

# SENQU LOCAL MUNICIPALITY



## ANNUAL FINANCIAL STATEMENTS

30 JUNE 2016

# SENQU LOCAL MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

Senqu Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

### LEGAL FORM

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

### JURISDICTION

The Senqu Local Municipality includes the following areas:

Lady Grey  
Barkly East  
Sterkspruit  
Rhodes  
Herschel  
Rossouw

### MEMBERS OF THE COUNCIL

Position	Councillor	Ward	Additional Portfolio
Executive Mayor	N.Y Mtyali	Proportional	Member of Executive Committee
Speaker	P.N August	Ward 17	
Councillor - Part time	B.S Majodina	Ward 1	
Councillor - Part time	P.G. Key	Ward 2	
Councillor - Part time	N. Nombula	Ward 3	
Councillor - Full time	N. M. Kwinana	Ward 4	Member of Executive Committee
Councillor - Part time	J Lamani	Ward 5	
Councillor - Part time	N.C Mraji	Ward 6	
Councillor - Part time	M.B Gojo	Ward 7	
Councillor - Part time	M.G. Moeletsi	Ward 8	
Councillor - Part time	A.P April	Ward 9	
Councillor - Part time	S. Mfisa	Ward 10	
Councillor - Part time	M.N Ngedane	Ward 11	
Councillor - Part time	M.P Bingwa	Ward 12	
Councillor - Part time	L.M Tokwe	Ward 13	
Councillor - Part time	M.J Mjali	Ward 14	
Councillor - Part time	S.S Ndzongana	Ward 15	
Councillor - Full time	M.M Mafilika	Ward 16	Member of Executive Committee
Councillor - Part time	B. Ngogodo	Ward 18	
Councillor - Part time	N.C Motemekoane	Ward 19	
Councillor - Full time	M.W. Mpelwane	Proportional	Chief Whip/Member of Executive
Councillor - Full time	J. Constable	Proportional	Member of Executive Committee
Councillor - Full time	M.J Sereba	Proportional	Member of Executive Committee
Councillor - Full time	G. Mbonyana	Proportional	Member of Executive Committee
Councillor - Part time	S.S Tindleni	Proportional	
Councillor - Part time	G.N Mvunyiswa	Proportional	
Councillor - Part time	A. P. Kwinana	Proportional	
Councillor - Part time	I. Elia	Proportional	
Councillor - Part time	A.H Sobhuza	Proportional	
Councillor - Part time	M. Senoamali	Proportional	
Councillor - Part time	I Mosisidi	Proportional	

# SENQU LOCAL MUNICIPALITY

## GENERAL INFORMATION

Councillor - Part time	N.M Nthako	Proportional
Councillor - Part time	M.A Mangali	Proportional
Councillor - Part time	M. A Mshasha	Proportional
Councillor - Part time	S. Mziki	Proportional
Councillor - Part time	N.Y Monakali	Proportional
Councillor - Part time	R.M Joubert	Proportional

### **MUNICIPAL MANAGER**

M M Yawa

### **CHIEF FINANCIAL OFFICER**

C R Venter

### **REGISTERED OFFICE**

Murray Street, Lady Grey, 9755

### **POSTAL ADDRESS**

P.O. Box 18, Lady Grey, 9755

### **AUDITORS**

Auditor-General, P O Box 13252, East London

### **PRINCIPLE BANKERS**

Standard Bank, Lady Grey

### **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  
Labour Relation Amendment Act (Act 6 of 2014)  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations  
Municipal Budget and Reporting Regulations  
Municipal Regulation on Standard Chart of Accounts (mSCOA)

# SENQU LOCAL MUNICIPALITY

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# SENQU LOCAL MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

### APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2016, which are set out on pages 1 to 116 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 2017 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.

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M M Yawa  
Municipal Manager

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Date

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	2016 R (Actual)	2015 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>		<b>242 346 870</b>	<b>198 435 318</b>
Cash and Cash Equivalents	2	220 917 469	183 459 842
Receivables from exchange transactions	3	10 447 090	9 404 029
Receivables from non-exchange transactions	4	2 075 751	2 196 315
Taxes	5	7 216 258	1 830 087
Operating Lease Asset	6.1	234 247	271 412
Inventory	7	1 456 056	1 273 634
<b>Non-Current Assets</b>		<b>325 512 426</b>	<b>295 866 387</b>
Investment Property	8	22 201 000	17 024 205
Property, Plant and Equipment	9	301 976 592	277 345 927
Intangible Assets	10	219 932	202 654
Capitalised Restoration Cost (PPE)	11	1 114 902	1 293 601
<b>Total Assets</b>		<b>567 859 296</b>	<b>494 301 705</b>
<b>Current Liabilities</b>		<b>31 119 685</b>	<b>34 483 575</b>
Borrowings	12	814 516	802 795
Consumer Deposits	13	1 341 579	1 238 851
Payables from exchange transactions	14	8 323 374	7 843 474
Payables from non-exchange transactions	15	11 144 292	16 761 727
Operating Lease Liability	6.2	5 678	6 240
Current Employee benefits	16	9 490 246	7 830 488
<b>Non-Current Liabilities</b>		<b>31 192 277</b>	<b>29 589 460</b>
Borrowings	12	12 028 145	12 842 254
Employee benefits	17	14 528 031	12 388 985
Non-Current Provisions	18	4 636 101	4 358 220
<b>Total Liabilities</b>		<b>62 311 961</b>	<b>64 073 035</b>
<b>NET ASSETS</b>		<b>505 547 335</b>	<b>430 228 670</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	19.2	485 308 667	415 490 225
Revaluation Reserve	19.1	20 238 668	14 738 445
		<b>505 547 335</b>	<b>430 228 670</b>

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2016

	Notes	2016 R (Actual)	2015 R (Restated)
<b>REVENUE</b>			
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>191 550 136</b>	<b>164 527 063</b>
<b>Taxation Revenue</b>		<b>4 654 049</b>	<b>4 607 033</b>
Property Rates	20	4 654 049	4 607 033
<b>Transfer Revenue</b>		<b>181 191 040</b>	<b>151 993 584</b>
Transfers and Subsidies - Capital	21	31 955 780	27 636 029
Transfers and Subsidies - Operating	21	149 152 333	124 357 555
Public Contributions and Donations - Operating		6 140	-
Public Contributions and Donations - Capital		76 786	-
<b>Other Revenue</b>		<b>5 705 048</b>	<b>7 926 446</b>
Actuarial Gains	17	-	544 767
Fines, Penalties and Forfeits	22	323 933	818 340
Insurance Receipts		57 970	846 589
Gain on Fair Value Adjustments of Investment Property	8	5 323 145	5 716 750
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>50 936 376</b>	<b>44 676 420</b>
<b>Operating Activities</b>		<b>50 936 376</b>	<b>44 676 420</b>
Service Charges	23	30 896 123	29 442 726
Rental from Fixed Assets	24	756 417	645 960
Interest Earned - external investments		13 913 370	10 511 716
Interest Earned - outstanding debtors	25	2 493 926	1 969 792
Licences and Permits		1 085 309	1 303 197
Agency Services		1 080 375	510 104
Sales of Goods and Rendering of Services	26	504 115	155 249
Operational Revenue	27	206 740	137 677
<b>TOTAL REVENUE</b>		<b>242 486 512</b>	<b>209 203 483</b>
<b>EXPENDITURE</b>			
Employee related costs	28	62 172 869	53 790 104
Remuneration of Councillors	29	11 063 818	10 399 123
Debt Impairment	30	4 240 970	4 554 196
Depreciation and Amortisation	31	18 351 928	15 766 740
Actuarial Losses	17	186 217	-
Finance Charges	33	2 527 622	2 467 728
Bulk Purchases	34	23 771 063	20 079 250
Contracted services	35	19 979 983	20 784 003
Transfers and Subsidies	36	-	479 587
Operating Leases	37	302 274	224 565
Operational Cost	38	28 614 967	27 747 379
Loss on Disposal of Fixed and Intangible Assets		290 300	264 481
Impairment of Investment Assets	8	146 350	886 045
Impairment of Property, Plant and Equipment	32	1 019 712	4 841 967
<b>TOTAL EXPENDITURE</b>		<b>172 668 071</b>	<b>162 285 169</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>69 818 441</b>	<b>46 918 315</b>

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2016

	REVALUATION RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
<b>Balance on 30 June 2014 - Previously Reported</b>	<b>2 041 475</b>	<b>372 335 068</b>	<b>374 376 542</b>
Correction of Error - Refer to note 40.8	-	(3 763 157)	(3 763 157)
<b>Balance on 30 June 2014 - Restated</b>	<b>2 041 475</b>	<b>368 571 911</b>	<b>370 613 385</b>
Net Surplus for the year	-	46 918 315	46 918 315
Revaluation on Land and Buildings	12 696 971	-	12 696 971
<b>Balance on 30 June 2015 - Restated</b>	<b>14 738 445</b>	<b>415 490 225</b>	<b>430 228 670</b>
Net Surplus for the year	-	69 818 441	69 818 441
Revaluation on Land and Buildings	5 500 223	-	5 500 223
<b>Balance on 30 June 2016</b>	<b>20 238 668</b>	<b>485 308 666</b>	<b>505 547 334</b>



# SENQU LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2016

	Notes	2016 R (Actual)	2015 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property rates		3 605 127	3 778 194
Service charges		25 745 317	24 981 990
Other revenue		8 102 978	5 046 480
Government - operating		143 891 778	121 583 680
Government - capital		31 598 900	36 856 974
Interest		13 913 370	10 511 716
<b>Payments</b>			
Suppliers and employees		(148 946 857)	(132 114 290)
Finance charges		(1 116 960)	(1 249 981)
Transfers and Grants		-	(479 587)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>42</b>	<b>76 793 653</b>	<b>68 915 175</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on Disposal of Fixed Assets		248 311	316 074
<b>Payments</b>			
Purchase of Property, Plant and Equipment		(38 799 636)	(47 977 948)
Purchase of Intangible Assets		(85 039)	(111 547)
<b>NET CASH USED INVESTING ACTIVITIES</b>		<b>(38 636 364)</b>	<b>(47 773 421)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
Increase in Consumer Deposits		102 728	120 330
<b>Payments</b>			
Loans repaid		(802 388)	(792 197)
<b>NET CASH USED FINANCING ACTIVITIES</b>		<b>(699 660)</b>	<b>(671 867)</b>
<b>NET INCREASE IN CASH HELD</b>		<b>37 457 627</b>	<b>20 469 887</b>
Cash and Cash Equivalents at the beginning of the year		183 459 842	162 989 955
Cash and Cash Equivalents at the end of the year		220 917 469	183 459 842

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

Refer to note 44.2 for Reasons for Material Variances for the Budget Comparisons

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	902 821	9 286 210	(8 383 390)
Call investment deposits	220 014 648	142 082 945	77 931 702
Consumer debtors	11 056 874	18 216 553	(7 159 680)
Other Receivables	8 916 471	6 365 647	2 550 824
Inventory	1 456 056	1 382 197	73 859
<b>Total current assets</b>	<b>242 346 870</b>	<b>177 333 553</b>	<b>65 013 316</b>
<b>Non current assets</b>			
Investment property	22 201 000	17 024 205	5 176 795
Property, plant and equipment	301 976 592	327 737 461	(25 760 869)
Intangible Assets	219 932	202 654	17 278
Capitalised Restoration Cost	1 114 902	-	1 114 902
<b>Total non current assets</b>	<b>325 512 426</b>	<b>344 964 320</b>	<b>(19 451 894)</b>
<b>TOTAL ASSETS</b>	<b>567 859 296</b>	<b>522 297 874</b>	<b>45 561 422</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowing	814 516	805 227	9 289
Consumer deposits	1 341 579	1 238 851	102 728
Trade and other payables	19 473 344	7 928 372	11 544 972
Provisions and Employee Benefits	9 490 246	7 885 067	1 605 180
<b>Total current liabilities</b>	<b>31 119 685</b>	<b>17 857 517</b>	<b>13 262 169</b>
<b>Non current liabilities</b>			
Borrowing	12 028 145	12 037 027	(8 882)
Provisions and Employee Benefits	19 164 132	17 185 305	1 978 827
<b>Total non current liabilities</b>	<b>31 192 277</b>	<b>29 222 332</b>	<b>1 969 944</b>
<b>TOTAL LIABILITIES</b>	<b>62 311 961</b>	<b>47 079 849</b>	<b>15 232 113</b>
<b>NET ASSETS</b>	<b>505 547 335</b>	<b>475 218 025</b>	<b>30 329 310</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	330 131 577	343 461 588	(13 330 011)
Reserves	175 415 758	131 756 437	43 659 321
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>505 547 335</b>	<b>475 218 025</b>	<b>30 329 310</b>

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

Refer to note 44.2 for Reasons for Material Variances for the Budget Comparisons

#### ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	9 286 210	-	9 286 210
Call investment deposits	112 992 560	29 090 385	142 082 945
Consumer debtors	3 875 591	14 340 962	18 216 553
Other Receivables	7 062 477	(696 830)	6 365 647
Inventory	2 275 476	(893 279)	1 382 197
<b>Total current assets</b>	<b>135 492 316</b>	<b>41 841 238</b>	<b>177 333 553</b>
<b>Non current assets</b>			
Investment property	8 663 500	8 360 705	17 024 205
Property, plant and equipment	317 980 514	9 756 947	327 737 461
Intangible Assets	109 341	93 313	202 654
<b>Total non current assets</b>	<b>326 753 355</b>	<b>18 210 965</b>	<b>344 964 320</b>
<b>TOTAL ASSETS</b>	<b>462 245 671</b>	<b>60 052 203</b>	<b>522 297 874</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowing	814 955	(9 728)	805 227
Consumer deposits	1 165 873	72 978	1 238 851
Trade and other payables	8 332 663	(404 291)	7 928 372
Provisions and Employee Benefits	6 609 800	1 275 267	7 885 067
<b>Total current liabilities</b>	<b>16 923 290</b>	<b>934 227</b>	<b>17 857 517</b>
<b>Non current liabilities</b>			
Borrowing	12 027 322	9 705	12 037 027
Provisions and Employee Benefits	16 922 903	262 402	17 185 305
<b>Total non current liabilities</b>	<b>28 950 225</b>	<b>272 107</b>	<b>29 222 332</b>
<b>TOTAL LIABILITIES</b>	<b>45 873 515</b>	<b>1 206 334</b>	<b>47 079 849</b>
<b>NET ASSETS</b>	<b>416 372 156</b>	<b>58 845 869</b>	<b>475 218 025</b>
<b>COMMUNITY WEALTH</b>			
Accumulated Surplus	299 293 408	44 168 180	343 461 588
Reserves	117 078 748	14 677 689	131 756 437
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>416 372 156</b>	<b>58 845 869</b>	<b>475 218 025</b>

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2016

Refer to note 44.2 for Reasons for Material Variances for the Budget Comparisons

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)
<b>REVENUE BY SOURCE</b>			
Property rates	4 654 049	6 856 119	(2 202 071)
Service charges	30 896 123	30 738 115	158 008
Rental of facilities and equipment	756 417	312 356	444 061
Interest earned - external investments	13 913 370	9 160 000	4 753 370
Interest earned - outstanding debtors	2 493 926	1 191 796	1 302 130
Fines	323 933	272 472	51 461
Licences and permits	1 085 309	2 155 064	(1 069 755)
Agency services	1 080 375	1 815 217	(734 842)
Transfers and Subsidies - Operating	149 152 333	144 866 514	4 285 820
Other revenue	6 174 896	2 265 818	3 909 079
<b>TOTAL OPERATING REVENUE</b>	<b>210 530 733</b>	<b>199 633 470</b>	<b>10 897 262</b>
<b>EXPENDITURE BY TYPE</b>			
Employee related costs	62 172 869	68 715 378	(6 542 509)
Remuneration of councillors	11 063 818	11 728 752	(664 934)
Debt impairment	4 240 970	4 610 000	(369 030)
Depreciation & asset impairment	19 517 990	19 386 859	131 130
Finance charges	2 527 622	1 269 014	1 258 608
Bulk purchases	23 771 063	31 200 000	(7 428 937)
Contracted services	19 979 983	-	19 979 983
Other expenditure	29 103 458	64 569 755	(35 466 297)
Loss on disposal of PPE	290 300	-	290 300
<b>TOTAL OPERATING EXPENDITURE</b>	<b>172 668 071</b>	<b>201 479 757</b>	<b>(28 811 686)</b>
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>			
	<b>37 862 661</b>	<b>(1 846 287)</b>	<b>39 708 948</b>
Transfers and Subsidies - Capital	31 955 780	40 241 599	(8 285 819)
<b>NET SURPLUS FOR THE YEAR</b>	<b>69 818 441</b>	<b>38 395 312</b>	<b>31 423 128</b>

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2016

Refer to note 44.2 for Reasons for Material Variances for the Budget Comparisons

#### ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)
<b>REVENUE BY SOURCE</b>			
Property rates	6 856 119	-	6 856 119
Service charges	29 381 115	1 357 000	30 738 115
Rental of facilities and equipment	312 356	-	312 356
Interest earned - external investments	7 360 000	1 800 000	9 160 000
Interest earned - outstanding debtors	1 141 796	50 000	1 191 796
Fines	272 472	-	272 472
Licences and permits	2 905 064	(750 000)	2 155 064
Agency services	1 665 217	150 000	1 815 217
Government Grants and Subsidies - Operating	143 637 100	1 229 414	144 866 514
Other revenue	2 196 818	69 000	2 265 818
<b>TOTAL OPERATING REVENUE</b>	<b>195 728 057</b>	<b>3 905 414</b>	<b>199 633 470</b>
<b>EXPENDITURE BY TYPE</b>			
Employee related costs	72 098 603	(3 383 226)	68 715 378
Remuneration of councillors	11 728 752	-	11 728 752
Debt impairment	4 610 000	-	4 610 000
Depreciation & asset impairment	19 131 859	255 000	19 386 859
Finance charges	1 221 014	48 000	1 269 014
Bulk purchases	31 200 000	-	31 200 000
Other expenditure	57 532 046	7 037 709	64 569 755
<b>TOTAL OPERATING EXPENDITURE</b>	<b>197 522 274</b>	<b>3 957 483</b>	<b>201 479 757</b>
<b>OPERATING DEFICIT FOR THE YEAR</b>	<b>(1 794 217)</b>	<b>(52 069)</b>	<b>(1 846 287)</b>
Government Grants and Subsidies - Capital	35 398 900	4 842 699	40 241 599
<b>NET SURPLUS FOR THE YEAR</b>	<b>33 604 683</b>	<b>4 790 630</b>	<b>38 395 312</b>

