

SENQU LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

30 JUNE 2019

AUDITED

SENQU LOCAL MUNICIPALITY

INDEX

Content	Page
General Information	1 - 2
Approval of the Financial Statements	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Statement of comparison of budget and actual amounts	
- Statement of Financial Position	8 - 9
- Statement of Financial Performance	10 - 11
- Cash Flow Statement	12 - 13
Accounting Policies	14 - 43
Notes to the Financial Statements	44 - 94
APPENDICES - Unaudited	
A Schedule of External Loans	95
B Analysis of Property Plant and Equipment	96
C Segmental Statement of Financial Performance (Municipal Votes)	97
D Actual versus Budget - Capital and Operating Expenditure (Municipal Votes)	98
E Disclosure of Grants and Subsidies	99
F National Treasury Appropriation Statements	
- Revenue and Expenditure (Standard Classification)	100 - 101
- Revenue and Expenditure (Municipal Vote Classification)	102 - 103
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)	104 - 105
- Capital Expenditure by Vote, Standard Classification and Funding	106 - 108
- Cash Flows	109 - 110

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	Rhodes
Barkly East	Herschel
Sterkspruit	Rossouw

MEMBERS OF THE COUNCIL

Position	Councillor	Ward	Additional Portfolio
Executive Mayor	N.P Mposelwa	Proportional	Member of Executive Committee
Speaker	VV Stokhwe	Ward 17	Member of Executive Committee
Ward Councillor	P Jeje	Ward 1	
Ward Councillor	J Mposelwa	Ward 2	
Ward Councillor	S.M Ntlwatini	Ward 3	
Ward Councillor	AP Mqakelana	Ward 4	
Ward Councillor	SS Ndzongana	Ward 5	Member of Executive Committee
Ward Councillor	N.C Mraji	Ward 6	
Ward Councillor	M Gojo	Ward 7	
Ward Councillor	K.S Mpiti-Xhelesha	Ward 8	
Ward Councillor	J.D Somsila	Ward 9	
Ward Councillor	S Mfisa	Ward 10	
Ward Councillor	M.H Rorwana	Ward 11	
Ward Councillor	N Nyongwana	Ward 12	
Ward Councillor	Z Khoba	Ward 13	
Ward Councillor	TM. Dumzela	Ward 14	Member of Executive Committee
Ward Councillor	M Phuza	Ward 15	
Ward Councillor	I Mosisidi	Ward 17	
PR Councillor	M.A Mshasha	Ward 16	Chief Whip/Member of Executive Committee
PR Councillor	G.N Mbonzana	Proportional	Member of Executive Committee
PR Councillor	PM Mnisi	Proportional	Member of Executive Committee
PR Councillor	M.C Kibe	Proportional	
PR Councillor	M.N Mgojo	Proportional	
PR Councillor	N. January	Proportional	
PR Councillor	N.R Lose	Proportional	
PR Councillor	X.G Magcai	Proportional	
PR Councillor	NY Monakali	Proportional	
PR Councillor	V Ndoda	Proportional	
PR Councillor	A.P Kwinana	Proportional	
PR Councillor	B.S Maqala	Proportional	
PR Councillor	A Mkangala	Proportional	
PR Councillor	MTN Sehlolo	Proportional	
PR Councillor	N.M Phama	Proportional	

SENQU LOCAL MUNICIPALITY

GENERAL INFORMATION

ACTING MUNICIPAL MANAGER

MP Nonjola

CHIEF FINANCIAL OFFICER

K Fourie

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
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
SALBC Leave Regulations
Municipal Budget and Reporting Regulations
Municipal Regulation on Standard Chart of Accounts (mSCOA)

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 2019, which are set out on pages 1 to 110 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 the GRAP Standards.

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 2020 and am 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.

