and 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

| | 2013 % | 2013 R | 2012 % | 2012 R |
|---------------------------------|-----------|-----------|-----------|------------|
| <u>Non-Exchange Receivables</u> | | | | |
| Rates | 100.00% | 4 845 700 | 100.00% | 4 284 602 |
| <u>Exchange Receivables</u> | | | | |
| Electricity | 61.85% | 5 860 386 | 23.55% | 2 493 611 |
| Water | 0.00% | - | 20.52% | 2 171 908 |
| Refuse | 36.12% | 3 422 772 | 26.71% | 2 827 205 |
| Sewerage | 0.00% | - | 20.20% | 2 138 039 |
| Other | 2.02% | 191 671 | 9.03% | 955 684 |
| | 100.00% | 9 474 829 | 100% | 10 586 448 |

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are listed on the JSE (Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Statement of Financial Position date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

| | 2013 R | 2012 R |
|---|-------------|-------------|
| Financial assets exposed to credit risk at year end are as follows: | | |
| Receivables from exchange transactions | 12 606 610 | 14 687 943 |
| Cash and Cash Equivalents | 154 252 933 | 125 897 298 |
| Unpaid conditional grants and subsidies | - | 342 129 |
| | 166 859 544 | 140 927 371 |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

45 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| | Less than 1 year | Between 1 and 5 years | Between 5 and 10 years | Over 10 Years |
|--|---------------------|--------------------------|---------------------------|-------------------|
| 2013 | | | | |
| Long Term liabilities - Annuity Loans | 1 925 432 | 7 195 606 | 7 855 737 | 8 791 884 |
| Capital repayments | 779 689 | 3 237 337 | 4 357 588 | 6 844 446 |
| Interest | 1 145 743 | 3 958 269 | 3 498 149 | 1 947 438 |
| Long Term liabilities - Finance Leases | 11 738 | - | - | - |
| Capital repayments | 11 510 | - | - | - |
| Interest | 229 | - | - | - |
| Provisions - Landfill Sites | - | 1 284 190.97 | 4 319 388.47 | 1 553 490 |
| Capital repayments | - | 1 284 191 | 4 319 388 | 1 553 490 |
| Trade and Other Payables | 1 018 187 | - | - | - |
| | <u>2 955 358</u> | <u>8 479 797</u> | <u>12 175 126</u> | <u>10 345 375</u> |
| 2012 | | | | |
| Long Term liabilities | 1 969 561 | 7 372 124 | 8 076 385 | 10 439 028 |
| Capital repayments | 765 704 | 3 161 210 | 4 229 088 | 7 835 200 |
| Interest | 1 203 857 | 4 210 914 | 3 847 297 | 2 603 829 |
| Long Term liabilities - Finance Leases | 35 215 | 11 738 | - | - |
| Capital repayments | 32 429 | 11 510 | - | - |
| Interest | 2 787 | 229 | - | - |
| Provisions - Landfill Sites - Restated | - | 127 634.22 | 5 475 945.23 | 1 553 490 |
| Capital repayments | - | 127 634 | 5 475 945 | 1 553 490 |
| Trade and Other Payables | 2 414 021 | - | - | - |
| | <u>4 418 798</u> | <u>7 511 496</u> | <u>13 552 330</u> | <u>11 992 519</u> |