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2016

Refer to note 44.2 for Reasons for Material Variances for the Budget Comparisons

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2016 R (Actual)	2016 R (Final Budget)	2016 R (Variance)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property rates, penalties & collection charges	3 605 127	5 163 688	(1 558 562)
Service charges	25 745 317	22 128 396	3 616 921
Other revenue	8 102 978	5 875 522	2 227 456
Government - operating	143 891 778	144 866 514	(974 736)
Government - capital	31 598 900	40 241 599	(8 642 699)
Interest	13 913 370	10 351 796	3 561 575
<b>Payments</b>			
Suppliers and Employees	(148 946 857)	(192 471 245)	43 524 389
Finance charges	(1 116 960)	(1 269 014)	152 054
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>76 793 653</b>	<b>34 887 256</b>	<b>41 906 397</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of PPE	248 311	-	248 311
<b>Payments</b>			
Capital assets	(38 884 674)	(66 219 988)	27 335 314
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(38 636 364)</b>	<b>(66 219 988)</b>	<b>27 335 314</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
Increase in consumer deposits	102 728	79 568	23 160
<b>Payments</b>			
Repayment of borrowing	(802 388)	(802 795)	407
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(699 660)</b>	<b>(723 228)</b>	<b>23 567</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>37 457 629</b>	<b>(32 055 960)</b>	<b>69 265 278</b>
Cash and Cash Equivalents at the beginning of the year	183 459 842	183 459 842	(0)
Cash and Cash Equivalents at the end of the year	220 917 469	151 369 156	69 548 313

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2016

Refer to note 44.2 for Reasons for Material Variances for the Budget Comparisons

#### ADJUSTMENTS TO APPROVED BUDGET

	2016 R (Approved Budget)	2016 R (Adjustments)	2016 R (Final Budget)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property rates, penalties & collection charges	6 444 752	(1 281 064)	5 163 688
Service charges	27 618 248	(5 489 852)	22 128 396
Other revenue	7 333 185	(1 457 663)	5 875 522
Government - operating	143 637 100	1 229 414	144 866 514
Government - capital	35 398 900	4 842 699	40 241 599
Interest	8 433 288	1 918 508	10 351 796
<b>Payments</b>			
Suppliers and Employees	(169 820 118)	(22 651 127)	(192 471 245)
Finance charges	(1 221 014)	(48 000)	(1 269 014)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>57 824 342</b>	<b>(22 937 086)</b>	<b>34 887 256</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of PPE	-	-	-
<b>Payments</b>			
Capital assets	(62 889 900)	(3 330 088)	(66 219 988)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(62 889 900)</b>	<b>(3 330 088)</b>	<b>(66 219 988)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
Increase in consumer deposits	44 841	34 726	79 568
<b>Payments</b>			
Repayment of borrowing	(803 195)	400	(802 795)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(758 353)</b>	<b>35 126</b>	<b>(723 228)</b>
<b>NET DECREASE IN CASH HELD</b>	<b>(5 823 912)</b>	<b>(26 232 048)</b>	<b>(32 055 960)</b>
Cash and Cash Equivalents at the beginning of the year	128 102 683	55 357 159	183 459 842
Cash and Cash Equivalents at the end of the year	122 278 771	29 090 385	151 369 156

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### **1 ACCOUNTING POLICIES**

#### **1.01 BASIS OF PREPARATION**

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

#### **1.02 TRANSITIONAL PROVISIONS**

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

#### **1.03 PRESENTATION CURRENCY**

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

#### **1.04 GOING CONCERN ASSUMPTION**

These financial statements have been prepared on a going concern basis.



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.05 COMPARATIVE INFORMATION

#### 1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### 1.04.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

### 1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

### 1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of Comparison of Budget and Actual Amounts. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R1 million.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

### 1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

#### 1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The Municipality resolved to early adopt the following amended Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 1 (May 2015)	Presentation of Financial Statements	1 April 2016
GRAP 16 (May 2015)	Investment Property	1 April 2016
GRAP 17 (May 2015)	Property, Plant and Equipment	1 April 2016
GRAP 31 (May 2015)	Intangible Assets	1 April 2016
GRAP 103 (May 2015)	Heritage Assets	1 April 2016

The effect of the above-mentioned amended Standards of GRAP which were early adopted is considered insignificant. The amendments to the Standards of GRAP mainly relate to additional disclosure requirements, the removal of encouraged disclosures and the clarification of accounting principles.

The Municipality further resolved not to early adopt Directive 12 - "The Selection of an Appropriate Reporting Framework by Public Entities" (effective 1 April 2018) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.

#### 1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

##### 1.08.2.1 GRAP 18 - Segment Reporting (Original - February 2011)

The objective of this Standard is to establish principles for reporting financial information by segments.

This Standard will be implemented as part of the Municipal Standard Chart of Accounts Regulation (mSCOA). The estimated date of implementation is 1 July 2017.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

##### 1.08.2.2 GRAP 20 - Related Party Disclosure (Original - June 2011)

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The Municipality resolved to develop an accounting policy as set out in note 1.35 and also adopt the disclosure requirements of this Standard.

The impact of this Standard on the financial statements will be minimal.

#### 1.08.2.3 GRAP 32 - Service Concession Arrangements: Grantor (Original - August 2013)

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

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

#### 1.08.2.4 GRAP 108 - Statutory Receivables (Original - September 2013)

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

The Municipality resolved to develop an accounting policy as set out in note 1.2.

The impact of this Standard on the financial statements will be minimal.

#### 1.08.2.5 GRAP 109 - Accounting by Principles and Agents (Original - July 2015)

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.

#### 1.08.2.6 IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.09 RESERVES

#### 1.09.1 *Revaluations Reserve*

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The following reserves are ring-fenced in the accumulated surplus and therefore disclosed as part of the accumulated surplus in the statement of financial position:

#### 1.09.2 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

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

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

#### 1.09.3 *Employee Benefits Reserve*

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits.

Contributions equal to the short term portion of employee benefits, plus 5% of the prior year closing balance of long term employee benefits is contributed to the reserve from accumulated surplus.

#### 1.09.4 *Valuation Roll Reserve*

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

The contribution to this reserve should be approximately 25% of the anticipated cost of the General Valuation.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.10 INVESTMENT PROPERTY

#### 1.10.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

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

#### 1.10.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is recognised in the Statement of Financial Performance for the period in which it arises.

#### 1.10.3 Derecognition

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

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

#### 1.10.4 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009.

The Municipality applied deemed cost where the acquisition cost of an asset could not be determined.

The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.11 PROPERTY, PLANT AND EQUIPMENT

#### 1.11.1 Initial Recognition

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

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition.

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

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

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

#### 1.11.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

#### 1.11.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

#### 1.11.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
<b>Infrastructure</b>		<b>Land and Buildings</b>	
Roads and Paving	7 - 110	Buildings and	
Pedestrian Malls	7 - 52	Improvements	5 - 100
Electricity	15 - 65	Land	Indefinite
Storm Water	10 - 78		
<b>Community</b>		<b>Other Assets</b>	
Community Halls	100	Vehicles	5 - 18
Libraries	100	Plant & Equipment	3 - 20
Parks & Gardens	15 - 30	Furniture	3 - 20
Sports facilities	25 - 45	Special Vehicles	10 - 15
Cemeteries		Specialised plant and	
		Equipment	8 - 15
		Office Equipment	4 - 15
<b>Capitalised Resoration Cost</b>		Computer Hardware	3 - 15
Landfill Sites	9 - 52	Bins and containers	5 - 15

#### 1.11.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 1.11.5 Derecognition

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

#### 1.11.6 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined.

For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

### 1.12 INTANGIBLE ASSETS

#### 1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

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

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



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.12 INTANGIBLE ASSETS (CONTINUED)

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### 1.12.2 Subsequent Measurement - Cost Model

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

#### 1.12.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible asset with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	<b>Years</b>
Computer Software	5 - 15

#### 1.12.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.12 INTANGIBLE ASSETS (CONTINUED)

#### 1.12.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.12.6 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009.

The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

### 1.13 IMPAIRMENT OF NON-MONETARY ASSETS

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

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

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

#### 1.13.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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

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

#### 1.13.2 Recoverable amount of Non-cash-generating assets

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

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

#### 1.13.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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

#### 1.13.4 Reversal of an impairment loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

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

### 1.14 INVENTORIES

#### 1.14.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.14 INVENTORIES (CONTINUED)

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

#### 1.14.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

### 1.15 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.15 EMPLOYEE BENEFITS (CONTINUED)

#### 1.15.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

##### 1.15.1.1 Multi-employer defined benefit plans

The municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

##### 1.15.1.2 Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### 1.15.2 Long-term Benefits

##### 1.15.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.15 EMPLOYEE BENEFITS (CONTINUED)

#### 1.15.3 Short-term Benefits

##### 1.15.3.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

##### 1.15.3.2 Staff Bonuses Accrued

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

##### 1.15.3.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

##### 1.15.3.4 Other Short-term Employee Benefits

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

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

### 1.16 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.16 PROVISIONS (CONTINUED)

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

### 1.17 LEASES

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

#### 1.17.1 Municipality as Lessee

##### 1.17.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.18 LEASES (CONTINUED)

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

#### 1.17.1.2 *Operating leases*

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

### 1.17.2 Municipality as Lessor

#### 1.17.2.1 *Operating Leases*

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

### 1.19 FINANCIAL INSTRUMENTS

#### 1.19.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

#### 1.19.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.19 FINANCIAL INSTRUMENTS (CONTINUED)

- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
- (i) derivatives;
  - (ii) combined instruments that are designated at fair value;
  - (iii) instruments held for trading;
  - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments. that are designated at fair value at initial recognition; or
  - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

#### 1.19.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

##### 1.19.3.1 *Financial assets measured at amortised cost*

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

##### 1.19.3.2 *Financial assets measured at cost*

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.19 FINANCIAL INSTRUMENTS (CONTINUED)

#### 1.19.4 Derecognition of financial instruments

##### 1.19.4.1 *Financial assets*

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### 1.19.4.2 *Financial liabilities*

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

#### 1.19.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 1.20 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

#### 1.20.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

#### 1.20.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.20 STATUTORY RECEIVABLES (CONTINUED)

#### 1.20.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

#### 1.20.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

### 1.21 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

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

### 1.22 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.22 RECEIVABLES (CONTINUED)

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

### 1.23 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the cash basis.

### 1.24 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

### 1.25 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

### 1.26 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.26 PAYABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### 1.27 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

#### 1.27.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

##### 1.27.1.1 *Taxation Revenue*

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

##### 1.27.1.2 *Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.27 REVENUE (CONTINUED)

#### 1.27.1.3 Fines

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

#### 1.27.1.4 Insurance Receipts

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired

#### 1.27.1.5 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

#### 1.27.1.6 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

#### 1.27.1.7 Services in-kind

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

#### 1.27.1.8 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.27 REVENUE (CONTINUED)

#### 1.27.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

##### 1.27.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

##### 1.27.2.2 Investment income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

##### 1.27.2.3 Rental income

Revenue from the rental of fixed assets is recognised on a straight-line basis over the term of the lease agreement.

##### 1.27.2.4 Income from Agency Services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

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

##### 1.27.2.5 Other Tariffs

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.27 REVENUE (CONTINUED)

#### 1.27.2.6 *Sale of goods*

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

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.27.2.7 *Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

### 1.28 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

### 1.29 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.30 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.31 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

### 1.33 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

### 1.34 EVENTS AFTER REPORTING DATE

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

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

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

### 1.35 RELATED PARTIES

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.36 RELATED PARTIES (CONTINUED)

Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Mayor, Speaker, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

### 1.37 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### 1.37.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

#### 1.37.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.37 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### 1.37.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

#### 1.37.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property, Intangible assets and Heritage assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

#### 1.37.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical obligations and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### 1.37.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

#### 1.37.7 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 1.37 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### 1.37.8 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>2 CASH AND CASH EQUIVALENTS</b>		
Primary Bank Account	902 121	2 162 543
Call and short-term Investments Deposits	220 014 648	181 296 599
Cash Floats	700	700
<b>Total</b>	<b>220 917 469</b>	<b>183 459 842</b>

Due to the short term nature of cash deposits, all balances included above is in line with their fair value.

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	11 144 292	16 761 727
Capital Replacement Reserve	129 954 167	104 617 764
Valuation Roll Reserve	1 204 645	909 291
Employee Benefit Reserve	24 018 277	20 219 473
Taxes	528 782	4 699 072
Working Capital Requirements	54 067 305	36 252 516
	<b>220 917 469</b>	<b>183 459 842</b>

### Primary Bank Account

Standard Bank - Lady Grey Branch - Account Number 28 063 130 8

Bank Statement Balance - Opening Balance	2 130 982	1 136 813
Bank Statement Balance - Closing Balance	657 401	2 130 982
Cashbook Balance - Opening Balance	2 162 543	1 197 764
Cashbook Balance - Closing Balance	902 121	2 162 543

### Call and Notice Deposits

Call and Notice Deposits consist out of the following accounts:

Standard Bank 388489162/0	143 280 433	109 686 180
Standard Bank 388489731/0	68 787 916	64 118 799
Standard Bank 388486066/0	7 946 298	7 491 620
	<b>220 014 648</b>	<b>181 296 599</b>

## 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

### 30 JUNE 2016

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>25 935 792</b>	<b>20 349 607</b>	<b>5 586 185</b>
Electricity	18 859 517	13 970 570	4 888 947
Refuse	6 595 528	6 144 225	451 304
Housing Rentals	480 747	234 812	245 934
<b>Other Receivables</b>	<b>4 860 905</b>	-	<b>4 860 905</b>
Joe Gqabi District Municipality (WSA)	4 860 905	-	4 860 905
<b>Total</b>	<b>30 796 697</b>	<b>20 349 607</b>	<b>10 447 090</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2015

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>21 246 910</b>	<b>16 797 509</b>	<b>4 449 401</b>
Electricity	15 617 452	11 477 357	4 140 095
Refuse	5 421 119	5 144 848	276 271
Housing Rentals	208 339	175 304	33 035
<b>Other Receivables</b>	<b>4 954 627</b>	<b>-</b>	<b>4 954 627</b>
Joe Gqabi District Municipality (WSA)	4 954 627	-	4 954 627
<b>Total</b>	<b>26 201 538</b>	<b>16 797 509</b>	<b>9 404 029</b>

Included in the outstanding balances at 30 June 2016 are consumer debtors to the value of R 2,7 million who have made arrangements to repay their outstanding debt over a re-negotiated period.

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

<b>Ageing of service and other receivables:</b>	<b>2016 R</b>	<b>2015 R</b>
<b>Electricity Ageing</b>		
Current (0 - 30 days)	3 645 317	3 243 302
Past Due (31 - 60 Days)	1 616 614	1 092 966
Past Due (61 - 90 Days)	918 558	772 177
Past Due (90 Days +)	12 679 027	10 509 008
<b>Total</b>	<b>18 859 517</b>	<b>15 617 452</b>
<b>Refuse Ageing</b>		
Current (0 - 30 days)	318 088	229 796
Past Due (31 - 60 Days)	217 087	155 295
Past Due (61 - 90 Days)	168 118	130 119
Past Due (90 Days +)	5 892 235	4 905 910
<b>Total</b>	<b>6 595 528</b>	<b>5 421 119</b>
<b>Housing Rentals Ageing</b>		
Current (0 - 30 days)	69 195	16 588
Past Due (31 - 60 Days)	47 626	6 291
Past Due (61 - 90 Days)	13 217	4 056
Past Due (90 Days +)	350 709	181 403
<b>Total</b>	<b>480 747</b>	<b>208 339</b>
<b>Other Receivables Ageing</b>		
Past Due (90 Days +)	4 860 905	4 954 627
<b>Total</b>	<b>4 860 905</b>	<b>4 954 627</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>		
<b>Total Service and Other Receivables Ageing</b>		
Current (0 - 30 days)	4 032 600	3 489 686
Past Due (31 - 60 Days)	1 881 327	1 254 553
Past Due (61 - 90 Days)	1 099 894	906 351
Past Due (90 Days +)	23 782 876	20 550 948
<b>Total</b>	<b>30 796 697</b>	<b>26 201 538</b>
<b>Reconciliation of Allowance for impairment</b>		
Balance at the beginning of the year	16 797 509	13 616 434
Contribution to the provision	4 014 023	3 181 075
Electricity	2 729 955	2 431 860
Refuse	1 224 560	940 262
Housing Rentals	59 509	(191 047)
Bad Debts Written off	(461 925)	-
Electricity	(236 742)	-
Refuse	(225 183)	-
Balance at the end of the year	<b>20 349 607</b>	<b>16 797 509</b>

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

#### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2016

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>8 353 021</b>	<b>7 743 237</b>	<b>609 784</b>
Rates	8 353 021	7 743 237	609 784
<b>Other Receivables</b>	<b>1 903 817</b>	<b>437 850</b>	<b>1 465 967</b>
Traffic fines income due	437 850	437 850	-
Other Receivables	1 465 967	-	1 465 967
<b>Total</b>	<b>10 256 838</b>	<b>8 181 087</b>	<b>2 075 751</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2015

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
<b>Service Receivables</b>	<b>7 489 363</b>	<b>6 714 576</b>	<b>774 787</b>
Rates	7 489 363	6 714 576	774 787
<b>Other Receivables</b>	<b>1 761 328</b>	<b>339 800</b>	<b>1 421 528</b>
Traffic fines income due	339 800	339 800	-
Other Receivables	1 421 528	-	1 421 528
<b>Total</b>	<b>9 250 691</b>	<b>7 054 376</b>	<b>2 196 315</b>

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	2016	2015
	R	R
<b>Ageing of service receivables:</b>		
<b>Rates Ageing</b>		
Current (0 - 30 days)	60 416	47 205
Past Due (31 - 60 Days)	191 057	168 195
Past Due (61 - 90 Days)	175 194	133 881
Past Due (90 Days +)	7 926 354	7 140 081
<b>Total</b>	<b>8 353 021</b>	<b>7 489 363</b>

#### Reconciliation of Allowance for impairment

Balance at the beginning of the year	7 054 376	5 851 689
Contribution to the provision	1 311 975	1 202 687
Rates	1 213 925	862 887
Fines	98 050	339 800
Bad Debts Written off	(185 264)	-
Rates	(185 264)	-
Balance at the end of the year	<b>8 181 087</b>	<b>7 054 376</b>

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

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

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
<b>2016</b>			
1 month past due	1 171 506	39 850	1 211 356
2 + months past due	1 141 478	566 087	1 707 564
<b>Total</b>	<b>2 312 984</b>	<b>605 936</b>	<b>2 918 920</b>
<b>2015</b>			
1 month past due	664 345	45 407	709 752
2 + months past due	1 123 325	727 011	1 850 336
<b>Total</b>	<b>1 787 670</b>	<b>772 418</b>	<b>2 560 088</b>

Trade and other receivables impaired:

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
<b>2016</b>			
<b>Total</b>	<b>20 349 607</b>	<b>8 181 087</b>	<b>28 530 694</b>
<b>2015</b>			
<b>Total</b>	<b>16 797 509</b>	<b>7 054 376</b>	<b>23 851 885</b>

### 5 TAXES

	2016 R	2015 R
Vat Receivable	7 745 040	6 529 159
Balance previously reported	-	6 602 552
Prior period adjustment - Note 40.3	-	(73 393)
Vat Payable	(2 476 282)	(6 208 733)
Balance previously reported	-	(2 017 978)
Prior period adjustment - Note 40.3	-	(4 190 755)
Vat on Contribution to Provision for Impairment of Trade Receivables from Exchange Transactions	1 947 500	1 509 661
<b>Total</b>	<b>7 216 258</b>	<b>1 830 087</b>

VAT is accounted for on the cash basis.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies

	2016 R	2015 R
<b>6 OPERATING LEASES</b>		
<b>6.1 OPERATING LEASE ASSETS</b>		
Operating Lease Asset	<u>234 247</u>	<u>271 412</u>
The operating lease asset is derived from contracts where the municipality acts as the lessor in the agreement.		
Reconciliation of Operating Lease Asset:		
Balance at the beginning of the year	271 412	297 191
Movement during the year	(37 165)	(25 780)
Balance at the end of the year	<u>234 247</u>	<u>271 412</u>
The municipality will receive the following lease payments from contracts that have defined lease payments and terms:		
Within 1 Year	792 232	628 440
Between 1 and 5 Years	1 833 744	1 136 889
	<u>2 625 976</u>	<u>1 765 328</u>
The lease payments are in respect of properties being lease out over a period ranging up to 2021.		
<b>6.2 OPERATING LEASE LIABILITIES</b>		
Operating Lease Liability	<u>5 678</u>	<u>6 240</u>
The operating lease liability is derived from contracts where the municipality acts as the lessee in the agreement.		
Reconciliation of Operating Lease Liability:		
Balance at the beginning of the year	6 240	4 743
Movement during the year	(561)	1 497
Balance at the end of the year	<u>5 678</u>	<u>6 240</u>
The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms:		
Within 1 Year	30 005	27 782
Between 1 and 5 Years	21 042	51 047
	<u>51 047</u>	<u>78 829</u>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

The Municipality entered into a lease agreement to rent the Library building in Lady Grey. The lease agreement commenced on 1 March 2013 and will run up to 28 February 2018. The initial monthly rental is R2 204 (VAT inclusive) and the lease is subject to an annual increase of 8%. The municipality has the option to renew the lease after 28 February 2018.