MP Nonjola
Acting Municipal Manager

Date

SENQU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
ASSETS			
Current Assets		332 013 679	315 301 642
Cash and Cash Equivalents	2	313 095 400	294 260 038
Receivables from exchange transactions	3	12 708 102	10 125 530
Receivables from non-exchange transactions	4	3 564 351	1 651 089
Taxes	5	2 213 002	8 473 633
Operating Lease Asset	6.1	21 678	94 034
Inventory	7	411 147	697 318
Non-Current Assets		460 226 318	392 465 880
Investment Property	8	45 607 000	28 489 500
Property, Plant and Equipment	9	411 207 078	362 559 842
Intangible Assets	10	265 403	318 475
Capitalised Restoration Cost (PPE)	11	3 146 836	1 098 063
Total Assets		792 239 997	707 767 522
Current Liabilities		44 221 039	38 876 174
Borrowings	12	854 848	840 402
Consumer Deposits	13	1 629 794	1 564 134
Payables from exchange transactions	14	15 869 012	9 042 075
Payables from non-exchange transactions	15	13 288 971	15 919 090
Operating Lease Liability	6.2	6 908	1 952
Current Employee benefits	16	12 571 506	11 508 520
Non-Current Liabilities		31 006 283	30 365 938
Borrowings	12	9 504 810	10 359 968
Employee benefits	17	13 783 986	14 396 295
Non-Current Provisions	18	7 717 487	5 609 674
Total Liabilities		75 227 322	69 242 111
NET ASSETS		717 012 676	638 525 411
COMMUNITY WEALTH			
Accumulated Surplus	19.2	652 393 442	584 367 468
Revaluation Reserve	19.1	64 619 235	54 157 941
		717 012 676	638 525 411

SENQU LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Taxation Revenue		13 438 943	5 996 567
Property Rates	20	13 438 943	5 996 567
Transfer Revenue		192 350 510	177 992 131
Transfers and Subsidies - Capital	21	46 990 687	33 606 115
Transfers and Subsidies - Operating	21	145 359 823	144 367 274
Public Contributions and Donations - Capital		-	18 742
Other Revenue		21 507 109	7 527 706
Actuarial Gains	17	3 706 873	4 024 645
Fines, Penalties and Forfeits	22	136 750	410 879
Insurance Receipts		301 554	109 682
Gain on Fair Value Adjustments of Investment Property	8	16 784 000	2 982 500
Gain on Disposal of Capitalised Restoration Cost (PPE)	11	577 932	-
REVENUE FROM EXCHANGE TRANSACTIONS		72 564 144	70 128 859
Operating Activities		72 564 144	70 128 859
Service Charges	23	44 536 971	41 980 287
Rental from Fixed Assets	24	831 418	1 210 237
Interest Earned - external investments		21 702 912	20 576 605
Interest Earned - outstanding debtors	25	2 375 747	3 204 240
Licences and Permits		1 243 088	1 295 286
Agency Services		1 053 937	975 474
Sales of Goods and Rendering of Services	26	299 925	442 500
Operational Revenue	27	520 146	444 229
TOTAL REVENUE		299 860 705	261 645 265
EXPENDITURE			
Employee related costs	28	86 819 589	81 279 734
Remuneration of Councillors	29	12 243 669	11 704 078
Debt Impairment	30	9 809 905	7 287 564
Depreciation and Amortisation	31	18 865 199	18 499 903
Impairment Loss	32	138 605	4 065 406
Actuarial Losses	17	226 510	38 647
Finance Charges	33	2 694 013	2 876 497
Bulk Purchases	34	33 393 648	25 599 340
Contracted services	35	28 657 848	20 205 894
Transfers and Subsidies	36	550 000	-
Operating Leases	37	107 809	131 132
Operational Cost	38	37 890 521	29 871 637
Loss on Disposal of Property, Plant and Equipment	39	437 414	2 244 132
TOTAL EXPENDITURE		231 834 731	203 803 963
NET SURPLUS FOR THE YEAR		68 025 974	57 841 301