46 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

| | | 2013 R | 2012 R |
|---|---|--------------------|--------------------|
| 46.1 Financial Assets | Classification | | |
| Receivables | | | |
| Receivables from exchange transactions | Financial instruments at amortised cost | 12 098 541 | 14 099 220 |
| Other Receivables | | | |
| Government Subsidies and Grants | Financial instruments at amortised cost | - | 342 129 |
| Short-term Investment Deposits | | | |
| Call Deposits | Financial instruments at amortised cost | 153 075 703 | 124 993 004 |
| Bank Balances and Cash | | | |
| Bank Balances | Financial instruments at amortised cost | 1 176 531 | 903 394 |
| Cash Floats and Advances | Financial instruments at amortised cost | 700 | 900 |
| | | <u>166 351 475</u> | <u>140 338 647</u> |
| SUMMARY OF FINANCIAL ASSETS | | | |
| Financial instruments at amortised cost | | <u>166 351 475</u> | <u>140 338 647</u> |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | | | | |
|------|---|---|-------------------|-------------------|
| 46 | FINANCIAL INSTRUMENTS (CONTINUED) | | 2013 R | 2012 R |
| 46.2 | Financial Liability | Classification | | |
| | Long-term Liabilities | | | |
| | Annuity Loans | Financial instruments at amortised cost | 14 439 371 | 15 225 498 |
| | Capitalised Lease Liability | Financial instruments at amortised cost | - | 11 510 |
| | Payables from exchange transactions | | | |
| | Trade creditors | Financial instruments at amortised cost | 63 721 | 1 440 284 |
| | Deposits: Other | Financial instruments at amortised cost | 954 467 | 973 737 |
| | Current Portion of Long-term Liabilities | | | |
| | Annuity Loans | Financial instruments at amortised cost | 779 689 | 765 704 |
| | Capitalised Lease Liability | Financial instruments at amortised cost | 11 510 | 32 429 |
| | | | 16 248 757 | 18 449 161 |
| | SUMMARY OF FINANCIAL LIABILITY | | | |
| | Financial instruments at amortised cost | | 16 248 757 | 18 449 161 |
| 47 | EVENTS AFTER THE REPORTING DATE | | | |
| | Currently a Pending Investigation from the HAWKS is on-going, no one has been charged and there is no case number opened. | | | |
| 48 | IN-KIND DONATIONS AND ASSISTANCE | | | |
| | The municipality did not receive any in-kind donations or assistance during the year under review. | | | |
| 49 | PRIVATE PUBLIC PARTNERSHIPS | | | |
| | Council has not entered into any private public partnerships during the financial year. | | | |
| 50 | CONTINGENT LIABILITY | | 2013 R | 2012 R |
| | The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates: | | | |
| | Traffic Officers | | | |
| | Appeal against arbitration outcome to reinstate traffic officers who were found guilty of corruption. This is a pending review in the Labour Court along with an ancillary urgent application. The potential cost of R550 000 includes the retrospective reinstatement of three former employees. | | | |
| | | | 550 000 | 550 000 |
| | Gawe Review Application | | | |
| | This is a pending review application at the Labour Court with a financial implication of R350 000. | | | |
| | | | - | 350 000 |
| | Contingencies arising from pending litigation on wage curve agreement | | | |
| | On 21 April 2010 SALGA signed the "Categorisation and job evaluation wage curves collective agreement" (wage curve agreement) with IMATU and SAMWU on behalf of municipalities. The agreement established the wage curves and wage scales to be used by municipalities in determining the wages of municipal employees, based on an evaluation of employees' jobs per the TASK job evaluation system. Subsequent to the signing of the agreement, the unions declared a dispute with the agreement. The dispute was referred to the Labour Court and the court delivered a ruling on 22 June 2012 that employees receive a salary increase backdated with effect from 1 July 2010 instead of 1 July 2011. SALGA, on behalf of municipalities, applied for leave to appeal this ruling and was granted the right to appeal against the judgement on 29 August 2012. To date this Labour Court of Appeal case has not been finalised. As a result of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement, the municipality may have an additional receivable/ payable for employee wages, depending on the outcome of the pending litigation. It is not practicable to reliably estimate the amount of this receivable/ payable prior to the outcome of the pending litigation. | | | |
| | Landfill Sites | | | |
| | The municipality does not have a permit or license for all of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act. | | | |
| | Services Rendered - Media 24 | | | |
| | A claim was instituted against the municipality in respect of services rendered by the Media 24 t/a National Magazines. | | | |
| | | | - | 30 000 |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | | | |
|-----------|---|-------------|-------------|
| 50 | CONTINGENT LIABILITY (CONTINUED) | 2013 | 2012 |
| | | R | R |
| | Hawks matter | | |
| | Currently a Pending Investigation from the HAWKS is on-going, no one has been charged and there is no case number opened. | | |
| | Ex-gratia payment | | |
| | Upon termination of MM and 3 other Section 57 Managers contracts, an ex-gratia amount of 1.25 x the employees' gross annual salary will be paid to these employees. | 7 417 680 | 7 417 680 |
| | Land Invasion | | |
| | The municipality is currently engaged in litigation in respect of a land invasion case in Sterkspruit with a financial implication of R87 690. | 87 690 | - |