	2016 R	2015 R
<b>7 INVENTORY</b>		
Electricity materials	1 456 056	1 273 634
Balance previously reported	-	1 382 197
Prior period adjustment - Note 40.4	-	(108 563)
<b>Total</b>	<b>1 456 056</b>	<b>1 273 634</b>

No inventory were pledged as security for liabilities.

### 8 INVESTMENT PROPERTY

Investment Property - Carrying Value	<b>22 201 000</b>	<b>17 024 205</b>
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The movement in investment properties is reconciled as follows:

<b>Opening Carrying Value</b>	17 024 205	12 193 500
Fair Value	17 024 205	12 193 500
Fair Value Adjustment	5 323 145	5 716 750
Impairment	(146 350)	(886 045)
<b>Closing Carrying Value</b>	22 201 000	17 024 205
Fair Value	22 201 000	17 024 205

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.

Rental revenue earned from Investment Properties	627 828	424 618
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# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 9 PROPERTY PLANT AND EQUIPMENT

30 June 2016	Cost						Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Disposals	Gain on Fair Value Revaluation	Transfers	Closing Balance	Opening Balance	Additions	Disposals/ Revaluation	Loss on Fair Value Revaluation	Transfers to Cost		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R		R
<b>Land and Buildings</b>	<b>78 379 624</b>	<b>8 724 492</b>	-	<b>5 135 490</b>	<b>(1 181 087)</b>	<b>91 058 520</b>	-	<b>627 538</b>	<b>(627 538)</b>	<b>1 181 087</b>	<b>(1 181 087)</b>	-	<b>91 058 520</b>
Land	19 817 145	-	-	2 003 240	(363 835)	21 456 550	-	-	-	363 835	(363 835)	-	21 456 550
Buildings	58 562 479	8 724 492	-	3 132 250	(817 252)	69 601 970	-	627 538	(627 538)	817 252	(817 252)	-	69 601 970
<b>Infrastructure</b>	<b>204 463 143</b>	<b>20 128 893</b>	<b>(788 380)</b>	-	-	<b>223 803 656</b>	<b>64 065 588</b>	<b>10 947 205</b>	<b>(395 128)</b>	-	-	<b>74 617 665</b>	<b>149 185 991</b>
Roads	131 716 621	12 698 359	(75 257)	-	-	144 339 723	52 276 695	8 828 423	(73 823)	-	-	61 031 295	83 308 428
Stormwater	43 073 619	4 579 582	(42 874)	-	-	47 610 327	7 269 413	1 240 286	(19 283)	-	-	8 490 416	39 119 911
Solid Waste	3 240 254	501 536	-	-	-	3 741 790	1 364 900	150 928	-	-	-	1 515 827	2 225 963
Electricity	13 916 219	2 349 416	(670 249)	-	-	15 595 386	2 767 508	341 554	(302 022)	-	-	2 807 041	12 788 345
Taxi Ranks	12 516 431	-	-	-	-	12 516 431	387 072	386 015	-	-	-	773 087	11 743 345
<b>Community Assets</b>	<b>28 454 193</b>	<b>5 957 084</b>	-	-	-	<b>34 411 277</b>	<b>900 102</b>	<b>941 636</b>	-	-	-	<b>1 841 738</b>	<b>32 569 539</b>
Sports Fields	16 132 697	1 625 613	-	-	-	17 758 310	268 423	525 772	-	-	-	794 195	16 964 115
Node Development	8 380 791	-	-	-	-	8 380 791	524 780	260 605	-	-	-	785 385	7 595 406
Parks & Gardens	1 090 100	70 163	-	-	-	1 160 263	48 852	43 621	-	-	-	92 473	1 067 790
Cemetery	2 850 605	4 231 642	-	-	-	7 082 247	58 047	111 638	-	-	-	169 685	6 912 562
Other	-	29 666	-	-	-	29 666	-	-	-	-	-	-	29 666
<b>Other Assets</b>	<b>46 642 868</b>	<b>3 989 166</b>	<b>(1 341 509)</b>	-	-	<b>49 290 526</b>	<b>15 628 211</b>	<b>5 695 922</b>	<b>(1 196 150)</b>	-	-	<b>20 127 984</b>	<b>29 162 542</b>
Motor Vehicles	10 565 986	1 324 939	(376 630)	-	-	11 514 296	3 939 307	1 767 795	(345 699)	-	-	5 361 403	6 152 893
Plant & Equipment	21 920 549	1 007 461	(657 573)	-	-	22 270 437	6 665 296	2 150 511	(584 733)	-	-	8 231 074	14 039 362
Office Equipment	1 732 751	357 153	(41 522)	-	-	2 048 382	1 034 047	273 696	(38 006)	-	-	1 269 737	778 645
Furniture & Fittings	4 352 738	237 193	(22 793)	-	-	4 567 137	1 478 422	494 702	(20 684)	-	-	1 952 441	2 614 696
Loose Equipment	527 126	67 332	(57 451)	-	-	537 007	213 889	111 631	(47 139)	-	-	278 381	258 625
Computer Equipment	4 071 825	383 008	(185 539)	-	-	4 269 294	1 823 075	620 901	(159 889)	-	-	2 284 086	1 985 208
Specialised Vehicles	3 469 298	612 080	-	-	-	4 081 378	471 641	276 635	-	-	-	748 277	3 333 102
Security Items	2 595	-	-	-	-	2 595	2 534	50	-	-	-	2 584	11
<b>Total</b>	<b>357 939 829</b>	<b>38 799 636</b>	<b>(2 129 889)</b>	<b>5 135 490</b>	<b>(1 181 087)</b>	<b>398 563 979</b>	<b>80 593 902</b>	<b>18 212 301</b>	<b>(2 218 816)</b>	<b>1 181 087</b>	<b>(1 181 087)</b>	<b>96 587 387</b>	<b>301 976 592</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2015	Cost						Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Disposals	Gain on Fair Value Revaluation	Transfers	Closing Balance	Opening Balance	Additions	Disposals/ Revaluation	Loss on Fair Value Revaluation	Transfers to Cost		Closing Balance
	R	R	R	R	R	R	R	R	R	R	R		R
<b>Land and Buildings</b>	<b>60 082 750</b>	<b>10 826 487</b>	-	<b>12 194 722</b>	<b>(4 724 335)</b>	<b>78 379 624</b>	-	<b>502 248</b>	<b>(502 248)</b>	<b>4 724 335</b>	<b>(4 724 335)</b>	-	<b>78 379 624</b>
Land	13 525 050	400 000	-	8 542 416	(2 650 321)	19 817 145	-	-	-	2 650 321	(2 650 321)	-	19 817 145
Buildings	46 557 700	10 426 487	-	3 652 306	(2 074 014)	58 562 479	-	502 248	(502 248)	2 074 014	(2 074 014)	-	58 562 479
<b>Infrastructure</b>	<b>189 115 674</b>	<b>15 673 462</b>	<b>(325 993)</b>	-	-	<b>204 463 143</b>	<b>54 810 854</b>	<b>9 559 599</b>	<b>(304 865)</b>	-	-	<b>64 065 588</b>	<b>140 397 555</b>
Roads	127 408 200	4 621 274	(312 854)	-	-	131 716 621	44 979 648	7 599 546	(302 499)	-	-	52 276 695	79 439 926
Stormwater	35 141 967	7 944 790	(13 139)	-	-	43 073 619	6 175 260	1 096 520	(2 366)	-	-	7 269 413	35 804 205
Solid Waste	3 124 477	115 777	-	-	-	3 240 254	1 213 972	150 928	-	-	-	1 364 900	1 875 355
Electricity	10 924 598	2 991 620	-	-	-	13 916 219	2 440 917	326 592	-	-	-	2 767 508	11 148 710
Taxi Ranks	12 516 431	-	-	-	-	12 516 431	1 058	386 015	-	-	-	387 072	12 129 359
<b>Community Assets</b>	<b>16 277 356</b>	<b>12 176 837</b>	-	-	-	<b>28 454 193</b>	<b>326 150</b>	<b>573 952</b>	-	-	-	<b>900 102</b>	<b>27 554 091</b>
Sports Fields	4 967 204	11 165 493	-	-	-	16 132 697	44 455	223 968	-	-	-	268 423	15 864 274
Node Development	8 380 791	-	-	-	-	8 380 791	264 175	260 605	-	-	-	524 780	7 856 011
Parks & Gardens	954 392	135 708	-	-	-	1 090 100	6 410	42 442	-	-	-	48 852	1 041 248
Cemetery	1 974 969	875 636	-	-	-	2 850 605	11 110	46 937	-	-	-	58 047	2 792 558
<b>Other Assets</b>	<b>39 332 495</b>	<b>9 301 162</b>	<b>(1 990 789)</b>	-	-	<b>46 642 868</b>	<b>12 193 688</b>	<b>4 866 673</b>	<b>(1 432 150)</b>	-	-	<b>15 628 211</b>	<b>31 014 656</b>
Motor Vehicles	6 579 674	5 152 369	(1 166 056)	-	-	10 565 986	3 234 660	1 362 300	(657 653)	-	-	3 939 307	6 626 680
Plant & Equipment	20 825 826	1 498 650	(403 927)	-	-	21 920 549	5 052 311	2 019 311	(406 326)	-	-	6 665 296	15 255 253
Office Equipment	1 706 590	118 445	(92 284)	-	-	1 732 751	869 366	242 645	(77 964)	-	-	1 034 047	698 704
Furniture & Fittings	3 488 712	909 146	(45 121)	-	-	4 352 738	1 124 212	387 180	(32 970)	-	-	1 478 422	2 874 315
Loose Equipment	567 500	-	(40 374)	-	-	527 126	122 492	112 902	(21 504)	-	-	213 889	313 237
Computer Equipment	2 692 299	1 622 552	(243 026)	-	-	4 071 825	1 577 462	481 345	(235 732)	-	-	1 823 075	2 248 750
Specialised Vehicles	3 469 298	-	-	-	-	3 469 298	210 701	260 940	-	-	-	471 641	2 997 657
Security Items	2 595	-	-	-	-	2 595	2 484	50	-	-	-	2 534	61
<b>Total</b>	<b>304 808 275</b>	<b>47 977 948</b>	<b>(2 316 782)</b>	<b>12 194 722</b>	<b>(4 724 335)</b>	<b>357 939 829</b>	<b>67 330 693</b>	<b>15 502 472</b>	<b>(2 239 263)</b>	<b>4 724 335</b>	<b>(4 724 335)</b>	<b>80 593 902</b>	<b>277 345 927</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2015	Cost						Accumulated Depreciation					Carrying Value R	
	Opening Balance R	Additions R	Disposals R	Transfers R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Transfers R	Transfers R		Closing Balance R
<b>Balance Previously Reported</b>	304 555 336	48 331 283	(2 316 782)	13 861 414	(4 184 901)	360 246 350	67 362 239	15 509 804	(2 236 424)	4 184 901	(4 184 901)	80 635 620	279 610 731
Prior Period Adjustment - Refer to Note 40.5	252 939	(353 335)	-	(1 666 691)	(539 435)	(2 306 521)	(31 546)	(7 332)	(2 839)	539 435	(539 435)	(41 717)	(2 264 804)
<b>Restated Balance</b>	<b>304 808 275</b>	<b>47 977 948</b>	<b>(2 316 782)</b>	<b>12 194 722</b>	<b>(4 724 335)</b>	<b>357 939 829</b>	<b>67 330 693</b>	<b>15 502 472</b>	<b>(2 239 263)</b>	<b>4 724 335</b>	<b>(4 724 335)</b>	<b>80 593 902</b>	<b>277 345 927</b>

**2016**  
**R**                      **2015**  
**R**

The following work in progress balances are included in PPE. No Depreciation charge is recognised against these amounts.

Buildings	8 355 220	592 553
Cemeteries	4 551 371	2 129 102
Infrastructure - Electricity	2 559 948	2 991 620
Infrastructure - Roads	8 223 719	3 661 194
Infrastructure - Waste Management	1 067 025	565 489
Sports Fields	802 055	6 176 107
Parks & Gardens	70 163	-
Community Assets - Other	29 666	-
<b>Total Work in Progress (WIP)</b>	<b>25 659 167</b>	<b>16 116 066</b>









# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

10	<b>INTANGIBLE ASSETS</b>	<b>2016</b> R	<b>2015</b> R
	Intangible Assets - Carrying Value	<u><b>219 932</b></u>	<u><b>202 654</b></u>
	The movement in intangible assets is reconciled as follows:		
	<b>Opening Carrying Value</b>	202 654	160 005
	Cost	625 450	568 304
	Accumulated Amortisation	(422 796)	(408 299)
	Acquisitions	85 039	111 547
	Disposals	-	(789)
	Amortisation for the year	(67 761)	(68 109)
	<b>Closing Carrying Value</b>	219 932	202 654
	Cost	710 489	625 450
	Accumulated Amortisation	(490 557)	(422 796)

Intangible Assets consist only out of software

No intangible asset were assessed 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.

11	<b>CAPITALISED RESTORATION COST (PPE)</b>	<b>2016</b> R	<b>2015</b> R
	Capitalised Restoration Cost - Carrying Value	<u><b>1 114 902</b></u>	<u><b>1 293 601</b></u>
	The movement in capitalised restoration cost is reconciled as follows:		
	<b>Opening Carrying Value</b>	1 293 601	1 159 953
	Cost	2 831 294	2 383 857
	Accumulated Depreciation	(1 290 774)	(1 094 617)
	Accumulated Impairments	(246 919)	(129 287)
	Additions/(Disposal)	(5 403)	447 437
	Depreciation for the year	(71 865)	(196 157)
	Impairments for the year	(101 430)	(117 632)
	<b>Closing Carrying Value</b>	1 114 902	1 293 601
	Cost	2 825 891	2 831 294
	Accumulated Depreciation	(1 362 639)	(1 290 774)
	Accumulated Impairments	(348 349)	(246 919)

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 11 CAPITALISED RESTORATION COST (PPE) (CONTINUED)

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Senqu Municipality.

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

Refer to note 18 for more detail relating to this asset financed by way of a provision

### 12 BORROWINGS

	2016 R	2015 R
Annuity Loans	12 842 661	13 645 050
<b>Sub-Total</b>	<b>12 842 661</b>	<b>13 645 050</b>
Less: Current portion	814 516	802 795
Annuity Loans	814 516	802 795
<b>Total</b>	<b>12 028 145</b>	<b>12 842 254</b>

Borrowings were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future installments.

Annuity loans are payable as follows:

Payable within one year	1 861 350	1 868 301
Payable within two to five years	6 588 267	6 790 715
Payable after five years	11 782 431	13 353 580
<b>Total amount payable</b>	<b>20 232 048</b>	<b>22 012 596</b>
<b>Less:</b> Outstanding Future Finance Charges	(7 389 387)	(8 367 546)
<b>Present value of annuity loans</b>	<b>12 842 661</b>	<b>13 645 050</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>13 CONSUMER DEPOSITS</b>		
Electricity	1 341 579	1 238 851
<b>Total</b>	<b>1 341 579</b>	<b>1 238 851</b>

No guarantees held in lieu of Electricity Deposits

The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.

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.

### 14 PAYABLES FROM EXCHANGE TRANSACTIONS

Other Payables	923 790	1 172 783
Deposits: Other	42 282	22 358
Payments received in advance	942 775	911 189
Retentions	1 526 432	855 307
Balance previously reported	-	895 284
Prior period adjustment - Note 40.6	-	(39 977)
DBSA Interest Accrual	286 094	279 836
Over payment of NDPG by National Treasury	4 602 000	4 602 000
<b>Total</b>	<b>8 323 374</b>	<b>7 843 474</b>

Payables are being recognised net of any discounts received.

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.

### 15 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

#### Unspent Conditional Government Grants

National Government	2 010 056	6 852 755
Provincial Government	9 134 236	9 908 972
<b>Total</b>	<b>11 144 292</b>	<b>16 761 727</b>

Detail reconciliations of all grants received and grant conditions met are included in note 21. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 15 PAYABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

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.