SENQU LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2019

	REVALUATION RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2017 - Previously Reported	27 439 962	552 391 344	579 831 306
Correction of Error - Refer to note 41.6	-	(25 865 177)	(25 865 177)
Balance on 30 June 2017 - Restated	27 439 962	526 526 167	553 966 129
Net Surplus for the year	-	57 841 301	57 841 301
Revaluation on Land and Buildings	26 717 979	-	26 717 979
Balance on 30 June 2018 - Restated	54 157 941	584 367 468	638 525 409
Net Surplus for the year	-	68 025 974	68 025 974
Revaluation on Land and Buildings	10 461 294	-	10 461 294
Balance on 30 June 2019	64 619 235	652 393 442	717 012 676

SENQU LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates		11 844 326	4 104 315
Service charges		33 949 178	32 124 399
Other revenue		4 386 818	4 888 288
Government - operating		147 317 726	140 044 772
Government - capital		41 850 250	42 159 250
Interest		20 351 851	20 576 605
Refund on VAT returns - VAT 201s		15 718 919	8 124 638
Payments			
Suppliers and employees		(196 700 516)	(163 216 214)
Finance charges		(936 913)	(1 038 344)
Transfers and Grants		(550 000)	-
NET CASH FROM OPERATING ACTIVITIES	42	77 231 639	87 767 711
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds on Disposal of Fixed Assets		1 348	-
Payments			
Purchase of Property, Plant and Equipment		(57 573 267)	(45 948 919)
Purchase of Intangible Assets		(49 304)	(32 352)
NET CASH USED INVESTING ACTIVITIES		(57 621 223)	(45 981 271)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
Increase in Consumer Deposits		65 660	131 653
Payments			
Loans repaid		(840 713)	(827 384)
NET CASH USED FINANCING ACTIVITIES		(775 053)	(695 730)
NET INCREASE IN CASH HELD		18 835 362	41 090 708
Cash and Cash Equivalents at the beginning of the year		294 260 038	253 169 330
Cash and Cash Equivalents at the end of the year		313 095 400	294 260 038

SENQU LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
ASSETS					
Current assets					
Cash	1 483 464	60 636 271	(59 152 807)	-98%	Money not yet transferred from Investment account
Call investment deposits	311 611 936	204 545 290	107 066 646	52%	Result of Increased revenue, improved control, part under-expenditure and money not yet transferred to Primary bank account
Consumer debtors	13 802 186	10 338 138	3 464 048	34%	Increase in Rates receivable due to additional farm land added to valuation roll
Other Receivables	4 704 947	13 087 583	(8 382 637)	-64%	Effect of the movement in VAT Receivable included
Inventory	411 147	891 000	(479 853)	-54%	More inventory utilised than anticipated due to an effective management procedures implemented to reduce the balance of inventory and cash sitting in inventory.
Total current assets	332 013 679	289 498 282	42 515 397		
Non current assets					
Investment property	45 607 000	33 374 632	12 232 368	37%	Fair Value Adjustment on Investment Property
Property, plant and equipment	411 207 078	444 031 829	(32 824 750)	-7%	Under-expenditure of Capital Budget
Intangible Assets	265 403	601 343	(335 940)	-56%	Less Intangible Assets acquired during the year - due to planned internal audit software not purchased as CAE as software owner was appointed late in the financial year
Capitalised Restoration Cost	3 146 836	1 285 883	1 860 953	145%	Effect of the increase in the Landfill site asset as per engineers' calculations
Total non current assets	460 226 318	479 293 687	(19 067 369)		
TOTAL ASSETS	792 239 997	768 791 969	23 448 028		
LIABILITIES					
Current liabilities					
Borrowing	854 848	855 242	(394)	0%	-
Consumer deposits	1 629 794	1 642 341	(12 547)	-1%	-
Trade and other payables	29 164 891	20 528 661	8 636 230	42%	Increase in retentions and other payables not budgeted for
Provisions and Employee Benefits	12 571 506	12 484 331	87 174	1%	-
Total current liabilities	44 221 038	35 510 575	8 710 464		
Non current liabilities					
Borrowing	9 504 810	9 504 521	289	0%	-
Provisions and Employee Benefits	21 501 473	23 078 086	(1 576 613)	-7%	Effect of the revised assumptions used for the actuarial valuations
Total non current liabilities	31 006 283	32 582 607	(1 576 324)		
TOTAL LIABILITIES	75 227 321	68 093 181	7 134 140		
NET ASSETS	717 012 677	700 698 787	16 313 889		
COMMUNITY WEALTH					
Accumulated Surplus	438 554 395	421 084 241	17 470 153	4%	Appropriation to and from Reserves
Reserves	278 458 282	279 614 546	(1 156 264)	0%	Effect of revaluation on Land and Buildings
TOTAL COMMUNITY WEALTH/EQUITY	717 012 677	700 698 787	16 313 890		