51 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

51.1 Related Party Transactions

| Year ended 30 JUNE 2013 | Rates - Levied 1 Jul 12 - 30 Jun 13 | Service Charges - Levied 1 Jul 12 - 30 Jun 13 |
|---|--|--|
| Councillors | 3 397 | 79 709 |
| N Mtyali | - | 24 185 |
| J Konstable | 1 829 | 10 459 |
| M Mjali | - | 2 926 |
| R M Joubert | 1 568 | 6 925 |
| Mpelwane | - | 2 943 |
| M Mfisa | - | 6 745 |
| M Mafilika | - | 2 926 |
| M Eliya | - | 2 926 |
| N C Motemekwana | - | 2 926 |
| S Thindleni | - | 16 749 |
| Municipal Manager and Section 57 Employees | 2 904 | 6 208 |
| R Crozier | 2 904 | 3 282 |
| ML Theron | - | 2 926 |

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

51.2 Compensation of key management personnel

The compensation of key management personnel and the Remuneration of Councillors is set out in notes 26 and 27 to the Annual Financial Statements.

51.3 Other related party transactions

| | | |
|---|---|-------------|
| | 2013 | 2012 |
| | R | R |
| The following purchases were made during the year where Councillors or Management have an interest: | | |
| <u>Councillor/Staff Member</u> | <u>Entity</u> | |
| M A Theron | Lady Grey Joinery & Construction (Spouse is Director) | 52 497 |
| M A Theron | Copper Leaf Trading (Spouse is Director) | 118 304 |
| J Lamani | Sinawo Amandla Construction | 2 700 |
| M M Yawa | JoGeda (MM on Board of Directors) | 333 000 |