	2016 R	2015 R
<b>16 CURRENT EMPLOYEE BENEFITS</b>		
Post Retirement Medical Benefits - Note 17	282 756	261 480
Long Service Awards - Note 17	184 055	148 209
Bonuses	1 873 829	1 653 280
Performance Bonuses	2 094 397	1 357 050
Compensation for injuries on duty contribution	1 982 381	1 301 280
Staff Leave	3 072 828	3 109 190
<b>Total</b>	<b>9 490 246</b>	<b>7 830 488</b>

The movement in current employee benefits are reconciled as follows:

#### Bonuses

Opening Balance	1 653 280	1 430 822
Contribution during the year	3 347 493	222 458
Payments made	(3 126 943)	-
Balance at end of year	<b>1 873 829</b>	<b>1 653 280</b>

Bonuses are paid in November of each year to permanent employees and contract employees structuring the package to provide for 13th cheque.

#### Performance Bonuses

Opening Balance	1 357 050	1 295 673
Contribution during the year	2 522 395	1 332 142
Payments made	(1 785 048)	(1 270 765)
Balance at end of year	<b>2 094 397</b>	<b>1 357 050</b>

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>16</b>		
<b>CURRENT EMPLOYEE BENEFITS (CONTINUED)</b>		
<b><u>Compensation for injuries on duty contribution</u></b>		
Opening Balance	1 301 280	712 960
Contribution during the year	681 101	588 320
Balance at end of year	<b>1 982 381</b>	<b>1 301 280</b>

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**

Opening Balance	3 109 190	2 469 148
Contribution during the year	1 313 762	1 609 614
Payments made	(1 350 124)	(969 573)
Balance at end of year	<b>3 072 828</b>	<b>3 109 190</b>

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.

<b>17</b>		
<b>EMPLOYEE BENEFITS</b>		
Post Retirement Medical Benefits	13 312 125	11 341 154
Long Service Awards	1 215 906	1 047 831
<b>Total</b>	<b>14 528 031</b>	<b>12 388 985</b>

### **17.1 POST RETIREMENT MEDICAL BENEFITS**

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	11 602 634	10 450 884
Contribution during the year	2 166 338	1 907 965
Current Service Cost	1 126 941	960 750
Interest Cost	1 039 397	947 215
Payments made	(251 857)	(233 044)
Actuarial Loss/(Gain)	77 766	(523 171)
Total balance at year-end	13 594 881	11 602 634
Less: Current Portion - Note 16	(282 756)	(261 480)
<b>Total</b>	<b>13 312 125</b>	<b>11 341 154</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 17 EMPLOYEE BENEFITS (CONTINUED)

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

	2016	2015
In-service members	144	119
Continuation members	6	6
<b>Total</b>	<u>150</u>	<u>125</u>

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

	2016 R	2015 R
In-service members	10 093 176	8 206 306
Continuation members	3 501 705	3 396 328
<b>Total Unfunded Liability</b>	<u>13 594 881</u>	<u>11 602 634</u>

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	2014 R	2013 R	2012 R
In-service members	7 298 813	6 904 449	8 584 474
Continuation members	3 152 071	2 792 297	2 619 823
<b>Total Unfunded Liability</b>	<u>10 450 884</u>	<u>9 696 746</u>	<u>11 204 297</u>

Experience adjustments were calculated as follows:

	2016 R m	2015 R m
Liabilities: (Gain)/Loss	0.122	(0.334)
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	2014 R m	2013 R m	2012 R m
Liabilities: (Gain)/Loss	(1.344)	(1.777)	0.341
Assets: Gain/(Loss)	-	-	-

The municipality contributes to the following medical schemes on a monthly basis:

Bonitas  
Discovery  
Hosmed  
LA Health  
Key Health, and  
SAMWU Medical Aid

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 17 EMPLOYEE BENEFITS (CONTINUED)

	2016	2015
Key Actuarial Assumptions used are as follows:		
<b>Interest Rates</b>		
Discount rate	9.41%	9.06%
Health Care Cost Inflation Rate	8.45%	8.12%
Net Effective Discount Rate	0.88%	0.87%

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

#### **Mortality Rates**

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

#### **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.

#### **Last Valuation**

The last valuation was performed in August 2016.

#### **Actuarial Valuation Method**

The Projected Unit Credit Method has been used to value the liabilities.

#### **Sensitivity Analysis - Liability at year-end**

<b>Assumption</b>	<b>In-service members (Rm)</b>	<b>Continuation members (Rm)</b>	<b>Total liability (Rm)</b>	<b>% change</b>
Liability	10.093	3.502	13.595	
Health care inflation				
+ 1%	12.615	3.805	16.421	21%
- 1%	8.151	3.233	11.384	-16%
Discount rate				
+ 1%	8.181	3.237	11.418	-16%
- 1%	12.617	3.806	16.423	21%
Post-retirement mortality				
- 1 year	10.437	3.657	14.094	4%
Average retirement age				
- 1 year	11.214	3.502	14.716	8%
Continuation of membership at retirement				
- 10%	9.147	3.502	12.649	-7%



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (Rm)	Interest Cost (Rm)	Total Cost (Rm)	% change
Future Cost	1.541	1.266	2.807	
Health care inflation				
+ 1%	1.925	1.532	3.458	23%
- 1%	1.246	1.058	2.305	-18%
Discount rate				
+ 1%	1.262	1.174	2.437	-13%
- 1%	1.908	1.370	3.278	17%
Post-retirement mortality				
- 1 year	1.593	1.313	2.907	4%
Average retirement age				
- 1 year	1.587	1.372	2.959	5%
Continuation of membership at retirement				
- 10%	1.396	1.177	2.573	-8%

### 17.2 LONG SERVICE AWARDS

The movement in Long Service Awards are reconciled as follows:

Opening Balance	1 196 040	1 043 732
Contribution during the year	294 682	262 241
Current Service Cost	206 702	186 373
Interest Cost	87 980	75 868
Payments made	(199 212)	(88 337)
Actuarial Loss/(Gain)	108 451	(21 596)
Total balance at year-end	<b>1 399 961</b>	<b>1 196 040</b>
Less: Current Portion - Note 16	(184 055)	(148 209)
<b>Total</b>	<b>1 215 906</b>	<b>1 047 831</b>

The following members are eligible for long service bonuses:

	2016	2015
In-service members	229	210

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

<b>17</b>	<b>EMPLOYEE BENEFITS (CONTINUED)</b>	<b>2016</b>	<b>2015</b>
		<b>R</b>	<b>R</b>
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	1 399 961	1 196 040
	<b>Total Unfunded Liability</b>	<b>1 399 961</b>	<b>1 196 040</b>

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>	<b>R</b>
	In-service members	1 043 732	833 277
	<b>Total Unfunded Liability</b>	<b>1 043 732</b>	<b>833 277</b>

Experience adjustments were calculated as follows:

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
Liabilities: (Gain)/Loss	146 998	45 216
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>	<b>R</b>
Liabilities: (Gain)/Loss	87 434	(125 553)	10 204
Assets: Gain/(Loss)	-	-	-

Key Actuarial Assumptions used are as follows:

### Interest Rates

	<b>2016</b>	<b>2015</b>
Discount rate	8.38%	7.83%
General Salary Inflation (long-term)	7.05%	7.00%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.24%	0.78%

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

### Last Valuation

The last valuation was performed in August 2016.

### Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### Sensitivity Analysis - Liability at year-end

Assumption	Total liability (Rm)	% change
Liability	1.400	
General salary inflation		
+ 1%	1.473	5%
- 1%	1.333	-5%
Discount rate		
+ 1%	1.328	-5%
- 1%	1.479	6%
Average retirement age		
- 2 years	1.326	-5%
+ 2 years	1.457	4%
Withdrawal rates		
-50%	1.689	21%

#### Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost R	Interest Cost R	Total Cost R	% change
Future Cost	250 500	109 800	360 300	
General salary inflation				
+ 1%	266 600	115 800	382 400	6%
- 1%	235 700	104 200	339 900	-6%
Discount rate				
+ 1%	237 000	116 200	353 200	-2%
- 1%	265 400	102 500	367 900	2%
Average retirement age				
- 2 years	240 000	103 600	343 600	-5%
+ 2 years	261 600	114 600	376 200	4%
Withdrawal rates				
-50%	329 500	134 000	463 500	29%

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### 17.3 OTHER PENSION BENEFITS

<b>Defined Benefit Plans</b>	<b>2016</b> R	<b>2015</b> R
Council contributes to the following defined benefit plans:		
<b>Cape Joint Pension Fund</b>	5 027 729	3 947 243
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 101.4% (30 June 2014 - 106.2%).		
<b>Total</b>	<b>5 027 729</b>	<b>3 947 243</b>

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 and Cape Joint Pension Fund are Multi Employer funds 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.

#### **Defined Contribution Plans**

Council contributes to the following defined contribution plans:

SALA Pension Fund	789 567	683 452
SAMWU National Provident Fund	75 354	79 358
<b>Total</b>	<b>864 921</b>	<b>762 811</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

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.

	2016 R	2015 R
<b>18 NON-CURRENT PROVISIONS</b>		
Rehabilitation Provision - Landfill Sites	<u>4 636 101</u>	<u>4 358 220</u>
The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:		
Opening Balance	4 358 220	3 716 119
Contribution during the year	277 881	642 101
Increase/(Decrease) in estimate	(5 403)	447 437
Interest Cost	283 284	194 664
<b>Total</b>	<u><b>4 636 101</b></u>	<u><b>4 358 220</b></u>

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:

Site	Expected Closure Date		
Barkly East	2034	823 698	718 586
Lady Grey	2059	747 425	692 263
Sterkspruit	2033	975 471	1 500 615
Rhodes	2035	1 217 405	717 878
Rossouw	2016	872 101	728 878
<b>Total</b>		<u><b>4 636 101</b></u>	<u><b>4 358 220</b></u>

	2016 R	2015 R
<b>19 COMMUNITY WEALTH</b>		
<b>19.1 RESERVES</b>		
Revaluations Reserve	20 238 668	14 738 445
<b>Total</b>	<u><b>20 238 668</b></u>	<u><b>14 738 445</b></u>

The Revaluation Reserve is treated in accordance with the requirements of GRAP 17. See Statement of Changes in Net Assets for detail on the movement in the Revaluations Reserve.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

19	<b>COMMUNITY WEALTH (CONTINUED)</b>	<b>2016</b>	<b>2015</b>
		<b>R</b>	<b>R</b>
<b>19.2 ACCUMULATED SURPLUS</b>			
The following internal funds and reserves are ring-fenced within the Accumulated Surplus:			
	Capital Replacement Reserve	129 954 167	104 617 764
	Employee Benefits Reserve	24 018 277	20 219 473
	Valuation Roll Reserve	1 204 645	909 291
	Accumulated Surplus due to the results of operations	330 131 577	289 743 698
	<b>Total</b>	<b>485 308 667</b>	<b>415 490 225</b>
<p>The Capital Replacement Reserve is created in order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources.</p> <p>The aim of the Employee Benefits Reserve is to ensure that sufficient cash resources are available for the future payment of employee benefits.</p> <p>The Valuation Roll Reserve is to ensure that sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.</p>			
<b>20</b>	<b>PROPERTY RATES</b>		
	Total Property Rates	6 274 090	6 043 232
	Less: Rebates	(1 620 042)	(1 436 199)
	<b>Total</b>	<b>4 654 049</b>	<b>4 607 033</b>
Property rate levied are based on the following ratable valuations:			
	Residential Property	374 212 500	375 783 000
	Commercial Property	161 323 000	162 033 500
	Public Benefits Organisations	39 475 500	40 715 000
	Public Service Infrastructure	361 000	-
	Agricultural Purposes	1 618 532 550	1 625 534 060
	State - National / Provincial Services	43 294 510	36 346 000
	Municipal Property	209 040 500	203 287 000
	Vacant Property	58 812 500	61 400 500
	<b>Total Valuation</b>	<b>2 505 052 060</b>	<b>2 505 099 060</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 20 PROPERTY RATES (CONTINUED)

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2012.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

The following rates are applicable to the valuations above:

	2016	2015
Residential	0.5730c/R	0.5406c/R
Commercial	0.6854c/R	0.6466c/R
Agricultural	0.1461c/R	0.1378c/R
State - National / Provincial Services	0.5730c/R	0.5406c/R
Vacant Property	0.8989c/R	0.8480c/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.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

### 21 TRANSFERS AND SUBSIDIES

	2016 R	2015 R
<b>Unconditional Grants - National Government</b>	<b>135 985 000</b>	<b>110 942 000</b>
Equitable Share	135 985 000	110 942 000
<b>Conditional Grants - National Government</b>	<b>42 693 699</b>	<b>37 583 690</b>
Municipal Finance Management	1 600 000	1 600 000
Municipal Infrastructure Grant	38 104 699	30 009 229
Municipal Systems Improvement	930 000	934 000
EPWP (Expanded Public Works Program)	2 059 000	1 976 000
Dept Sport (Youth Development - Sport Fields)	-	3 064 460
<b>Conditional Grants - Provincial Government</b>	<b>2 429 414</b>	<b>3 467 894</b>
Vuna Awards	-	359 596
Alien Vegetation Eradication	1 229 414	1 908 299
Libraries	1 200 000	1 200 000
<b>Total</b>	<b>181 108 113</b>	<b>151 993 584</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>21 TRANSFERS AND SUBSIDIES (CONTINUED)</b>		
Disclosed as:		
Transfers and Subsidies - Capital	31 955 780	27 636 029
Transfers and Subsidies - Operating	149 152 333	124 357 555
<b>Total</b>	<b>181 108 113</b>	<b>151 993 584</b>
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	135 985 000	110 942 000
Executive & Council	500 000	500 000
Budget & Treasury	2 030 000	2 393 596
Planning & Development	3 016 269	1 908 299
Community & Social Services	13 599 414	3 035 244
Sport & Recreation	2 361 073	12 816 133
Waste Management	537 544	131 986
Road Transport	21 610 628	20 150 687
Electricity	1 468 186	115 640
<b>Total</b>	<b>181 108 113</b>	<b>151 993 584</b>

The movements per grant can be summarised as follows:

### 21.01 Equitable Share

Grants Received	135 985 000	110 942 000
Transferred to Revenue - Operating	(135 985 000)	(110 942 000)
Closing Unspent Balance	-	-

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.

### 21.02 Financial Management Grant (FMG)

Opening Unspent Balance	-	-
Grants Received	1 600 000	1 600 000
Transferred to Revenue - Operating	(1 600 000)	(1 600 000)
Closing Unspent Balance	-	-

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

21	TRANSFERS AND SUBSIDIES (CONTINUED)	2016 R	2015 R
	<b>21.02 Municipal Infrastructure Grant (MIG)</b>		
	Opening Unspent Balance	4 842 699	(986 071)
	Grants Received	33 262 000	35 838 000
	Transferred to Revenue - Capital	(31 955 780)	(24 825 155)
	Transferred to Revenue - Operating	(6 148 920)	(5 184 074)
	Closing Unspent Balance	<u>-</u>	<u>4 842 699</u>
	The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.		
	<b>21.03 Municipal Systems Improvement Grant (MSIG)</b>		
	Opening Unspent Balance	-	-
	Grants Received	930 000	934 000
	Transferred to Revenue - Operating	(930 000)	(934 000)
	Closing Unspent Balance	<u>-</u>	<u>-</u>
	The MSIG is a conditional grant used to build in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
	<b>21.04 NDPG (Neighbourhood Development Partnership Grant)</b>		
	Opening Unspent Balance	<u>2 010 056</u>	<u>2 010 056</u>
	Closing Unspent Balance	<u>2 010 056</u>	<u>2 010 056</u>
	The NDPG is utilised to attract private and community investment to unlock the social and economic potential within the Senqu area.		
	<b>21.05 EPWP (Expanded Public Works Program)</b>		
	Opening Unspent Balance	-	-
	Grants Received	2 059 000	1 976 000
	Transferred to Revenue - Operating	(2 059 000)	(1 976 000)
	Closing Unspent Balance	<u>-</u>	<u>-</u>
	The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		
	<b>21.06 Dept Sport (Youth Development - Sport Fields)</b>		

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

Opening Unspent Balance	-	-
Grants Received	-	3 064 460
Transferred to Revenue - Capital	-	(2 810 874)
Transferred to Revenue - Operating	-	(253 587)
Closing Unspent Balance	-	-

The Department of Sport grant was utilised to provide new and improved sport facilities within the Senqu area.

	2016 R	2015 R
<b>21 TRANSFERS AND SUBSIDIES (CONTINUED)</b>		

### 21.07 Prov Gov - Housing (Hillside)

Opening Unspent Balance	232 651	232 651
Closing Unspent Balance	232 651	232 651

The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.

### 21.08 Herschel People's Housing

Opening Unspent Balance	8 446 905	8 053 512
Current year receipts - Interest	454 678	393 393
Closing Unspent Balance	8 901 583	8 446 905

The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.

### 21.09 Vuna Awards

Opening Unspent Balance	-	359 596
Transferred to Revenue - Operating	-	(359 596)
Closing Unspent Balance	-	-

The Vuna Awards grant was a monetary prize won by Senqu Municipality in the Vuna awards contest in February 2014. The funds was utilized towards addressing any matters raised in the audit reports which prevented the municipality from obtaining a Clean Audit.

### 21.10 Alien Vegetation Eradication

Opening Unspent Balance	1 229 414	644 912
Grants Received	-	2 492 800
Transferred to Revenue - Operating	(1 229 414)	(1 908 299)
Closing Unspent Balance	-	1 229 414

The grant was received from the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism to remove alien species and thereafter conduct land rehabilitation within the area.

### 21.11 Libraries

Opening Unspent Balance	-	-
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# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

Grants Received	1 200 000	1 200 000
Transferred to Revenue - Operating	(1 200 000)	(1 200 000)
Closing Unspent Balance	-	-

The Libraries grant was utilised for the upkeep and operational cost for libraries.

	2016 R	2015 R
<b>21 TRANSFERS AND SUBSIDIES (CONTINUED)</b>		
<b>21.12 Total Transfers and Subsidies</b>		
Opening Unspent Balance	16 761 727	10 314 657
Grants Received	175 036 000	158 047 260
Current year receipts - Interest	454 678	393 394
Transferred to Revenue - Capital	(31 955 780)	(27 636 029)
Transferred to Revenue - Operating	(149 152 333)	(124 357 555)
Closing Unspent Balance	11 144 292	16 761 727
<b>22 FINES, PENALTIES AND FORFEITS</b>		
Fines: Pound Fees	56 166	147 968
Fines: Traffic	138 875	421 140
Forfeits: Retentions	128 893	249 232
<b>Total</b>	<b>323 933</b>	<b>818 340</b>
Balance previously reported		421 140
Implementation of mSCOA - Note 41.1		397 200
<b>Total</b>		<b>818 340</b>
In terms of the requirements of GRAP 23 and IGRAP1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue.		
<b>23 SERVICE CHARGES</b>		
Electricity Revenue	33 177 518	31 118 246
Refuse Removal Revenue	7 284 726	7 013 180
<b>Total Revenue</b>	<b>40 462 244</b>	<b>38 131 425</b>
Less: Rebates	(9 566 121)	(8 688 700)
Electricity Revenue	(5 080 925)	(4 209 459)
Refuse Removal Revenue	(4 485 196)	(4 479 241)
<b>Total</b>	<b>30 896 123</b>	<b>29 442 726</b>
Balance previously reported		29 278 523
Implementation of mSCOA - Note 41.1		164 202
<b>Total</b>		<b>29 442 726</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.