SENQU LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)		Explanations for material variances (10% of line-item with a minimum of R1m)
ASSETS					
Current assets					
Cash	36 753 228	23 883 043	60 636 271	39%	Increased to a more realistic amount comparing to the 2017/18 financial statements
Call investment deposits	169 567 473	34 977 818	204 545 290	17%	Increased to a more realistic amount comparing to the 2017/18 financial statements
Consumer debtors	13 550 470	(3 212 332)	10 338 138	-31%	Effect of the Increase in the Provision for Debt Impairment
Other Receivables	12 630 064	457 519	13 087 583	3%	-
Inventory	891 000	-	891 000	0%	-
Total current assets	233 392 234	56 106 048	289 498 282		
Non current assets					
Investment property	33 540 500	(165 868)	33 374 632	0%	-
Property, plant and equipment	426 143 313	17 888 516	444 031 829	4%	Increased to a more realistic amount comparing to the 2017/18 financial statements
Intangible Assets	953 356	(352 013)	601 343	-59%	Decreased to a more realistic amount comparing to the 2017/18 financial statements
Capitalised Restoration Cost	1 285 883	-	1 285 883	0%	-
Total non current assets	461 923 052	17 370 634	479 293 687		
TOTAL ASSETS	695 315 287	73 476 682	768 791 969		
LIABILITIES					
Current liabilities					
Borrowing	855 242	-	855 242	0%	-
Consumer deposits	1 579 308	63 033	1 642 341	4%	-
Trade and other payables	19 131 248	1 397 412	20 528 661	7%	Effect of Unspent grants
Provisions and Employee Benefits	11 496 527	987 805	12 484 331	8%	-
Total current liabilities	33 062 325	2 448 250	35 510 575		
Non current liabilities					
Borrowing	9 504 521	-	9 504 521	0%	-
Provisions and Employee Benefits	27 059 952	(3 981 866)	23 078 086	-17%	Decreased to a more realistic amount comparing to the 2017/18 financial statements
Total non current liabilities	36 564 473	(3 981 866)	32 582 607		
TOTAL LIABILITIES	69 626 798	(1 533 616)	68 093 181		
NET ASSETS	625 688 489	75 010 298	700 698 787		
COMMUNITY WEALTH					
Accumulated Surplus	398 178 959	22 905 282	421 084 241	5%	Appropriation to and from Reserves
Reserves	227 509 530	52 105 016	279 614 546	19%	Increase due to appropriation from Accumulated Surplus
TOTAL COMMUNITY WEALTH/EQUITY	625 688 489	75 010 298	700 698 787		