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

12 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2013

Reconciliation of Carrying Value

| | Cost | | | | Accumulated Depreciation | | | | Carrying Value | | |
|---------------------------|----------------------|-------------------|------------------|------------|--------------------------|----------------------|-----------------------------|--------------------------------|----------------|-------------------------|--------------------|
| | Opening Balance R | Additions * R | Disposals R | Impairment | Closing Balance R | Opening Balance R | Depreciation Charge R | Disposals/Rev aluation R | Impairment | Closing Balance R | R |
| Land and Buildings | 48 281 894 | 5 178 278 | - | - | 53 460 172 | - | 415 138 | 415 138 | - | - | 53 460 172 |
| Land | 8 316 600 | 700 000 | - | - | 9 016 600 | - | - | - | - | - | 9 016 600 |
| Buildings | 39 965 294 | 4 478 278 | - | - | 44 443 572 | - | 415 138 | 415 138 | - | - | 44 443 572 |
| Infrastructure | 150 918 015 | 10 250 299 | 409 293 | - | 160 759 021 | 40 060 810 | 9 817 170 | 212 734 | - | 49 665 246 | 111 093 775 |
| Main: Roads | 92 781 510 | 6 071 496 | 33 773 | - | 98 819 233 | 32 504 668 | 8 361 483 | 10 299 | - | 40 855 852 | 57 963 381 |
| Main: Storm Water | 33 624 457 | 2 440 745 | 123 035 | - | 35 942 167 | 4 392 280 | 988 874 | 61 914 | - | 5 319 240 | 30 622 927 |
| Main: Waste Management | 2 904 379 | - | - | - | 2 904 379 | 910 848 | 152 196 | - | - | 1 063 045 | 1 841 335 |
| Main: Electricity | 10 274 330 | 710 580 | 252 484 | - | 10 732 426 | 2 253 013 | 314 617 | 140 521 | - | 2 427 109 | 8 305 317 |
| Taxi Ranks | 11 333 337 | 1 027 478 | - | - | 12 360 816 | - | - | - | - | - | 12 360 816 |
| Community Assets | 1 116 454 | 10 340 307 | - | - | 11 456 762 | 640 | 3 889 | - | - | 4 530 | 11 452 232 |
| Sports Fields | - | 2 780 560 | - | - | 2 780 560 | - | - | - | - | - | 2 780 560 |
| Node Development | 1 106 876 | 7 273 915 | - | - | 8 380 791 | - | 3 570 | - | - | 3 570 | 8 377 221 |
| Parks & Gardens | 9 579 | - | - | - | 9 579 | 640 | 319 | - | - | 960 | 8 619 |
| Cemetery | - | 285 832 | - | - | 285 832 | - | - | - | - | - | 285 832 |
| Leased Assets | 91 610 | - | - | - | 91 610 | 50 114 | 30 537 | - | - | 80 650 | 10 960 |
| Office Equipment | 91 610 | - | - | - | 91 610 | 50 114 | 30 537 | - | - | 80 650 | 10 960 |
| Other Assets | 25 805 680 | 11 872 328 | 2 092 685 | - | 35 585 323 | 8 946 835 | 2 541 998 | 1 143 932 | - | 10 344 889 | 25 240 434 |
| Motor Vehicles | 5 497 306 | 675 124 | 824 041 | - | 5 348 388 | 2 425 608 | 519 628 | 339 167 | - | 2 606 069 | 2 742 319 |
| Plant & Equipment | 14 020 879 | 8 594 848 | 887 020 | - | 21 728 707 | 4 187 133 | 1 072 327 | 582 241 | - | 4 677 220 | 17 051 487 |
| Office Equipment | 1 411 558 | 282 884 | 54 646 | - | 1 639 796 | 485 865 | 226 826 | 25 997 | - | 686 694 | 953 101 |
| Furniture & Fittings | 2 365 276 | 206 518 | 109 892 | - | 2 461 902 | 769 731 | 236 308 | 57 302 | - | 948 737 | 1 513 166 |
| Loose Equipment | 143 451 | 145 879 | 8 541 | - | 280 788 | 44 030 | 25 945 | 4 752 | - | 65 222 | 215 566 |
| Computer Equipment | 2 364 320 | 230 234 | 208 545 | - | 2 386 009 | 1 032 857 | 403 782 | 134 473 | - | 1 302 154 | 1 083 855 |
| Specialised Vehicles | - | 1 736 842 | - | - | 1 736 842 | - | 56 605 | - | - | 56 605 | 1 680 237 |
| Security Items | 2 890 | - | - | - | 2 890 | 1 610 | 578 | - | - | 2 188 | 702 |
| | 226 213 653 | 37 641 212 | 2 501 978 | - | 261 352 887 | 49 058 399 | 12 808 732 | 1 771 804 | - | 60 095 315 | 201 257 572 |

* Included in the Additions for 2012/2013 is an amount of R8 354 805 for work-in-progress.