	2016 R	2015 R
<b>24 RENTAL FROM FIXED ASSETS</b>		
Investment Property	627 828	424 618
Buildings	125 553	18 444
Machinery and Equipment	3 036	202 897
<b>Total</b>	<b>756 417</b>	<b>645 960</b>
Balance previously reported		613 671
Implementation of mSCOA - Note 41.1		32 289
<b>Total</b>		<b>645 960</b>
<b>25 INTEREST EARNED - OUTSTANDING DEBTORS</b>		
Interest Earned - Service Debtors	1 846 590	1 405 747
Interest Earned - Penalty Interest on Property Rates	647 336	564 045
<b>Total</b>	<b>2 493 926</b>	<b>1 969 792</b>
<b>26 SALES OF GOODS AND RENDERING OF SERVICES</b>		
Advertisements	54 245	21 601
Building Plan Clause Levy	46 180	29 927
Camping Fees	-	10 075
Cemetery and Burial	29 134	22 370
Entrance Fees	9 843	-
Library Fees	3 775	2 262
Photocopies and Faxes	-	8 788
Sale of Agricultural Products	69 003	2 303
Tender Documents	212 192	44 474
Valuation Services	79 742	13 452
<b>Total</b>	<b>504 115</b>	<b>155 249</b>
Balance previously reported		-
Implementation of mSCOA - Note 41.1		155 249
<b>Total</b>		<b>155 249</b>
<b>27 OPERATIONAL REVENUE</b>		
Administrative Handling Fees	-	423

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

Collection Charges	-	16 248
Commission	14 658	-
Grazing Fees	28 905	22 136
LG Seta	105 655	-
Merchandising, Jobbing and Contracts	-	18 319
Staff Recoveries	57 522	80 551
<b>Total</b>	<b>206 740</b>	<b>137 677</b>
Balance previously reported		872 535
Implementation of mSCOA - Note 41.1		(734 858)
<b>Total</b>		<b>137 677</b>

28

### EMPLOYEE RELATED COSTS

	2016 R	2015 R
Basic Salary	43 798 850	38 365 106
Pension and UIF Contributions	6 272 138	4 952 012
Medical Aid Contributions	2 784 849	2 117 231
Overtime	1 234	847 183
Bonuses	3 864 287	2 866 293
Performance Bonus	2 055 212	1 332 142
Telephone allowance	398 804	357 400
Housing Allowances	226 218	20 470
Other benefits and allowances	215 647	175 531
Leave Contributions	1 221 987	1 609 614
Long service awards	206 702	186 373
Post Retirement Medical Benefits	1 126 941	960 750
<b>Total</b>	<b>62 172 869</b>	<b>53 790 104</b>
Balance previously reported		54 496 367
Implementation of mSCOA - Note 41.1		316 820
Prior period adjustment - Note 40.9		(1 023 083)
<b>Total</b>		<b>53 790 104</b>

### Remuneration of Key Personnel

Key management personnel are all appointed on 5-year fixed contracts.

#### Remuneration of the Municipal Manager - MM Yawa

Annual Remuneration	1 480 240	1 422 388
Performance Bonus - 2013/14	-	268 119
Performance Bonus - 2014/15	286 325	-
Travel Allowance	62 100	82 800
Telephone allowance	24 000	24 000
UIF Contributions	1 785	1 785
<b>Total</b>	<b>1 854 450</b>	<b>1 799 092</b>

#### Remuneration of the Director Financial Services - Mr CR Venter

Annual Remuneration	1 368 810	1 279 144
Performance Bonus - 2013/14	-	227 902
Performance Bonus - 2014/15	243 377	-
Telephone allowance	12 000	12 000
UIF Contributions	1 785	1 785

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	<b>1 625 971</b>	<b>1 520 831</b>
<b>Total</b>	<b>1 625 971</b>	<b>1 520 831</b>
<b>Remuneration of the Director Technical Services - RN Crozier</b>		
Annual Remuneration	1 275 210	1 185 544
Performance Bonus - 2013/14	-	227 902
Performance Bonus - 2014/15	243 377	-
Travel Allowance	93 600	93 600
Telephone allowance	12 000	12 000
UIF Contributions	1 785	1 785
<b>Total</b>	<b>1 625 971</b>	<b>1 520 831</b>
	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>28 EMPLOYEE RELATED COSTS (CONTINUED)</b>		
<b>Remuneration of Director Community and Social Services - CNL Gologolo</b>		
Annual Remuneration	980 026	912 655
Performance Bonus - 2013/14	-	171 237
Performance Bonus - 2014/15	182 864	-
Travel Allowance	48 000	48 000
Telephone allowance	12 000	12 000
UIF Contributions	1 785	1 785
<b>Total</b>	<b>1 224 674</b>	<b>1 145 677</b>
<b>Remuneration of Director Corporate and Support Services - TE Wonga</b>		
Annual Remuneration	950 425	881 851
Performance Bonus - 2013/14	-	174 296
Performance Bonus - 2014/15	146 945	-
Travel Allowance	96 000	96 000
Telephone allowance	12 000	12 000
UIF Contributions	1 785	1 785
<b>Total</b>	<b>1 207 155</b>	<b>1 165 932</b>
<b>Remuneration of Director IPME - P Bushula</b>		
Annual Remuneration	1 208 879	1 129 676
Performance Bonus - 2013/14	-	201 309
Performance Bonus - 2014/15	214 978	-
Telephone allowance	12 000	12 000
UIF Contributions	1 785	1 785
<b>Total</b>	<b>1 437 641</b>	<b>1 344 770</b>
<b>29 REMUNERATION OF COUNCILLORS</b>		
Mayor	782 480	739 363
Speaker	630 878	595 664
Executive Committee Members	2 024 407	1 903 482
Councillors	6 878 009	6 555 442
Other Councillors' contributions and allowances	748 044	605 172
<b>Total</b>	<b>11 063 818</b>	<b>10 399 123</b>
<b>In-kind Benefits</b>		

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

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. The packages are set out below:

### **Mayor**

Annual Remuneration	758 012	718 495
Telephone allowance	24 468	20 868
<b>Total</b>	<b>782 480</b>	<b>739 363</b>

## 29 REMUNERATION OF COUNCILLORS (CONTINUED)

### **Speaker**

Annual Remuneration	564 020	532 406
Telephone allowance	24 468	20 868
Travel Allowance	42 390	42 390
<b>Total</b>	<b>630 878</b>	<b>595 664</b>

### **Executive Committee Members (6 members)**

Annual Remuneration	1 804 016	1 704 692
Telephone allowance	146 808	125 208
Travel Allowance	73 582	73 582
<b>Total</b>	<b>2 024 407</b>	<b>1 903 482</b>

### **Councillors (Section 79 - 5 members)**

Annual Remuneration	1 466 085	1 352 272
Telephone allowance	122 340	104 340
Travel Allowance	-	30 828
<b>Total</b>	<b>1 588 425</b>	<b>1 487 440</b>

### **Councillors (Other Councillors - 24 members)**

Annual Remuneration	5 411 924	5 096 130
Telephone allowance	583 541	500 832
Travel Allowance	42 163	76 212
<b>Total</b>	<b>6 037 628</b>	<b>5 673 174</b>

## 30 DEBT IMPAIRMENT

Receivables from exchange transactions - Note 3	3 552 098	3 181 075
Receivables from non-exchange transactions - Note 4	1 126 711	1 202 687
<b>Total Contribution to Debt Impairment Provision</b>	<b>4 678 809</b>	<b>4 383 762</b>
Movement in VAT included in debt impairment - Note 5	(437 839)	170 434
<b>Total</b>	<b>4 240 970</b>	<b>4 554 196</b>

Debt Impairment consists out of the following:

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

Impairment Loss	5 325 998	4 383 762
Rates	1 213 925	862 887
Traffic Fines	98 050	339 800
Electricity	2 729 955	2 431 860
Refuse	1 224 560	940 262
Housing Rentals	59 509	(191 047)
Bad Debts Written off	(647 189)	-
Rates	(185 264)	-
Electricity	(236 742)	-
Refuse	(225 183)	-
<b>Total</b>	<b>4 678 809</b>	<b>4 383 762</b>
	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>31 DEPRECIATION AND AMORTISATION</b>		
Property, Plant and Equipment	18 212 301	15 502 472
Intangible Assets	67 761	68 109
Capitalised Restoration Cost (PPE)	71 865	196 157
<b>Total</b>	<b>18 351 928</b>	<b>15 766 738</b>
Balance previously reported		15 774 071
Prior period adjustment - Note 40.9		(7 332)
<b>Total</b>		<b>15 766 738</b>
<b>32 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT</b>		
Land	344 000	2 650 321
Buildings	574 281	2 074 014
<b>Sub-Total</b>	<b>918 281</b>	<b>4 724 335</b>
Capitalised Restoration Cost (PPE)	101 430	117 632
<b>Total</b>	<b>1 019 712</b>	<b>4 841 967</b>
Balance previously reported		4 184 901
Implementation of mSCOA - Note 41.1		117 632
Prior period adjustment - Note 40.9		539 435
<b>Total</b>		<b>4 841 967</b>
<b>33 FINANCE CHARGES</b>		
Annuity Loans	1 116 960	1 146 053
Rehabilitation Provision - Landfill Sites	283 284	194 664
Post Retirement Medical Benefits	1 039 397	947 215
Long Service Awards	87 980	75 868
Overdue Accounts	-	103 928
<b>Total</b>	<b>2 527 622</b>	<b>2 467 728</b>
Balance previously reported		1 340 717
Implementation of mSCOA - Note 41.1		9 605



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

Prior period adjustment - Note 40.9		1 117 406
Total		<u><u>2 467 728</u></u>

### 34 BULK PURCHASES

Electricity	23 771 063	20 079 250
<b>Total</b>	<u><u>23 771 063</u></u>	<u><u>20 079 250</u></u>

	2016 R	2015 R
<b>35 CONTRACTED SERVICES</b>		
Consultants and Professional Services	8 865 801	9 226 316
Business and Advisory	6 082 625	7 088 194
Infrastructure and Planning	838 640	338 562
Legal Cost	1 939 337	1 799 561
Laboratory Services	5 200	-
Contractors	3 834 847	4 040 030
Artists and Performers	7 000	-
Electrical	213 038	-
Event Promoters	460 630	1 400 812
Fire Services	20 325	10 652
Graphic Designers	-	36 653
Interior Decorator	29 754	-
Maintenance of Buildings and Facilities	981 690	362 414
Maintenance of Equipment	789 147	1 939 777
Maintenance of Unspecified Assets	1 328 302	289 721
Plants, Flowers and Other Decorations	4 961	-
Outsourced Services	7 279 335	7 517 657
Burial Services	6 697	1 500
Catering Services	12 050	-
Cleaning Services	9 844	-
Medical Services	23 862	-
Personnel and Labour	6 878 202	7 206 010
Security Services	348 680	310 147
<b>Total</b>	<u><u>19 979 983</u></u>	<u><u>20 784 003</u></u>
Balance previously reported		-
Implementation of mSCOA - Note 41.1		20 784 003
<b>Total</b>		<u><u>20 784 003</u></u>

### 36 TRANSFERS AND SUBSIDIES

Contribution - Joe Gqabi Economic Development Agency	-	334 000
Other Contributions	-	145 587
<b>Total</b>	-	<u><u>479 587</u></u>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
<b>37 OPERATING LEASES</b>		
Buildings	54 956	151 443
Furniture and Office Equipment	35 918	73 123
Investment Properties	37 165	-
Machinery and Equipment	174 235	-
<b>Total</b>	<b>302 274</b>	<b>224 565</b>
Balance previously reported		-
Implementation of mSCOA - Note 41.1		224 565
<b>Total</b>		<b>224 565</b>
<b>38 OPERATIONAL COST</b>		
Advertising, Publicity and Marketing	1 234 091	1 305 371
Assets less than the Capitalisation Threshold	138 497	367 185
Bank Charges, Facility and Card Fees	299 154	271 476
Catering Municipal Activities	1 199 959	1 232 888
Communication	966 260	979 416
Commission: Prepaid Electricity	206 562	-
Consumables	1 568 705	968 899
Courier and Delivery Services	29 855	105 211
Deeds	27 452	53 424
Entertainment	47 505	107 037
External Audit Fees	2 083 004	2 114 502
External Computer Service	2 045 441	1 313 356
Fuel and Oil	2 292 935	2 840 336
Insurance Underwriting	506 485	438 824
Licences	336 536	324 784
Maintenance Materials	1 797 461	2 359 056
Materials and Supplies	12 648	536 896
Municipal Services	81 312	336 671
Printing, Publications and Books	960 318	162 598
Professional Bodies, Membership and Subscription	628 816	636 081
Registration Fees	1 870 900	1 783 420
Remuneration to Ward Committees	2 118 000	2 004 666
Road Worthy Test	23 565	-
Skills Development Fund Levy	583 521	539 375
Transport Provided as Part of Departmental Activities	802 604	598 954

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

Travel Agency Fees	2 568 927	54 636
Travel and Subsistence	3 005 026	5 191 458
Uniform and Protective Clothing	498 325	532 537
Workmen's Compensation Fund	681 101	588 320
<b>Total</b>	<b>28 614 967</b>	<b>27 747 379</b>
Balance previously reported		35 809 092
Implementation of mSCOA - Note 41.1		(8 495 839)
Prior period adjustment - Note 40.9		434 125
<b>Total</b>		<b>27 747 379</b>

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### REPAIRS AND MAINTENANCE

Repairs and Maintenance is removed as a line item from the Statement of Financial Performance with the implementation of mSCOA as it does not reflect the nature of the expense. It is disclosed in various other expenditure line items as stated below:

	2016 R	2015 R
Contracted Services	3 538 491	2 591 913
Contractors - Electrical	213 038	-
Contractors - Maintenance of Buildings and Facilities	981 690	362 414
Contractors - Maintenance of Equipment	789 147	1 939 777
Contractors - Maintenance of Unspecified Assets	1 328 302	289 721
Outsourced Services - Personnel and Labour	226 314	-
Operating Leases	167 395	-
Machinery and Equipment	167 395	-
Operational Cost	3 074 218	2 516 756
Assets less than the Capitalisation Threshold	12 672	103 228
Consumables	191 298	54 471
Fuel and Oil	1 052 031	-
Maintenance Materials	1 797 461	2 359 056
Road Worthy Test	3 639	-
Travel and Subsistence	51	-
Uniform and Protective Clothing	17 065	-
<b>Total</b>	<b>6 780 104</b>	<b>5 108 668</b>

GRAP 17 (effective from 2016/17 financial years) require disclosure of repairs and maintenance per asset class:

Buildings and other structures	1 277 751	966 551
Tools and equipment	293 945	191 836
Furniture and office equipment	499 238	6 040
Vehicles and Implements	2 404 772	1 403 951
Roads and stormwater	1 336 519	871 051
Electricity Reticulation	278 230	1 667 574
Street Lights	645 276	1 666
Solid Waste Sites	44 372	-

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	<b>Total</b>	<b>6 780 104</b>	<b>5 108 668</b>
<b>40</b>	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
	<p>Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below.</p>		
<b>40</b>	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)</b>		<b>2015</b>
			<b>R</b>
<b>40.1</b>	<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
	<b>Balance previously reported</b>		<b>9 404 029</b>
	Payments in advance previously not allocated to specific service - Note 3		(678 460)
	Effect on Service Receivables:		678 460
	Electricity		230 871
	Refuse		344 630
	Housing Rentals		102 959
	<b>Restated Balance on 30 June 2015</b>		<b>9 404 029</b>
<b>40.2</b>	<b>RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
	<b>Balance previously reported</b>		<b>2 196 315</b>
	Payments in advance previously not allocated to specific service - Note 4		(232 730)
	Effect on Service Receivables - Rates		232 730
	<b>Restated Balance on 30 June 2015</b>		<b>2 196 315</b>
<b>40.3</b>	<b>TAXES</b>		
	<b>Balance previously reported</b>		<b>6 094 235</b>
	Correction on Retentions capitalised on 30 June 2015 - Note 40.6		(72 949)
	Correction of VAT Payable on 1 July 2014 resulting from VAT audit - Note 40.8		(4 047 643)
	Correction of VAT Payable for 2014/15 resulting from VAT audit - Note 40.9		(143 113)
	<b>Restated Balance on 30 June 2015</b>		<b>1 830 531</b>
<b>40.4</b>	<b>INVENTORY</b>		
	<b>Balance previously reported</b>		<b>1 382 197</b>
	Correction on Inventory balance on 30 June 2015 - Note 40.9		(108 563)
	<b>Restated Balance on 30 June 2015</b>		<b>1 273 634</b>
<b>40.5</b>	<b>PROPERTY PLANT AND EQUIPMENT</b>		

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	<b>Balance previously reported</b>	<b>279 610 731</b>
	First time recognition of Property, Plant and Equipment - 1 July 2014 - Note 40.8	6 630
	Effect on Furniture & Fittings	5 266
	Effect on Loose Equipment	1 363
	Backlog Depreciation on 1 July 2014 for Property, Plant and Equipment previously not recognised - Note 40.8	(4 644)
	Effect on Furniture & Fittings	(3 689)
	Effect on Loose Equipment	(955)
	Depreciation for 2014/2015 for Property, Plant and Equipment previously not recognised - Note 40.9	(663)
	Effect on Furniture & Fittings	(527)
	Effect on Loose Equipment	(136)
		<b>2015</b>
<b>40</b>	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)</b>	<b>R</b>
	Property, Plant and Equipment incorrectly capitalised - 1 July 2014 - Note 40.8	(84 142)
	Effect on Computer Equipment	(2 200)
	Effect on Furniture & Fittings	(79 867)
	Effect on Security Items	(295)
	Effect on Loose Equipment	(1 780)
	Effect on Backlog Depreciation for Property, Plant and Equipment incorrectly capitalised - 1 July 2014 - Note 40.8	36 191
	Effect on Computer Equipment	2 094
	Effect on Furniture & Fittings	33 645
	Effect on Security Items	282
	Effect on Loose Equipment	169
	Property, Plant and Equipment incorrectly capitalised - 2014/2015 - Note 40.9	(3 244)
	Effect on Computer Equipment	(1 490)
	Effect on Plant & Equipment	(1 754)
	Effect on Depreciation for 2014/2015 for Property, Plant and Equipment incorrectly capitalised - Note 40.9	10 832
	Effect on Computer Equipment	333
	Effect on Furniture & Fittings	9 673
	Effect on Security Items	6
	Effect on Plant & Equipment	228
	Effect on Loose Equipment	593
	Reclassification of Office Equipment incorrectly disclosed as Lease Assets - 1 July 2014 - Note 9	-
	Effect on Lease Assets - Office Equipment	(91 610)
	Effect on Office Equipment	91 610
	Reclassification of Backlog Depreciation on Office Equipment incorrectly disclosed as Lease Assets - 1 July 2014 - Note 9	-
	Effect on Lease Assets - Office Equipment	(83 913)
	Effect on Office Equipment	83 913
	Reclassification of Depreciation for 2014/2015 on Office Equipment incorrectly disclosed as Lease Assets - Note 9	-
	Effect on Lease Assets - Office Equipment	(3 263)
	Effect on Office Equipment	3 263