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
REVENUE BY SOURCE					
Property rates	13 438 943	8 246 650	5 192 293	63%	Increase in billing due to additional farm land added Billed less than expected due to the conversion of conventional meters to prepaid meters
Service charges	44 536 971	50 813 239	(6 276 268)	-12%	which influences usage
Rental of facilities and equipment	831 418	109 894	721 524	657%	Greater demand for rental of municipal assets
Interest earned - external investments	21 702 912	15 000 000	6 702 912	45%	Improved budgetary control and investment of excess fund
Interest earned - outstanding debtors	2 375 747	2 266 000	109 747	5%	-
Fines, penalties and forfeits	136 750	158 239	(21 489)	-14%	Less Fines revenue received than budgeted for due to vacancies in the law enforcement office for a majority of the financial year. More Revenue received than budgeted for as testing stations in nearby municipality was temporarily closed leading to more persons booking at Senqu testing stations and renewing of licences and permits.
Licences and permits	1 243 088	1 121 254	121 834	11%	More Revenue received than budgeted for as testing stations in nearby municipality was temporarily closed leading to more persons booking at Senqu testing stations and renewing of licences and permits therefore greater agency services revenue for
Agency services	1 053 937	942 700	111 237	12%	Department of Transport.
Transfers and Subsidies - Operating	145 359 823	144 317 750	1 042 073	1%	Vat portion for capital grants
Other revenue	22 190 430	4 803 062	17 387 368	362%	Effect of the Fair Value Adjustment on Investment Property
TOTAL OPERATING REVENUE	252 870 018	227 778 788	25 091 230		
EXPENDITURE BY TYPE					
Employee related costs	86 819 589	85 235 662	1 583 928	2%	Contribution to employee benefits greater than expected
Remuneration of councillors	12 243 669	12 955 431	(711 762)	-5%	-
Debt impairment	9 809 905	5 962 966	3 846 939	65%	Effect of indigent verification
Depreciation & asset impairment	19 003 804	20 271 862	(1 268 058)	-6%	Under-expenditure of Capital Budget
Finance charges	2 694 013	3 015 748	(321 735)	-11%	Effect of fluctuations in interest rate
Bulk purchases	33 393 648	35 690 734	(2 297 086)	-6%	Demand less than anticipated
Other materials	-	14 223 215	(14 223 215)	-100%	Accounted for under "Other expenditure" in terms of GRAP
Contracted services	28 657 848	33 312 163	(4 654 316)	-14%	Cost containment strategy and under-expenditure of the budget
Transfers and subsidies	550 000	586 000	(36 000)	-6%	-
Other expenditure	38 224 841	29 934 700	8 290 141	28%	"Other Materials" included in actual expenditure
Loss on disposal of PPE	437 414	-	437 414	100%	Result of disposal of infrastructure assets not budgeted for
TOTAL OPERATING EXPENDITURE	231 834 731	241 188 480	(9 353 749)		
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR					
	21 035 287	(13 409 692)	34 444 980		
Transfers and Subsidies - Capital	46 990 687	48 528 250	(1 537 563)	-3%	Unspent grant funding committed to projects already initiated
NET SURPLUS FOR THE YEAR	68 025 974	35 118 558	32 907 416		