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

30 JUNE 2012

Reconciliation of Carrying Value -
Restated - Note 37.02

| | Cost | | | | Accumulated Depreciation Disposals /Revaluation - | | | | | Carrying Value | |
|---------------------------|----------------------|-------------------|------------------------------|------------------|---|----------------------|-----------------------------|-----------------------------------|------------------|-------------------------|--------------------|
| | Opening Balance R | Additions R | Disposals - Restated R | Impairment | Closing Balance R | Opening Balance R | Depreciation Charge R | Previously not recognised R | Impairment | Closing Balance R | R |
| Land and Buildings | 45 037 571 | 3 244 323 | - | - | 48 281 894 | - | 382 576 | 382 576 | - | - | 48 281 894 |
| Land | 8 316 600 | - | - | - | 8 316 600 | - | - | - | - | - | 8 316 600 |
| Buildings | 36 720 971 | 3 244 323 | - | - | 39 965 294 | - | 382 576 | 382 576 | - | - | 39 965 294 |
| Infrastructure | 120 966 083 | 31 197 461 | - | 1 245 530 | 150 918 015 | 32 356 095 | 8 879 886 | - | 1 175 170 | 40 060 810 | 110 857 204 |
| Main: Roads | 78 018 547 | 15 867 099 | - | 1 104 136 | 92 781 510 | 25 944 733 | 7 637 343 | - | 1 077 408 | 32 504 668 | 60 276 842 |
| Main: Storm Water | 32 144 392 | 1 480 066 | - | - | 33 624 457 | 3 424 421 | 967 859 | - | - | 4 392 280 | 29 232 177 |
| Main: Waste Management | 2 787 215 | 117 164 | - | - | 2 904 379 | 758 235 | 152 613 | - | - | 910 848 | 1 993 531 |
| Main: Electricity | 6 809 935 | 3 605 790 | - | 141 394 | 10 274 330 | 2 228 706 | 122 070 | - | 97 763 | 2 253 013 | 8 021 317 |
| Taxi Ranks | 1 205 995 | 10 127 343 | - | - | 11 333 337 | - | - | - | - | - | 11 333 337 |
| Community Assets | 318 414 | 798 040 | - | - | 1 116 454 | 320 | 320 | - | - | 640 | 1 115 814 |
| Node Development | 308 836 | 798 040 | - | - | 1 106 876 | - | - | - | - | - | 1 106 876 |
| Parks & Gardens | 9 579 | - | - | - | 9 579 | 320 | 320 | - | - | 640 | 8 938 |
| Leased Assets | 91 610 | - | - | - | 91 610 | 19 493 | 30 620 | - | - | 50 114 | 41 496 |
| Office Equipment | 91 610 | - | - | - | 91 610 | 19 493 | 30 620 | - | - | 50 114 | 41 496 |
| Other Assets | 22 994 157 | 3 720 554 | 909 032 | - | 25 805 680 | 7 321 416 | 2 185 568 | 560 149 | - | 8 946 835 | 16 858 845 |
| Motor Vehicles | 5 667 423 | - | 170 117 | - | 5 497 306 | 2 077 722 | 423 524 | 75 638 | - | 2 425 608 | 3 071 698 |
| Plant & Equipment | 11 441 794 | 2 856 735 | 277 650 | - | 14 020 879 | 3 417 826 | 906 414 | 137 107 | - | 4 187 133 | 9 833 746 |
| Office Equipment | 1 544 793 | 209 306 | 342 541 | - | 1 411 558 | 531 660 | 218 185 | 263 980 | - | 485 865 | 925 692 |
| Furniture & Fittings | 2 161 220 | 240 205 | 36 149 | - | 2 365 276 | 564 645 | 227 210 | 22 125 | - | 769 731 | 1 595 545 |
| Loose Equipment | 163 109 | 23 485 | 43 143 | - | 143 451 | 49 318 | 27 718 | 33 006 | - | 44 030 | 99 421 |
| Computer Equipment | 2 012 929 | 390 823 | 39 431 | - | 2 364 320 | 679 213 | 381 937 | 28 294 | - | 1 032 857 | 1 331 463 |
| Specialised Vehicles | - | - | - | - | - | - | - | - | - | - | - |
| Security Items | 2 890 | - | - | - | 2 890 | 1 031 | 580 | - | - | 1 610 | 1 280 |
| | 189 407 836 | 38 960 379 | 909 032 | 1 245 530 | 226 213 653 | 39 697 324 | 11 478 970 | 942 725 | 1 175 170 | 49 058 399 | 177 155 254 |

GRAP 17 - Property, Plant and Equipment

Included in PPE balances at each reporting period are the following Work in Progress balances. No depreciation is charged on these balances before the project is completed.

| | 2013 R | 2012 R |
|-----------------------------------|-------------------|-------------------|
| Cemeteries | 285 832 | - |
| Infrastructure - Electricity | 25 924 | 25 924 |
| Infrastructure - Roads | 4 260 935 | - |
| Infrastructure - Waste Management | 229 614 | 229 614 |
| Sports Fields | 2 780 560 | - |
| Taxi Ranks | 12 360 816 | 11 333 337 |
| | 19 943 681 | 11 588 875 |