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

Reclassification of Plant and Equipment incorrectly disclosed as Infrastructure - Roads - 2014/2015 - Note 9		-
	Effect on Infrastructure - Roads	(475 439)
	Effect on Plant & Equipment	475 439
	Revaluation of Rhodes Community Hall incorrectly capitalised - Note 39.7	(1 475 618)
	Correction of Impairment on Rhodes Community Hall - Note 40.9	(466 508)
	Revaluation of Buildings previously not recognised - Note 39.7	(191 073)
	Correction of Impairment on Buildings previously not capitalised - Note 40.9	(72 927)
	Opening balance correction of Buildings previously not capitalised - Note 40.8	264 000
	Correction of Retentions capitalised on 30 June 2015 - Note 40.6	33 416
	Sterkspruit Sportfield connection line incorrectly capitalised - 30 June 2015 - Note 40.9	(352 912)
	Opening balance of Barkly East Sport Field previously not capitalised - Note 40.8	66 452
	Electrical Infrastructure incorrectly capitalised for 2014/2015 - Note 40.9	(30 594)
	<b>Restated Balance on 30 June 2015</b>	<b>277 345 925</b>
		<b>2015</b>
<b>40</b>	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)</b>	<b>R</b>
<b>40.6</b>	<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>	
	<b>Balance previously reported</b>	<b>7 883 451</b>
	Correction on Retentions capitalised on 30 June 2015	(39 977)
	Effect on Taxes - Note 40.3	(73 393)
	Effect on Property, Plant and Equipment - Note 40.5	33 416
	<b>Restated Balance on 30 June 2015</b>	<b>7 843 474</b>
<b>39.7</b>	<b>REVALUATION RESERVE</b>	
	<b>Balance previously reported</b>	<b>16 402 298</b>
	Revaluation of Rhodes Community Hall incorrectly capitalised - Note 40.5	(1 475 618)
	Revaluation of Buildings previously not recognised - Note 40.5	(188 234)
	<b>Restated Balance on 30 June 2015</b>	<b>14 738 445</b>
<b>40.8</b>	<b>ACCUMULATED SURPLUS</b>	
	First time recognition of Property, Plant and Equipment - 1 July 2014 - Note 40.5	6 630
	Backlog Depreciation on 1 July 2014 for Property, Plant and Equipment previously not recognised - Note 40.5	(4 644)
	Property, Plant and Equipment incorrectly capitalised - 1 July 2014 - Note 40.5	(84 142)
	Effect on Backlog Depreciation for Property, Plant and Equipment incorrectly capitalised - 1 July 2014 - Note 40.5	36 191
	Opening balance correction of Buildings previously not capitalised - Note 40.5	264 000
	Opening balance of Barkly East Sport Field previously not capitalised - Note 40.5	66 452
	Correction of VAT Payable on 1 July 2014 resulting from VAT audit - Note 40.3	(4 047 643)
	<b>Total</b>	<b>(3 763 157)</b>
<b>40.9</b>	<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	
	<b>Balance previously reported</b>	<b>48 088 845</b>
	Finance Charges for Post Retirement Medical Benefits and Long Service Awards incorrectly included under Employee related costs	-
	Effect on Employee related costs - Refer to note 28	(1 023 083)
	Effect on Finance Charges - Refer to note 33	1 023 083

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

Correction of VAT Payable for 2014/15 resulting from VAT audit - Note 40.3	(143 113)
Effect on Agency Services	(48 790)
Effect on Finance Charges	(94 323)
Correction on Inventory balance on 30 June 2015 - Note 40.4	(108 563)
Depreciation for 2014/2015 for Property, Plant and Equipment previously not recognised - Note 40.5	(663)
Property, Plant and Equipment incorrectly capitalised - 2014/2015 - Note 40.5	(3 244)
Effect on Depreciation for 2014/2015 for Property, Plant and Equipment incorrectly capitalised - Note 40.5	10 832
Correction of Impairment on Rhodes Community Hall - Note 40.5	(466 508)
Correction of Impairment on Buildings previously not capitalised - Note 40.5	(72 927)
Sterkspruit Sportfield connection line incorrectly capitalised - 30 June 2015 - Note 40.5	(352 912)
Depreciation on Buildings previously not recognised - Note 40	(2 839)
Electrical Infrastructure incorrectly capitalised for 2014/2015 - Note 40	(30 594)
<b>Restated Balance on 30 June 2015</b>	<b>46 918 315</b>

### 41 IMPLEMENTATION OF MSCOA INTRODUCED BY NATIONAL TREASURY

National Treasury have recently introduced legislation relating to the chart of accounts to be used by municipalities/municipal entities (referred to as the "Municipal Standard Chart of Accounts (mSCOA)"). This regulation was legislated on 22 April 2014 and will only be adopted by all municipalities on 1 July 2017. Senqu Municipality is one of the pilot sites and had to comply with the mSCOA regulations on 1 July 2015.

The following items were reclassified on the face of the Statement of Financial Performance to ensure compliance with both mSCOA Regulation and GRAP. These items does not constitute a prior year error in terms of GRAP 3 and will improve the reporting to the users of the financial statements.

#### 41.1 Statement of Financial Performance 2015 R

The following reclassifications does not have an effect on the Net Surplus for the year:

##### Revenue

Effect on Fines, Penalties and Forfeits	397 200
Effect on Service Charges	164 202
Effect on Rental from Fixed Assets	32 289
Effect on Licences and Permits	2 166
Effect on Agency Services	(16 248)
Effect on Sales of Goods and Rendering of Services	155 249
Effect on Operational Revenue	(734 858)

##### Expenditure

Effect on Employee related costs	316 820
Effect on Impairment	(117 632)
Effect on Repairs and Maintenance	(4 613 355)
Effect on Finance Charges	9 605
Effect on Contracted services	20 784 003
Effect on Other Operating Grant Expenditure	(8 164 611)
Effect on Operating Leases	224 565

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

Effect on Operational Cost	(8 495 839)
Effect on Impairment of Property, Plant and Equipment	56 443
<b>Total</b>	<b>-</b>

	2016 R	2015 R
<b>42 NET CASH FROM OPERATING ACTIVITIES</b>		
Net Surplus for the year	69 818 441	46 918 315
Adjusted for:		
Non-Cash Items	19 885 154	21 440 093
Debt Impairment	3 803 130	4 724 630
Depreciation and Amortisation	18 351 928	15 766 740
Impairments	1 166 062	5 728 012
Gain on Fair Value Adjustments of Investment Property	(5 323 145)	(5 716 750)
Actuarial Gains	-	(544 767)
Actuarial Losses	186 217	-
Finance Charges	1 410 661	1 217 747
Loss on disposal of PPE	290 300	264 481
Contributions - Provisions and Employee Benefits	9 198 394	4 899 657
Post Retirement Medical Benefits	1 126 941	960 750
Long Service Awards	206 702	186 373
Performance Bonuses	2 522 395	1 332 142
Bonuses	3 347 493	222 458
Compensation for injuries on duty	681 101	588 320
Staff Leave	1 313 762	1 609 614
Expenditure - Provisions and Employee Benefits	(6 713 184)	(2 561 719)
Post Retirement Medical Benefits	(251 857)	(233 044)
Long Service Awards	(199 212)	(88 337)
Performance Bonuses	(1 785 048)	(1 270 765)
Bonuses	(3 126 943)	-
Staff Leave	(1 350 124)	(969 573)
Other adjustments	(610 585)	27 277
Bad Debts Written Off	(647 189)	-
Movement on Operating Lease Asset	37 165	25 780
Movement on Operating Lease Liability	(561)	1 497
Operating Surplus before changes in working capital	91 578 220	70 723 623
Movement in working capital	(14 784 567)	(1 808 447)



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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

Receivables from exchange and non-exchange transactions	(4 078 438)	(6 655 782)
Inventory	(182 423)	745 907
Payables from exchange transactions	479 900	(2 083 988)
Payables from non-exchange transactions	(5 617 435)	6 447 069
Taxes	(5 386 171)	(261 653)
<b>Cash Flow from Operating Activities</b>	<b>76 793 653</b>	<b>68 915 175</b>

	2016 R	2015 R
<b>43 CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	902 121	2 162 543
Call and short-term Investments Deposits	220 014 648	181 296 599
Cash Floats	700	700
<b>Total</b>	<b>220 917 468</b>	<b>183 459 842</b>

Refer to note 2 for more details relating to cash and cash equivalents.

#### 44 BUDGET COMPARISONS

##### 44.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

##### Statement of financial position

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Payables from non-exchange transactions (Unspent grants) and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and Donations, Insurance Receipts, Gain on Fair Value Adjustments of Investment Property, Sales of Goods and Rendering of Services and Operational Revenue.

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Actuarial Losses, Operating Leases and Operational Cost.

#### 44 BUDGET COMPARISONS (CONTINUED)

##### Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

#### 44.2 MATERIAL VARIANCES

##### Statement of financial position - Budget versus Actual

Cash	Balance of bank at year-end after year-end payments
Call investment deposits	Money not yet transferred from Investment account to Primary bank account
Consumer debtors	Anticipated effect of increased debtors
Other Receivables	Increase in VAT Receivable
Investment property	Fair Value Adjustment on Investment Property
Property, plant and equipment	Under-expenditure of Capital Budget
Capitalised Restoration Cost	Budgeted for as part of Property, Plant and Equipment
Trade and other payables	Effect of Unspent Grants
Provisions and Employee Benefits	Increase in Employee Benefits resulting from new appointments
Accumulated Surplus	Appropriation to Reserves
Reserves	Increase in Revaluation Reserve due to Revaluation on Land and Buildings

##### Statement of financial position - Budget Adjustments

Call investment deposits	Increased to a more realistic amount comparing to the 2014/15 financial statements
Consumer debtors	Increased to a more realistic amount comparing to the 2014/15 financial statements
Other Receivables	Decreased to a more realistic amount comparing to the 2014/15 financial statements
Inventory	Decreased to a more realistic amount comparing to the 2014/15 financial statements

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

Investment property	Increased to a more realistic amount comparing to the 2014/15 financial statements
Property, plant and equipment	Increase in Capital Budget due to Unspent MIG Grant
Intangible Assets	Increased to a more realistic amount comparing to the 2014/15 financial statements
Provisions and Employee Benefits	Increased to a more realistic amount comparing to the 2014/15 financial statements
Accumulated Surplus	Increase due to appropriation to reserves
Reserves	Increase due to appropriation to reserves

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### BUDGET COMPARISONS (CONTINUED)

#### Statement of financial performance - Budget versus Actual

Property rates	Anticipated valuation roll increases
Rental of facilities and equipment	New Operating lease contracts signed
Interest earned - external investments	Improved budgetary control and investment of excess fund
Interest earned - outstanding debtors	Increase in Consumer Debtors
Fines	Reclassifications with implementation of mSCOA
Licences and permits	Reclassifications with implementation of mSCOA
Agency services	Reclassifications with implementation of mSCOA
Transfers and Subsidies - Operating	Increased PMU activities due to increased number of projects
Other revenue	Gains on Fair Value Adjustments of Investment Property and reclassifications with implementation of mSCOA
Employee related costs	Late appointments for vacant posts
Finance charges	Reclassifications with implementation of mSCOA
Bulk purchases	Increase efficiency of electricity reticulation and metering
Contracted services	Reclassifications with implementation of mSCOA
Other expenditure	Reclassifications with implementation of mSCOA
Loss on disposal of PPE	Did not predict loss on disposals of assets
Transfers and Subsidies - Capital	Unspent MIG funding committed to projects already initiated

#### Statement of financial performance - Budget Adjustments

Service charges	Increased to a more realistic amount based on the actuals for the first half of the financial year
Interest earned - external investments	Increased to a more realistic amount based on the actuals for the first half of the financial year
Licences and permits	Decreased to a more realistic amount based on the actuals for the first half of the financial year

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

Government Grants and Subsidies - Operating	Additional Grant received
Employee related costs	Decreased to a more realistic amount based on the actuals due to late appointment
Other expenditure	Increased to a more realistic amount based on the actuals for the first half of the financial year

### Cash Flow Statement - Budget versus Actual

Property rates, penalties & collection charges	Anticipated valuation roll increases
Service charges	Improved debt control above estimates
Government - capital	Unspent MIG funding committed to projects already initiated
Interest	Improved budgetary control and investment of excess fund
Suppliers and Employees	Late appointments for vacant posts, Increase efficiency of electricity reticulation and metering
Finance charges	Reclassifications with implementation of mSCOA
Proceeds on disposal of PPE	Sale of assets not budgeted for
Capital assets	Under-expenditure of Capital Budget
Increase in consumer deposits	Increase in Consumers
Cash and Cash Equivalents at the end of the year	Result of Increased revenue, improved control and part under-expenditure

### Cash Flow Statement - Budget Adjustments

Property rates, penalties & collection charges	Decreased to a more realistic amount based on the actuals for the first half of the financial year
Government - operating	Additional Grant received
Government - capital	Unspent MIG funding committed to projects already initiated
Interest	Increased to a more realistic amount based on the actuals for the first half of the financial year
Suppliers and Employees	Vacant posts to be filled
Capital assets	Unspent MIG funding committed to projects already initiated
Increase in consumer deposits	Increased to a more realistic amount based on the actuals for the first half of the financial year
Cash and Cash Equivalents at the beginning of the year	Increased to a more realistic amount based on the actuals for the first half of the financial year
Cash and Cash Equivalents at the end of the year	Increased to a more realistic amount based on the actuals for the first half of the financial year

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

#### 45.1 UNAUTHORISED EXPENDITURE

No over-expenditure on votes for the two reporting periods in the financial statements.

### 45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

	2016 (Actual) R	2016 (Final Budget) R	2016 (Unauthorised) R
<b>Unauthorised expenditure - Operating</b>			
Executive & Council	23 517 673	28 715 591	-
Planning & Development	14 536 845	18 908 407	-
Corporate Services	22 356 797	25 192 946	-
Public Safety	7 405 328	7 774 260	-
Budget & Treasury	22 863 456	26 566 522	-
Road Transport	21 378 024	23 751 971	-
Waste Water Management	2 272 426	2 709 373	-
Electricity	36 396 930	41 134 427	-
Community & Social Services	6 444 086	7 848 312	-
Sport & Recreation	1 036 361	1 047 673	-
Waste Management	14 460 145	17 830 275	-
<b>Total</b>	<b>172 668 071</b>	<b>201 479 757</b>	<b>-</b>
<b>Unauthorised expenditure - Capital</b>			
Executive & Council	212 931	500 000	-
Planning & Development	86 377	2 141 100	-
Corporate Services	1 022 145	2 850 000	-
Housing	-	50 000	-
Budget & Treasury	519 426	1 435 000	-
Road Transport	18 472 675	24 168 640	-
Electricity	3 216 423	4 616 579	-
Community & Social Services	12 195 425	20 695 409	-
Public Safety	19 982	400 000	-
Sport & Recreation	1 695 776	7 364 550	-
Waste Management	1 443 515	1 998 710	-
<b>Total</b>	<b>38 884 674</b>	<b>66 219 988</b>	<b>-</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 45.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

Opening balance	998 341	978 907
Fruitless and wasteful expenditure incurred	2 375	29 039
Approved by Council	-	(9 605)
<b>Fruitless and wasteful expenditure awaiting approval</b>	<b>1 000 716</b>	<b>998 341</b>

Details of Fruitless and wasteful expenditure incurred :

Interest paid to Eskom	-	29 039
Interest paid to Telkom	2 375	-
<b>Total</b>	<b>2 375</b>	<b>29 039</b>

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred.

	2016 R	2015 R
<b>45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)</b>		

### 45.3 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

Opening balance	667 329	20 900
Irregular expenditure incurred	802 630	667 329
Approved by Council	-	(20 900)
<b>Irregular expenditure awaiting approval</b>	<b>1 469 959</b>	<b>667 329</b>

Details of Irregular expenditure incurred :

Payments made as deviation from Supply Chain Processes	-	529 195
Deviations from Supply Chain Regulations - Sect 44 - Awards to persons in service of state.	310 238	138 134
Deviations from Supply Chain Regulations and Service Level Agreement - Disiplinary processes have been initiated.	269 659	-
Deviations from Supply Chain Regulations and Policies - Disiplinary processes have been initiated	222 733	-
<b>Total</b>	<b>802 630</b>	<b>667 329</b>

The classification, validation and recoverability of all irregular expenditure will be determined by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### Electricity distribution losses

- Units purchased (Kwh)	26 290 650	26 011 493
- Units sold (Kwh)	21 883 894	22 382 572
- Units lost during distribution (Kwh)	4 406 756	3 628 921
- Units cost (Kwh)	0.8803	0.7721
- Percentage lost during distribution	16.76%	13.95%
- Units lost considered material losses above a 10% norm	1 777 691	1 027 771
- Cost of units lost considered as material losses	1 564 831	793 516

<b>2016</b>	<b>2015</b>
<b>R</b>	<b>R</b>

### ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

46

#### 46.1 Salga Contributions [MFMA 125 (1)(b)]

Opening balance	-	-
Expenditure incurred	604 390	607 514
Payments	(604 390)	(607 514)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

<b>2016</b>	<b>2015</b>
<b>R</b>	<b>R</b>

### ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

46

#### 46.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	-	-
Expenditure incurred	2 076 432	2 114 502
External Audit - Auditor-General	2 076 432	2 114 502
Payments	(2 076 432)	(2 114 502)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

#### 46.3 VAT [MFMA 125 (1)(c)]

Opening balance	6 433 144	5 082 019
Amounts received - previous year	(459 307)	(2 428 281)
Amounts received - current year	(5 328 923)	(4 757 692)
Amounts claimed - current year (payable)	7 055 637	8 537 099
<b>Vat Receivable</b>	<b>7 700 551</b>	<b>6 433 144</b>
<b>Vat in suspense due to cash basis of accounting</b>	<b>(2 431 794)</b>	<b>(1 848 571)</b>

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.