SENQU LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)		Explanations for material variances (10% of line-item with a minimum of R1m)
REVENUE BY SOURCE					
Property rates	8 146 650	100 000	8 246 650	1%	-
Service charges	50 813 239	-	50 813 239	0%	-
Rental of facilities and equipment	95 294	14 600	109 894	13%	Increased to a more realistic amount based on the actuals for the first six months
Interest earned - external investments	15 000 000	-	15 000 000	0%	-
Interest earned - outstanding debtors	2 226 000	40 000	2 266 000	2%	-
Fines, penalties and forfeits	57 240	100 999	158 239	64%	Increased to a more realistic amount based on the actuals for the first six months
Licences and permits	1 119 254	2 000	1 121 254	0%	-
Agency services	842 700	100 000	942 700	11%	Increased to a more realistic amount based on the actuals for the first six months
Transfers and Subsidies - Operating	144 317 750	-	144 317 750	0%	-
Other revenue	1 585 930	3 217 132	4 803 062	67%	Budgeted for the Gain on Fair Value Adjustments of Investment Property
TOTAL OPERATING REVENUE	224 204 057	3 574 731	227 778 788		
EXPENDITURE BY TYPE					
Employee related costs	87 122 340	(1 886 678)	85 235 662	-2%	Decreased to a more realistic amount based on the actuals for the first six months
Remuneration of councillors	13 355 431	(400 000)	12 955 431	-3%	-
Debt impairment	4 962 966	1 000 000	5 962 966	17%	Effect of the Increase in the Provision for Debt Impairment
Depreciation & asset impairment	22 289 591	(2 017 729)	20 271 862	-10%	Decreased to a more realistic amount based on the actuals for the first six months
Finance charges	3 163 384	(147 636)	3 015 748	-5%	-
Bulk purchases	34 506 416	1 184 318	35 690 734	3%	Increased to a more realistic amount based on the actuals for the first six months
Other materials	13 179 439	1 043 776	14 223 215	7%	Increased to a more realistic amount based on the actuals for the first six months
Contracted services	28 298 148	5 014 015	33 312 163	15%	Increased to a more realistic amount based on the actuals for the first six months
Transfers and subsidies	290 000	296 000	586 000	51%	Budgeted for additional transfer to the Joe Gqabi District Municipality
Other expenditure	29 096 514	838 186	29 934 700	3%	-
TOTAL OPERATING EXPENDITURE	236 264 229	4 924 251	241 188 480		
OPERATING DEFICIT FOR THE YEAR	(12 060 172)	(1 349 520)	(13 409 692)		
Government Grants and Subsidies - Capital	44 850 250	3 678 000	48 528 250	8%	Roll-over of Unspent Grants
NET SURPLUS FOR THE YEAR	32 790 078	2 328 480	35 118 558		

SENQU LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)		Explanations for material variances (10% of line-item with a minimum of R1m)
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	11 844 326	7 421 985	4 422 341	60%	Increase in billing due to additional farm land added
Service charges	33 949 178	45 731 915	(11 782 737)	-26%	Billed less than expected due to the conversion of conventional meters to prepaid meters which influences usage
Other revenue	4 386 818	6 111 928	(1 725 109)	-28%	Revenue decreased due to rental contracts that expired and not renewed. Other services such as building plans decreased due to lower volume of transactions and customer demand.
Government - operating	147 317 726	144 317 750	2 999 976	2%	VAT on Capital grants allocated to Operating Grants
Government - capital	41 850 250	48 528 250	(6 678 000)	-14%	VAT on Capital grants allocated to Operating Grants
Interest	20 351 851	15 000 000	5 351 851	36%	Improved budgetary control and investment of excess fund
Refund on VAT returns - VAT 201s	15 718 919	-	15 718 919	100%	VAT accounted for in other line items in the budget
Payments					
Suppliers and Employees	(196 700 516)	(211 930 163)	15 229 647	-7%	Improved control and part under-expenditure
Finance charges	(936 913)	(3 015 748)	2 078 835	-69%	Only finance charges actually paid included in the "actual" amount
Transfers and Grants	(550 000)	(586 000)	36 000	-6%	-
NET CASH FROM OPERATING ACTIVITIES	77 231 639	51 579 917	25 651 723		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	1 348	-	1 348	0%	-
Payments					
Capital assets	(57 622 571)	(79 894 984)	22 272 413	-28%	Under-expenditure of Capital Budget
NET CASH USED IN INVESTING ACTIVITIES	(57 621 223)	(79 894 984)	22 272 413		
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Increase in consumer deposits	65 660	78 207	(12 547)	-16%	-
Payments					
Repayment of borrowing	(840 713)	(840 916)	203	0%	-
NET CASH USED IN FINANCING ACTIVITIES	(775 053)	(762 709)	(12 343)		
NET INCREASE/(DECREASE) IN CASH HELD	18 835 363	(29 077 777)	47 911 792		
Cash and Cash Equivalents at the beginning of the year	294 260 038	294 259 338	700	0%	-
Cash and Cash Equivalents at the end of the year	313 095 400	265 181 561	47 913 839	18%	Result of Increased revenue, improved control and part under-expenditure