INSERT ACCOUNTING POLICY

**APPENDIX A - Unaudited
SENQU MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013**

| EXTERNAL LOANS | Rate | Loan Number | Redeemable | Balance at 30 JUNE 2012 | Redeemed written off during the period | Balance at 30 JUNE 2013 |
|--------------------------------|-------------|--------------------|-------------------|--------------------------------|---|--------------------------------|
| ANNUITY LOANS | | | | | | |
| DBSA loan | Floating | 103126/1 | 2029 | 11 057 553 | 631 860 | 10 425 693 |
| DBSA loan | Fixed | 103126/2 | 2030 | 4 933 649 | 140 281 | 4 793 367 |
| Total Annuity Loans | | | | 15 991 202 | 772 142 | 15 219 060 |
| LEASE LIABILITY | | | | | | |
| Finance Leases | | | 2013 | 43 938 | 32 429 | 11 510 |
| Total Lease Liabilities | | | | 43 938 | 32 429 | 11 510 |
| TOTAL EXTERNAL LOANS | | | | 16 035 140 | 804 570 | 15 230 570 |

**APPENDIX B - Unaudited
SENQU MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2013
GENERAL FINANCE STATISTICS CLASSIFICATION**

| | Cost/Revaluation | | | | Accumulated Depreciation | | | | Carrying Value |
|-----------------------------|--------------------|--------------------------|------------------|--------------------|--------------------------|-------------------|-----------------------|-------------------|--------------------|
| | Opening Balance | Additions (Includes WIP) | Disposals | Closing Balance | Opening Balance | Additions | Disposals/Revaluation | Closing Balance | |
| Executive & Council | 1 710 904 | 713 767 | 19 806 | 2 404 864 | 401 704 | 319 236 | 8 601 | 712 338 | 1 692 526 |
| Planning & Development | 3 189 457 | 7 318 684 | 10 336 | 10 497 806 | 881 412 | 273 487 | 9 059 | 1 145 839 | 9 351 967 |
| Corporate Services | 60 796 864 | 2 191 225 | 909 372 | 62 078 716 | 885 418 | 644 724 | 828 109 | 702 034 | 61 376 682 |
| Budget & Treasury | 2 840 027 | 329 552 | 270 684 | 2 898 894 | 1 185 842 | 431 799 | 173 194 | 1 444 446 | 1 454 448 |
| Road Transport | 147 473 446 | 18 946 583 | 736 486 | 165 683 544 | 40 831 354 | 10 125 892 | 436 063 | 50 521 183 | 115 162 360 |
| Electricity | 10 894 592 | 775 468 | 439 602 | 11 230 458 | 3 383 509 | 512 725 | 246 752 | 3 649 481 | 7 580 976 |
| Community & Social Services | 1 758 082 | 2 868 326 | 105 668 | 4 520 740 | 330 604 | 96 802 | 62 076 | 365 330 | 4 155 410 |
| Sport & Recreation | 2 398 427 | 2 780 560 | - | 5 178 987 | 7 485 | 89 020 | - | 96 505 | 5 082 482 |
| Waste Management | 5 960 441 | 1 741 097 | 13 523 | 7 688 014 | 1 434 523 | 420 533 | 10 930 | 1 844 114 | 5 843 901 |
| | 237 022 240 | 37 665 261 | 2 505 479 | 272 182 023 | 49 341 850 | 12 914 217 | 1 774 785 | 60 481 270 | 211 700 752 |

**APPENDIX C - Unaudited
SENQU MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

| 2012 Actual Income R | 2012 Actual Expenditure R | 2012 Surplus/ (Deficit) R | | 2013 Actual Income R | 2013 Actual Expenditure R | 2013 Surplus/ (Deficit) R |
|---|--|--|-----------------------------|---|--|--|
| 2 526 000 | 20 222 941 | (17 696 941) | Executive & Council | 4 836 000 | 19 369 927 | (14 533 927) |
| 2 211 847 | 6 841 075 | (4 629 228) | Planning & Development | 10 554 334 | 9 732 176 | 822 158 |
| 114 742 | 6 617 979 | (6 503 237) | Corporate Services | 2 285 250 | 10 831 387 | (8 546 137) |
| 7 944 135 | 6 975 151 | 968 984 | Housing | 578 707 | 1 413 640 | (834 933) |
| 67 557 | 3 348 | 64 209 | Public Safety | 20 070 | 17 607 | 2 463 |
| 83 133 196 | 7 317 785 | 75 815 412 | Budget & Treasury | 93 177 985 | 12 886 562 | 80 291 423 |
| 35 912 935 | 33 461 934 | 2 451 001 | Road Transport | 15 386 969 | 28 796 808 | (13 409 839) |
| 6 349 521 | 6 795 441 | (445 920) | Waste Water Management | - | - | - |
| 6 608 233 | 6 361 966 | 246 267 | Water | - | - | - |
| 22 562 876 | 22 820 006 | (257 130) | Electricity | 30 115 520 | 29 427 526 | 687 994 |
| 1 879 126 | 5 072 848 | (3 193 722) | Community & Social Services | 4 150 637 | 5 864 475 | (1 713 838) |
| 3 306 137 | 47 183 | 3 258 954 | Sport & Recreation | 3 094 896 | 122 000 | 2 972 896 |
| 5 457 735 | 8 251 285 | (2 793 551) | Waste Management | 7 190 470 | 10 323 140 | (3 132 670) |
| 178 074 041 | 130 788 943 | 47 285 099 | Total | 171 390 838 | 128 785 247 | 42 605 591 |
| | | | | | | |