#### 46.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

Payments due to SARS	11 169 744	9 742 169
Payments	(11 169 744)	(9 742 169)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

### 46.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]

Payments due to pension fund and medical aid	8 739 956	6 689 211
Payments	(8 739 956)	(6 689 211)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

### 46.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]

No Councillor had any arrear account outstanding for more than 90 days during the year or at year end (Same applies to previous financial year).

2016  
R

2015  
R

## 46 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

### 46.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

During the year under review the municipality procured goods and services in accordance with the requirements of the supply chain management policy and all deviations from the policy and its related regulations were noted, approved by the Municipal Manager.

### 46.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]

No non-compliance in terms of Regulation 9(1) of the Preferential Procurement Regulations were identified. This Regulation relates to the awarding of bids with reference to local production and content.

### 46.9 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the year under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45)

<u>Staff Member</u>	<u>Entity</u>		
TG Koena	Masekeleng Trading (Father is Owner)	-	26 400
M A Theron	Lady Grey Joinery and Construction (Spouse) is Director	2 603 339	216 138



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

M A Theron	Copper Leaf Trading CC (Spouse is Director)	171 646	-
D Oertel	First Wave (Son-in law is Director) Azondwa General Trading (Mother is Owner)	449 605	1 290 692
N Methola	Pride Serve Trading Enterprise (Spouse is Owner)	5 000	-
P Mpambane		3 780	-
<b>Total</b>		<b>3 233 370</b>	<b>1 533 230</b>

### 47 CAPITAL COMMITMENTS

#### Commitments in respect of capital expenditure:

	2016 R	2015 R
Approved and contracted for:	6 736 887	30 443 616
Land & Buildings	28 259	974 308
Infrastructure	2 896 305	17 648 473
Community	3 812 323	11 820 835
<b>Total</b>	<b>6 736 887</b>	<b>30 443 616</b>

This expenditure will be financed from:

Capital Replacement Reserve	477 156	10 601 823
Government Grants - MIG	6 259 730	19 841 793
<b>Total</b>	<b>6 736 887</b>	<b>30 443 616</b>

### 48 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

#### 48.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

Cash and Cash Equivalents	220 917 469	183 459 842
Receivables from exchange transactions	10 447 090	9 404 029
<b>Total</b>	<b>231 364 559</b>	<b>192 863 871</b>

### Cash and Cash Equivalents

Deposits of the municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

<b>48</b>	<b>FINANCIAL RISK MANAGEMENT (CONTINUED)</b>	<b>2016</b>	<b>2015</b>
		<b>R</b>	<b>R</b>

### Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables 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.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are passed due, but not impaired:

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

	2016 R	2015 R
Electricity	1 866 778	1 606 572
Refuse	266 202	161 915
Other Services	180 004	19 183
<b>Total</b>	<b>2 312 984</b>	<b>1 768 486</b>

### 48.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign

The financial instruments of the municipality is not directly exposed to any currency risk.

48	FINANCIAL RISK MANAGEMENT (CONTINUED)	2016 R	2015 R
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### 48.3 Interest rate risk (Market Risk)

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

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (Excluding Cash on Hand)	220 916 768	183 459 142
Borrowings (Including Current Portion)	(12 842 661)	(13 645 050)
<b>Net balance exposed</b>	<b>208 074 107</b>	<b>169 814 092</b>

Although the non-current provision is not defined as a financial instrument, the potential effect of changes in interest rates used to discount this balance over time, is included for the benefit of the user of the financial statements.

Potential effect of changes in interest rates on surplus and deficit for the year:

1% (2015 - 1%) increase in interest rates	2 080 741	1 698 141
0% (2015 - 0%) decrease in interest rates	-	-

South Africa is currently in an upward interest rate cycle and management does not foresee a decrease in the next 12 months.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 48.4 Liquidity risk

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

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

### 48 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

30 JUNE 2016	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	1 861 350	6 588 267	11 782 431
Rehabilitation Provision	872 101	-	20 642 208
Payables from exchange transactions	2 778 599	-	-
<b>Total</b>	<b>5 512 050</b>	<b>6 588 267</b>	<b>32 424 639</b>

  

30 JUNE 2015	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	1 868 301	6 790 715	13 353 580
Rehabilitation Provision	-	767 144	8 367 595
Payables from exchange transactions	2 330 284	-	-
<b>Total</b>	<b>4 198 586</b>	<b>7 557 859</b>	<b>21 721 175</b>

Although the rehabilitation provision is not defined as a financial instrument (due to the absence of a contracted counterparty for the balance), the potential outflow of cash resulting from these balances are included for the benefit of the user of the financial statements.

### 48.5 Other price risk (Market Risk)

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

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

The municipality is not exposed to any other price risk.

	2016 R	2015 R
<b>49 FINANCIAL INSTRUMENTS</b>		
The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)		
<u>Financial Assets</u>		
Cash and Cash Equivalents	220 917 469	183 459 842
Receivables from exchange transactions	9 504 315	8 492 839
<b>Total</b>	<b>230 421 784</b>	<b>191 952 681</b>
<u>Financial Liabilities</u>		
Current Portion of Borrowings	814 516	802 795
Payables from exchange transactions	7 380 599	6 932 284
Borrowings	12 028 145	12 842 254
<b>Total</b>	<b>20 223 260</b>	<b>20 577 334</b>

	2016 R	2015 R
<b>50 STATUTORY RECEIVABLES</b>		
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
<b>Receivables from Non-Exchange Transactions</b>		
Rates	8 353 021	7 489 363
Fines	437 850	339 800
<b>Total</b>	<b>8 790 871</b>	<b>7 829 163</b>

Refer to note 4 for more detail relating to the fines and rates receivables, including any provision for impairment raised against the gross amounts disclosed above

### 51 EVENTS AFTER REPORTING DATE

The 2016 South African municipal elections were held on 3 August 2016 for all district- and local municipalities in all 9 provinces. During this important event a new Council were elected who will guide the work of local government for the next five years.

During August 2016 a former Councillor of Senqu municipality has put in a claim against the municipality for mortification.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 52 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review. Monetary donations of R6 140 for Mayoral Cup, as well as capital donations relating to electrical infrastructure to the value of R76 786, were received during the year under review .

### 53 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The municipality did not enter into any PPP's in the current and prior year.

### 54 CONTINGENT LIABILITIES

2016  
R

2015  
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:

#### 54.1 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.

-

-

#### 54.2 Hawks matter

Currently a Pending Investigation from the HAWKS is on-going, a case has been opened and employees has been charged.

#### 54.3 Ex-gracia payment

Upon termination of MM and 3 other Section 57 Managers contracts, an ex-gracia amount of 1.25 x the employees' gross annual salary will be paid to these employees.

7 356 623

7 255 468

#### 54.4 Land Invasion

The municipality is currently engaged in litigation in respect of various land invasion cases in the Senqu Municipal Area.



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

S Thindleni	-	3 076
NR Nthako	-	3 076
HI van Der Walt	-	3 076
MA Mshasha	2 198	3 076
<b>Municipal Manager and Section 57 Employees</b>	<b>6 820</b>	<b>31 079</b>
MM Yawa	-	7 463
R Crozier	4 770	18 534
CNL Gologolo	2 050	5 082



# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 56 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>Financial Performance</b>						
Property rates	6 856 119	-	6 856 119	4 654 049	(2 202 071)	4 607 033
Service charges	29 381 115	1 357 000	30 738 115	30 896 123	158 008	29 442 726
Investment revenue	8 501 796	1 850 000	10 351 796	16 407 296	6 055 500	12 481 508
Transfers recognised - operational	143 637 100	1 229 414	144 866 514	149 152 333	4 285 820	124 357 555
Other own revenue	7 351 927	(531 000)	6 820 927	9 420 931	2 600 005	10 678 633
<b>Total Operating Revenue</b>	<b>195 728 057</b>	<b>3 905 414</b>	<b>199 633 470</b>	<b>210 530 733</b>	<b>10 897 262</b>	<b>181 567 454</b>
Employee costs	72 098 603	(3 383 226)	68 715 378	62 172 869	(6 542 509)	53 790 104
Remuneration of councillors	11 728 752	-	11 728 752	11 063 818	(664 934)	10 399 123
Debt impairment	4 610 000	-	4 610 000	4 240 970	(369 030)	4 554 196
Depreciation & asset impairment	19 131 859	255 000	19 386 859	19 517 990	131 130	15 766 740
Finance charges	1 221 014	48 000	1 269 014	2 527 622	1 258 608	2 467 728
Materials and bulk purchases	31 200 000	-	31 200 000	23 771 063	(7 428 937)	20 079 250
Contracted services	-	-	-	19 979 983	19 979 983	20 784 003
Transfers and grants	-	-	-	-	-	479 587
Other expenditure	57 532 046	7 037 709	64 569 755	29 103 458	(35 466 297)	33 699 956
Loss on disposal of PPE	-	-	-	290 300	290 300	264 481
<b>Total Expenditure</b>	<b>197 522 274</b>	<b>3 957 483</b>	<b>201 479 757</b>	<b>172 668 071</b>	<b>(29 101 986)</b>	<b>162 285 169</b>
<b>Surplus/(Deficit)</b>	<b>(1 794 217)</b>	<b>(52 069)</b>	<b>(1 846 287)</b>	<b>37 862 661</b>	<b>39 999 248</b>	<b>19 282 286</b>
Transfers recognised - capital	35 398 900	4 842 699	40 241 599	31 955 780	(8 285 819)	27 636 029
<b>Surplus/(Deficit) for the year</b>	<b>33 604 683</b>	<b>4 790 630</b>	<b>38 395 312</b>	<b>69 818 441</b>	<b>31 713 429</b>	<b>46 918 315</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

### 56 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	62 889 900	3 330 088	66 219 988	38 884 674	(27 335 314)	48 089 495
Transfers recognised - capital	35 398 900	4 842 699	40 241 599	31 955 780	(8 285 819)	27 636 029
Internally generated funds	27 491 000	(1 512 611)	25 978 389	6 928 895	(19 049 494)	20 453 466
<b>Total sources of capital funds</b>	62 889 900	3 330 088	66 219 988	38 884 674	(27 335 314)	48 089 495
<b>Cash flows</b>						
Net cash from (used) operating	57 824 342	(22 937 086)	34 887 256	76 793 653	41 906 397	68 915 175
Net cash from (used) investing	(62 889 900)	(3 330 088)	(66 219 988)	(38 636 364)	27 583 624	(47 773 421)
Net cash from (used) financing	(758 353)	35 126	(723 228)	(699 660)	23 567	(671 867)
Net Cash Movement for the year	(5 823 912)	(26 232 048)	(32 055 960)	37 457 629	69 513 589	20 469 887
Cash/cash equivalents at beginning of year	128 102 683	55 357 159	183 459 842	183 459 842	(0)	162 989 955
<b>Cash/cash equivalents at the year end</b>	<b>122 278 771</b>	<b>29 125 111</b>	<b>151 403 882</b>	<b>220 917 471</b>	<b>69 513 589</b>	<b>183 459 842</b>

Refer to Appendix F for more detail relating to the National Treasury Appropriation Statements

# SENQU LOCAL MUNICIPALITY

## APPENDIX A (AUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2016

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2015 R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2016 R
<b><u>ANNUITY LOANS</u></b>						
DBSA loan	103126/1	Floating	2029	9 161 972	631 860	8 530 112
DBSA loan	103126/2	Fixed	2030	4 483 077	170 528	4 312 549
<b>Total Annuity Loans</b>				<b>9 161 972</b>	<b>631 860</b>	<b>8 530 112</b>
<b>Total Borrowings</b>				<b>9 161 972</b>	<b>631 860</b>	<b>8 530 112</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX B (AUDITED)

### SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2016

	Cost/Revaluation					Accumulated Depreciation				Carrying Value R
	Opening Balance R	Additions (Includes WIP) R	Total Revaluation R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals/ Revaluation R	Closing Balance R	
Executive & Council	4 381 847	212 931	-	(9 499)	4 585 278	1 274 639	732 550	(7 053)	2 000 136	2 585 143
Planning & Development	2 493 573	86 377	-	(9 208)	2 570 742	745 580	383 780	(1 675)	1 127 685	1 443 058
Corporate Services	93 252 224	1 022 145	9 719 669	(9 672)	103 984 366	945 451	957 116	(8 141)	1 894 427	102 089 939
Budget & Treasury	7 888 909	519 426	-	(1 085 390)	7 322 945	3 796 068	1 016 087	(967 267)	3 844 888	3 478 057
Road Transport	205 870 223	18 472 675	-	(276 206)	224 066 692	66 296 266	12 225 091	(246 106)	78 275 250	145 791 442
Electricity	17 571 082	3 216 423	-	(689 823)	20 097 681	3 885 019	920 688	(317 247)	4 488 460	15 609 221
Community & Social Services	15 758 743	12 195 425	39 068	(4 036)	27 989 200	718 585	1 021 927	(3 301)	1 737 210	26 251 990
Public Safety	1 220 350	19 982	-	-	1 240 332	130 596	122 961	-	253 556	986 776
Sport & Recreation	16 772 579	1 695 776	-	-	18 468 355	292 736	-	-	292 736	18 175 619
Waste Management	10 379 955	1 443 515	-	(46 056)	11 777 414	2 931 760	899 864	(40 488)	3 791 135	7 986 279
<b>Total</b>	<b>375 589 485</b>	<b>38 884 674</b>	<b>9 758 736</b>	<b>(2 129 889)</b>	<b>422 103 007</b>	<b>81 016 699</b>	<b>18 280 062</b>	<b>(1 591 278)</b>	<b>97 705 483</b>	<b>324 397 523</b>

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# SENQU LOCAL MUNICIPALITY

## APPENDIX C (AUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2016

VOTE	30 JUNE 2016			30 JUNE 2015		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R	R	R	R	R	R
Executive & Council	7 212 000	23 517 673	(16 305 673)	7 413 870	26 042 744	(18 628 873)
Planning & Development	3 062 447	14 536 845	(11 474 398)	1 929 033	17 073 709	(15 144 677)
Corporate Services	5 555 853	22 356 797	(16 800 944)	6 009 724	17 599 159	(11 589 435)
Housing	-	-	-	29 927	1 402 113	(1 372 187)
Public Safety	782 607	7 405 328	(6 622 721)	167 543	56 226	111 317
Budget & Treasury	99 138 763	22 863 456	76 275 307	109 473 005	18 675 326	90 797 679
Road Transport	24 030 306	21 378 024	2 652 281	22 577 061	28 517 126	(5 940 066)
Waste Water Management	-	2 272 426	(2 272 426)	-	-	-
Electricity	56 893 894	36 396 930	20 496 964	37 402 695	31 100 142	6 302 553
Community & Social Services	13 782 998	6 444 086	7 338 911	3 560 340	7 649 380	(4 089 040)
Sport & Recreation	2 362 381	1 036 361	1 326 020	12 816 133	698 374	12 117 759
Waste Management	29 665 265	14 460 145	15 205 120	7 824 154	13 470 870	(5 646 716)
<b>Total</b>	<b>242 486 512</b>	<b>172 668 071</b>	<b>69 818 441</b>	<b>209 203 485</b>	<b>162 285 170</b>	<b>46 918 315</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX D (AUDITED)

### ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2016

	ACTUAL R	BUDGET R	VARIANCE R
<b>OPERATING EXPENDITURE</b>			
Executive & Council	23 517 673	28 715 591	(5 197 918)
Planning & Development	14 536 845	18 908 407	(4 371 563)
Corporate Services	22 356 797	25 192 946	(2 836 148)
Public Safety	7 405 328	7 774 260	(368 932)
Budget & Treasury	22 863 456	26 566 522	(3 703 067)
Road Transport	21 378 024	23 751 971	(2 373 947)
Waste Water Management	2 272 426	2 709 373	(436 946)
Electricity	36 396 930	41 134 427	(4 737 497)
Community & Social Services	6 444 086	7 848 312	(1 404 225)
Sport & Recreation	1 036 361	1 047 673	(11 311)
Waste Management	14 460 145	17 830 275	(3 370 130)
<b>Total</b>	<b>172 668 071</b>	<b>201 479 757</b>	<b>(28 811 686)</b>
<b>CAPITAL EXPENDITURE</b>			
Executive & Council	212 931	500 000	(287 069)
Planning & Development	86 377	2 141 100	(2 054 723)
Corporate Services	1 022 145	2 850 000	(1 827 855)
Housing	-	50 000	(50 000)
Budget & Treasury	519 426	1 435 000	(915 574)
Road Transport	18 472 675	24 168 640	(5 695 965)
Electricity	3 216 423	4 616 579	(1 400 156)
Community & Social Services	12 195 425	20 695 409	(8 499 984)
Public Safety	19 982	400 000	(380 018)
Sport & Recreation	1 695 776	7 364 550	(5 668 774)
Waste Management	1 443 515	1 998 710	(555 195)
<b>Total</b>	<b>38 884 674</b>	<b>66 219 988</b>	<b>(27 335 314)</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX E (AUDITED)

### DISCLOSURE OF TRANSFERS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2016

	OPENING BALANCE	GRANTS RECEIVED	INTEREST ON INVESTMENTS	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	CLOSING BALANCE
	R	R	R	R	R	R
<b>NATIONAL GOVERNMENT</b>						
Equitable Share	-	135 985 000	-	135 985 000	-	-
Municipal Finance Management	-	1 600 000	-	1 600 000	-	-
Municipal Infrastructure Grant	4 842 699	33 262 000	-	6 148 920	31 955 780	-
Municipal Systems Improvement	-	930 000	-	930 000	-	-
NDPG (Neighbourhood Development Partnership Grant)	2 010 056	-	-	-	-	2 010 056
EPWP (Expanded Public Works Program)	-	2 059 000	-	2 059 000	-	-
<b>Total</b>	<b>6 852 755</b>	<b>173 836 000</b>	<b>-</b>	<b>146 722 920</b>	<b>31 955 780</b>	<b>2 010 056</b>
<b>PROVINCIAL GOVERNMENT</b>						
Prov Gov - Housing (Hillside)	232 652	-	-	-	-	232 652
Herschel People's Housing	8 446 905	-	454 678	-	-	8 901 583
Alien Vegetation Eradication	1 229 414	-	-	1 229 414	-	-
Libraries	-	1 200 000	-	1 200 000	-	-
<b>Total</b>	<b>9 908 972</b>	<b>1 200 000</b>	<b>454 678</b>	<b>2 429 414</b>	<b>-</b>	<b>9 134 236</b>
<b>ALL SPHERES GOVERNMENT</b>	<b>16 761 727</b>	<b>175 036 000</b>	<b>454 678</b>	<b>149 152 333</b>	<b>31 955 780</b>	<b>11 144 292</b>



# SENQU LOCAL MUNICIPALITY

## APPENDIX F (1) (AUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATE D OUTCOME 2015 R
<b>REVENUE</b>						
<b>Governance and administration</b>	<b>104 568 827</b>	<b>1 832 000</b>	<b>106 400 827</b>	<b>111 906 616</b>	<b>5 505 789</b>	<b>122 896 599</b>
Executive and council	7 212 000	-	7 212 000	7 212 000	-	7 413 870
Budget and treasury office	95 506 597	1 832 000	97 338 597	99 138 763	1 800 166	109 473 005
Corporate services	1 850 230	-	1 850 230	5 555 853	3 705 623	6 009 724
<b>Community and public safety</b>	<b>21 005 998</b>	<b>30 000</b>	<b>21 035 998</b>	<b>16 927 985</b>	<b>(4 108 013)</b>	<b>16 573 943</b>
Community and social services	12 579 080	-	12 579 080	13 782 998	1 203 917	3 560 340
Sport and recreation	5 338 050	-	5 338 050	2 362 381	(2 975 669)	12 816 133
Public safety	3 088 868	30 000	3 118 868	782 607	(2 336 261)	167 543
Housing	-	-	-	-	-	29 927
<b>Economic and environmental services</b>	<b>17 919 398</b>	<b>5 479 113</b>	<b>23 398 511</b>	<b>27 092 752</b>	<b>3 694 241</b>	<b>24 506 093</b>
Planning and development	1 879 954	1 236 414	3 116 368	3 062 447	(53 921)	1 929 033
Road transport	16 039 444	4 242 699	20 282 143	24 030 306	3 748 163	22 577 061
<b>Trading services</b>	<b>87 632 733</b>	<b>1 407 000</b>	<b>89 039 733</b>	<b>86 559 159</b>	<b>(2 480 574)</b>	<b>45 226 849</b>
Electricity	53 545 952	815 000	54 360 952	56 893 894	2 532 941	37 402 695
Waste management	34 086 781	592 000	34 678 781	29 665 265	(5 013 515)	7 824 154
<b>Total Revenue - Standard</b>	<b>231 126 957</b>	<b>8 748 113</b>	<b>239 875 069</b>	<b>242 486 512</b>	<b>2 611 443</b>	<b>209 203 485</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (1) (AUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATE OUTCOME 2015 R
<b>EXPENDITURE</b>						
<b>Governance and administration</b>	<b>77 117 798</b>	<b>3 357 260</b>	<b>80 475 059</b>	<b>68 737 926</b>	<b>(11 737 133)</b>	<b>62 317 229</b>
Executive and council	28 092 421	623 170	28 715 591	23 517 673	(5 197 918)	26 042 744
Budget and treasury office	25 791 524	774 998	26 566 522	22 863 456	(3 703 067)	18 675 326
Corporate services	23 233 852	1 959 093	25 192 946	22 356 797	(2 836 148)	17 599 159
<b>Community and public safety</b>	<b>15 489 128</b>	<b>3 579 963</b>	<b>19 069 091</b>	<b>14 885 775</b>	<b>(4 183 316)</b>	<b>9 806 094</b>
Community and social services	7 580 311	268 001	7 848 312	6 444 086	(1 404 225)	7 649 380
Sport and recreation	1 075 777	(28 104)	1 047 673	1 036 361	(11 311)	698 374
Public safety	6 833 041	3 340 066	10 173 107	7 405 328	(2 767 779)	56 226
Housing	-	-	-	-	-	1 402 113
<b>Economic and environmental services</b>	<b>42 268 232</b>	<b>392 147</b>	<b>42 660 379</b>	<b>35 914 869</b>	<b>(6 745 510)</b>	<b>45 590 836</b>
Planning and development	18 299 457	608 950	18 908 407	14 536 845	(4 371 563)	17 073 709
Road transport	23 968 775	(216 803)	23 751 971	21 378 024	(2 373 947)	28 517 126
<b>Trading services</b>	<b>62 647 116</b>	<b>(3 371 887)</b>	<b>59 275 228</b>	<b>53 129 501</b>	<b>(6 145 727)</b>	<b>44 571 012</b>
Electricity	38 300 608	434 972	38 735 580	36 396 930	(2 338 651)	31 100 142
Waste water management	2 361 601	347 772	2 709 373	2 272 426	(436 946)	-
Waste management	21 984 907	(4 154 631)	17 830 275	14 460 145	(3 370 130)	13 470 870
<b>Total Expenditure - Standard</b>	<b>197 522 274</b>	<b>3 957 483</b>	<b>201 479 757</b>	<b>172 668 071</b>	<b>(28 811 686)</b>	<b>162 285 170</b>
<b>Surplus/(Deficit) for the year</b>	<b>33 604 683</b>	<b>4 790 630</b>	<b>38 395 312</b>	<b>69 818 441</b>	<b>31 423 128</b>	<b>46 918 315</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (2) (AUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATE D OUTCOME 2015 R
<b>REVENUE</b>						
Executive & Council	7 212 000	-	7 212 000	7 212 000	-	7 413 870
Planning & Development	1 879 954	1 236 414	3 116 368	3 062 447	(53 921)	1 929 033
Corporate Services	1 850 230	-	1 850 230	5 555 853	3 705 623	6 009 724
Housing	-	-	-	-	-	29 927
Public Safety	3 088 868	30 000	3 118 868	782 607	(2 336 261)	167 543
Budget & Treasury	95 506 597	1 832 000	97 338 597	99 138 763	1 800 166	109 473 005
Road Transport	16 039 444	4 242 699	20 282 143	24 030 306	3 748 163	22 577 061
Electricity	53 545 952	815 000	54 360 952	56 893 894	2 532 941	37 402 695
Community & Social Services	12 579 080	-	12 579 080	13 782 998	1 203 917	3 560 340
Sport & Recreation	5 338 050	-	5 338 050	2 362 381	(2 975 669)	12 816 133
Waste Management	34 086 781	592 000	34 678 781	29 665 265	(5 013 515)	7 824 154
<b>Total Revenue by Vote</b>	<b>231 126 957</b>	<b>8 748 113</b>	<b>239 875 069</b>	<b>242 486 512</b>	<b>2 611 443</b>	<b>209 203 485</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (2) (AUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATE D OUTCOME 2015 R
<b>EXPENDITURE</b>						
Executive & Council	28 092 421	623 170	28 715 591	23 517 673	(5 197 918)	26 042 744
Planning & Development	18 299 457	608 950	18 908 407	14 536 845	(4 371 563)	17 073 709
Corporate Services	23 233 852	1 959 093	25 192 946	22 356 797	(2 836 148)	17 599 159
Housing	-	-	-	-	-	1 402 113
Public Safety	6 833 041	3 340 066	10 173 107	7 405 328	(2 767 779)	56 226
Budget & Treasury	25 791 524	774 998	26 566 522	22 863 456	(3 703 067)	18 675 326
Road Transport	23 968 775	(216 803)	23 751 971	21 378 024	(2 373 947)	28 517 126
Waste Water Management	2 361 601	347 772	2 709 373	2 272 426	(436 946)	-
Electricity	38 300 608	434 972	38 735 580	36 396 930	(2 338 651)	31 100 142
Community & Social Services	7 580 311	268 001	7 848 312	6 444 086	(1 404 225)	7 649 380
Sport & Recreation	1 075 777	(28 104)	1 047 673	1 036 361	(11 311)	698 374
Waste Management	21 984 907	(4 154 631)	17 830 275	14 460 145	(3 370 130)	13 470 870
<b>Total Expenditure by Vote</b>	<b>197 522 274</b>	<b>3 957 483</b>	<b>201 479 757</b>	<b>172 668 071</b>	<b>(28 811 686)</b>	<b>162 285 170</b>
<b>Surplus/(Deficit) for the year</b>	<b>33 604 683</b>	<b>4 790 630</b>	<b>38 395 312</b>	<b>69 818 441</b>	<b>31 423 128</b>	<b>46 918 315</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (3) (AUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATE D OUTCOME 2015 R
<b>REVENUE BY SOURCE</b>						
Property rates	6 856 119	-	6 856 119	4 654 049	(2 202 071)	4 607 033
Service charges	29 381 115	1 357 000	30 738 115	30 896 123	158 008	29 442 726
Rental of facilities and equipment	312 356	-	312 356	756 417	444 061	645 960
Interest earned - external investments	7 360 000	1 800 000	9 160 000	13 913 370	4 753 370	10 511 716
Interest earned - outstanding debtors	1 141 796	50 000	1 191 796	2 493 926	1 302 130	1 969 792
Fines	272 472	-	272 472	323 933	51 461	818 340
Licences and permits	2 905 064	(750 000)	2 155 064	1 085 309	(1 069 755)	1 303 197
Agency services	1 665 217	150 000	1 815 217	1 080 375	(734 842)	510 104
Transfers recognised - operational	143 637 100	1 229 414	144 866 514	149 152 333	4 285 820	124 357 555
Other revenue	2 196 818	69 000	2 265 818	6 174 896	3 909 079	7 401 032
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>195 728 057</b>	<b>3 905 414</b>	<b>199 633 470</b>	<b>210 530 733</b>	<b>10 897 262</b>	<b>181 567 454</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (3) (AUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATE D OUTCOME 2015 R
<b>EXPENDITURE BY TYPE</b>						
Employee related costs	72 098 603	(3 383 226)	68 715 378	62 172 869	(6 542 509)	53 790 104
Remuneration of councillors	11 728 752	-	11 728 752	11 063 818	(664 934)	10 399 123
Debt impairment	4 610 000	-	4 610 000	4 240 970	(369 030)	4 554 196
Depreciation & asset impairment	19 131 859	255 000	19 386 859	19 517 990	131 130	15 766 740
Finance charges	1 221 014	48 000	1 269 014	2 527 622	1 258 608	2 467 728
Bulk purchases	31 200 000	-	31 200 000	23 771 063	(7 428 937)	20 079 250
Other materials	-	-	-	-	-	-
Contracted services	-	-	-	19 979 983	19 979 983	20 784 003
Transfers and grants	-	-	-	-	-	479 587
Other expenditure	57 532 046	7 037 709	64 569 755	29 103 458	(35 466 297)	33 699 956
Loss on disposal of PPE	-	-	-	290 300	290 300	264 481
<b>Total Expenditure</b>	<b>197 522 274</b>	<b>3 957 483</b>	<b>201 479 757</b>	<b>172 668 071</b>	<b>(28 811 686)</b>	<b>162 285 169</b>
<b>Surplus/(Deficit)</b>	<b>(1 794 217)</b>	<b>(52 069)</b>	<b>(1 846 287)</b>	<b>37 862 661</b>	<b>39 708 948</b>	<b>19 282 286</b>
Transfers recognised - capital	35 398 900	4 842 699	40 241 599	31 955 780	(8 285 819)	27 636 029
Contributions Recognised - Capital	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>33 604 683</b>	<b>4 790 630</b>	<b>38 395 312</b>	<b>69 818 441</b>	<b>31 423 128</b>	<b>46 918 315</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (4) (AUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>CAPITAL EXPENDITURE (VOTE)</b>						
<b>Multi-year expenditure</b>						
Corporate Services	1 200 000	(500 000)	700 000	-	(700 000)	-
Road Transport	13 632 510	(1 430 000)	12 202 510	4 562 525	(7 639 985)	5 569 467
Community and Social Services	4 500 000	-	4 500 000	4 910 712	410 712	-
Sport and Recreation	5 338 050	(400 000)	4 938 050	-	(4 938 050)	-
Electricity	1 000 000	(250 000)	750 000	2 274 286	1 524 286	-
Waste Management	3 200 750	(2 200 000)	1 000 750	501 536	(499 214)	115 777
<b>Total Multi-year expenditure</b>	<b>28 871 310</b>	<b>(4 780 000)</b>	<b>24 091 310</b>	<b>12 249 059</b>	<b>(11 842 251)</b>	<b>5 685 244</b>
<b>Single-year expenditure</b>						
Executive and Council	500 000	-	500 000	212 931	(287 069)	1 695 883
Planning & Development	2 241 100	(100 000)	2 141 100	86 377	(2 054 723)	814 377
Corporate Services	2 100 000	50 000	2 150 000	1 022 145	(1 127 855)	8 810 890
Budget and Treasury Office	1 200 000	235 000	1 435 000	519 426	(915 574)	2 157 529
Road Transport	5 305 330	6 660 800	11 966 130	13 910 150	1 944 020	10 540 779
Housing	50 000	-	50 000	-	(50 000)	305 520
Community and Social Services	11 873 000	4 322 409	16 195 409	7 284 712	(8 910 697)	916 492
Sport and Recreation	1 156 000	1 270 500	2 426 500	1 695 776	(730 724)	11 615 615
Public Safety	1 200 000	(800 000)	400 000	19 982	(380 018)	38 498
Electricity	4 467 000	(600 421)	3 866 579	942 136	(2 924 443)	4 094 075
Waste Management	3 926 160	(2 928 200)	997 960	941 979	(55 981)	400 148
<b>Total Single-year expenditure</b>	<b>34 018 590</b>	<b>8 110 088</b>	<b>42 128 678</b>	<b>26 635 615</b>	<b>(15 493 063)</b>	<b>41 389 807</b>
<b>Total Capital Expenditure by Vote</b>	<b>62 889 900</b>	<b>3 330 088</b>	<b>66 219 988</b>	<b>38 884 674</b>	<b>(27 335 314)</b>	<b>47 075 052</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (4) (AUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATE D OUTCOME 2015 R
<b>CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)</b>						
<b>Governance and administration</b>	<b>5 000 000</b>	<b>(215 000)</b>	<b>4 785 000</b>	<b>1 754 502</b>	<b>(3 030 498)</b>	<b>12 664 302</b>
Executive and council	500 000	-	500 000	212 931	(287 069)	1 695 883
Budget and treasury office	1 200 000	235 000	1 435 000	519 426	(915 574)	2 157 529
Corporate services	3 300 000	(450 000)	2 850 000	1 022 145	(1 827 855)	8 810 890
<b>Community and public safety</b>	<b>24 117 050</b>	<b>4 392 909</b>	<b>28 509 959</b>	<b>13 911 183</b>	<b>(14 598 776)</b>	<b>12 876 126</b>
Community and social services	16 373 000	4 322 409	20 695 409	12 195 425	(8 499 984)	916 492
Sport and recreation	6 494 050	870 500	7 364 550	1 695 776	(5 668 774)	11 615 615
Public safety	1 200 000	(800 000)	400 000	19 982	(380 018)	38 498
Housing	50 000	-	50 000	-	(50 000)	305 520
<b>Economic and environmental services</b>	<b>21 178 940</b>	<b>5 130 800</b>	<b>26 309 740</b>	<b>18 559 052</b>	<b>(7 750 688)</b>	<b>16 924 623</b>
Planning and development	2 241 100	(100 000)	2 141 100	86 377	(2 054 723)	814 377
Road transport	18 937 840	5 230 800	24 168 640	18 472 675	(5 695 965)	16 110 246
<b>Trading services</b>	<b>12 593 910</b>	<b>(5 978 621)</b>	<b>6 615 289</b>	<b>4 659 938</b>	<b>(1 955 351)</b>	<b>4 610 000</b>
Electricity	5 467 000	(850 421)	4 616 579	3 216 423	(1 400 156)	4 094 075
Waste management	7 126 910	(5 128 200)	1 998 710	1 443 515	(555 195)	515 925
<b>Total Capital Expenditure - Standard</b>	<b>62 889 900</b>	<b>3 330 088</b>	<b>66 219 988</b>	<b>38 884 674</b>	<b>(27 335 314)</b>	<b>47 075 052</b>



# SENQU LOCAL MUNICIPALITY

## APPENDIX F (4) (AUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>CAPITAL EXPENDITURE (FUNDING SOURCES)</b>						
National Government	35 398 900	4 842 699	40 241 599	31 955 780	(8 285 819)	27 636 029
<b>Transfers recognised - capital</b>	<b>35 398 900</b>	<b>4 842 699</b>	<b>40 241 599</b>	31 955 780	<b>(8 285 819)</b>	<b>27 636 029</b>
Internally generated funds	27 491 000	(1 512 611)	25 978 389	6 928 895	(19 049 494)	19 439 023
<b>Total Capital Funding</b>	<b>62 889 900</b>	<b>3 330 088</b>	<b>66 219 988</b>	38 884 674	<b>(27 335 314)</b>	<b>47 075 052</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (5) (AUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### CASH FLOWS

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates, penalties & collection charges	6 444 752	(8 228 579)	(1 783 827)	3 605 127	5 388 954	3 778 194
Service charges	27 618 248	-	27 618 248	25 745 317	(1 872 931)	24 981 990
Other revenue	7 333 185	-	7 333 185	8 102 978	769 793	5 046 480
Government - operating	143 637 100	1 229 414	144 866 514	143 891 778	(974 736)	121 583 680
Government - capital	35 398 900	4 842 699	40 241 599	31 598 900	(8 642 699)	36 856 974
Interest	8 433 288	1 918 508	10 351 796	13 913 370	3 561 575	10 511 716
<b>Payments</b>						
Suppliers and employees	(169 820 118)	(22 651 127)	(192 471 245)	(148 946 857)	43 524 389	(132 114 290)
Finance charges	(1 221 014)	(48 000)	(1 269 014)	(1 116 960)	152 054	(1 249 981)
Transfers and Grants	-	-	-	-	-	(479 587)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>57 824 342</b>	<b>(22 937 086)</b>	<b>34 887 256</b>	<b>76 793 653</b>	<b>41 906 397</b>	<b>68 915 175</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE	-	-	-	248 311	248 311	316 074
<b>Payments</b>						
Capital assets	(62 889 900)	(3 330 088)	(66 219 988)	(38 884 674)	27 335 314	(48 089 495)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(62 889 900)</b>	<b>(3 330 088)</b>	<b>(66 219 988)</b>	<b>(38 636 364)</b>	<b>27 583 624</b>	<b>(47 773 421)</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (5) (AUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2016

#### CASH FLOWS

	ORIGINAL BUDGET 2016 R	BUDGET ADJUSTMENTS 2016 R	FINAL BUDGET 2016 R	ACTUAL OUTCOME 2016 R	BUDGET VARIANCE 2016 R	RESTATED OUTCOME 2015 R
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Increase (decrease) in consumer deposits	44 841	-	44 841	102 728	57 887	120 330
<b>Payments</b>						
Repayment of borrowing	(803 195)	400	(802 795)	(802 388)	407	(792 197)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	(758 353)	400	(757 954)	(699 660)	58 294	(671 866)
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	(5 823 912)	(26 266 774)	(32 090 686)	37 457 629	69 548 315	20 469 888
Cash/cash equivalents at the year begin:	128 102 683	55 357 159	183 459 842	183 459 842	(0)	162 989 955
Cash/cash equivalents at the year end:	122 278 771	29 090 385	151 369 156	220 917 469	69 548 313	183 459 842