**APPENDIX D - Unaudited
SENQU MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

| Grant Description | Balance 1 JULY 2012 | Contributions during the year | Interest on Investments | Operating Expenditure during the year Transferred to Revenue | Capital Expenditure during the year Transferred to Revenue | Returned National Revenue Fund | Balance 30 JUNE 2013 |
|--|------------------------|-------------------------------------|-------------------------------|--|--|---|-------------------------|
| | R | R | R | R | R | | R |
| CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS | | | | | | | |
| <u>National Government Grants</u> | | | | | | | |
| Equitable Share | - | 89 723 000 | - | 89 723 000 | - | - | - |
| Municipal Finance Management | - | 1 500 000 | - | 1 500 000 | - | - | - |
| Municipal Infrastructure Grant | (342 129) | 28 025 000 | - | 3 255 239 | 12 693 931 | - | 11 733 701 |
| Municipal Systems Improvement | - | 800 000 | - | 800 000 | - | - | - |
| NDPG (Neighbourhood Development Partnership Grant) | 8 164 825 | 10 205 000 | - | 2 880 854 | 7 273 915 | 296 000 | 7 919 056 |
| EPWP (Expanded Public Works Program) | - | 1 857 000 | - | 1 857 000 | - | - | - |
| Dept Sport (Youth Development - Sport Fields) | - | 175 203 | - | - | 175 203 | - | - |
| Total National Government Grants | 7 822 696 | 132 285 203 | - | 100 016 093 | 20 143 049 | 296 000 | 19 652 757 |
| <u>Provincial Government Grants</u> | | | | | | | |
| Holo Hlahatsi Agricultural Project | 103 897 | - | - | 103 897 | - | - | - |
| Prov Gov - Housing (Hillside) | 830 240 | 130 909 | - | 507 727 | - | - | 453 423 |
| Implementation Ownership | 53 216 | - | - | 53 216 | - | - | - |
| Rossouw Agricultural Project | 49 582 | - | - | 49 582 | - | - | - |
| Herschel People's Housing | 7 412 501 | - | 306 667 | - | - | - | 7 719 169 |
| Plastic Products | 90 167 | - | - | 90 167 | - | - | - |
| Provincial Roads (Musong Road) | 63 134 | 563 541 | - | 626 675 | - | - | - |
| Greenest Municipality | 300 000 | 200 000 | - | 500 000 | - | - | - |
| Second Economy Regeneration (LED) | 109 862 | - | - | 109 862 | - | - | - |
| Clean Audit | 95 000 | - | - | 95 000 | - | - | - |
| Libraries | - | 1 200 000 | - | 1 200 000 | - | - | - |
| Total Provincial Government Grants | 9 107 599 | 2 094 450 | 306 667 | 3 336 125 | - | - | 8 172 591 |
| <u>District Municipality Grants</u> | | | | | | | |
| Commonage Management Plan | 46 056 | - | - | 46 056 | - | - | - |
| Total District Municipality Grants | 46 056 | - | - | 46 056 | - | - | - |
| Total | 16 976 351 | 134 379 653 | 306 667 | 103 398 274 | 20 143 049 | 296 000 | 27 825 349 |