SENQU LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)		Explanations for material variances (10% of line-item with a minimum of R1m)
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	7 199 046	222 939	7 421 985	3%	-
Service charges	44 902 733	829 182	45 731 915	2%	-
Other revenue	3 689 334	2 422 594	6 111 928	40%	Increased to a more realistic amount based on the actuals for the first six months
Government - operating	144 317 750	-	144 317 750	0%	-
Government - capital	44 850 250	3 678 000	48 528 250	8%	Inclusion of Roll-over of Unspent Grants
Interest	16 967 076	(1 967 076)	15 000 000	-13%	Improved budgetary control and investment of excess fund
Payments					
Suppliers and Employees	(201 410 597)	(10 519 566)	(211 930 163)	5%	-
Finance charges	(3 163 384)	147 636	(3 015 748)	-5%	-
Transfers and subsidies	(290 000)	(296 000)	(586 000)	51%	Budgeted for additional transfer to the Joe Gqabi District Municipality
NET CASH FROM OPERATING ACTIVITIES	57 062 207	(5 482 291)	51 579 917		
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	-	-	-	0%	-
Payments					
Capital assets	(77 567 250)	(2 327 734)	(79 894 984)	3%	Inclusion of projects funded from Unspent Grants
NET CASH USED IN INVESTING ACTIVITIES	(77 567 250)	(2 327 734)	(79 894 984)		
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Increase in consumer deposits	75 205	3 002	78 207	4%	-
Payments					
Repayment of borrowing	(840 916)	-	(840 916)	0%	-
NET CASH USED IN FINANCING ACTIVITIES	(765 711)	3 002	(762 709)		
NET DECREASE IN CASH HELD	(21 270 754)	(7 807 023)	(29 077 777)		
Cash and Cash Equivalents at the beginning of the year	227 591 454	66 667 884	294 259 338	23%	Increased to a more realistic amount based on the actuals for the first six months
Cash and Cash Equivalents at the end of the year	206 320 701	58 860 861	265 181 561	22%	Increased to a more realistic amount based on the actuals for the first six months

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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 2019

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. Items deemed immaterial are also corrected if the value thereof can become material.

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.

1.05.2 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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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.

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

Standard	Description	Effective Date
GRAP 20	Related Party Disclosures	1 April 2019
GRAP 108	Statutory Receivables	1 April 2019

The effect of the above-mentioned Standards of GRAP which were early adopted is considered insignificant. Accounting policies for these Standards of GRAP were already formulated in the prior year's financial statements. The only effect is additional disclosure requirements.

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 (2018)	Presentation of Financial Statements	1 April 2020
GRAP 21 (2018)	Impairment of Non-cash-generating Assets	1 April 2020
GRAP 23 (2018)	Impairment of Cash-generating Assets	1 April 2020
GRAP 104 (2018)	Financial Instruments	1 April 2020

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 the clarification of accounting principles.

The Municipality further resolved not to early adopt the following Standards of GRAP and Interpretations of the Standard of GRAP which was issued but is not yet effective:

1.08.1.1 GRAP 18 - Segment Reporting (effective 1 April 2020)

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

Preliminary investigations indicated that, other than 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 2019

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

1.08.1.2 GRAP 32 - Service Concession Arrangements: Grantor (effective 1 April 2019)

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.

1.08.1.3 GRAP 34 - Separate Financial Statements (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

1.08.1.4 GRAP 35 - Consolidated Financial Statements (effective 1 April 2020)

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.

1.08.1.5 GRAP 36 - Investments in Associates and Joint Ventures (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

1.08.1.6 GRAP 37 - Joint Arrangements (effective 1 April 2020)

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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

1.08.1.7 GRAP 38 - Disclosure of Interests in Other Entities (effective 1 April 2020)

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

(a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and

□

(b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

1.08.1.8 GRAP 109 - Accounting by Principals and Agents (effective 1 April 2019)

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.

1.08.1.9 GRAP 110 - Living and Non-living Resources (effective 1 April 2020)

The objective of this Standard is to prescribe the:

(a) recognition, measurement, presentation and disclosure requirements for living resources; and

(b) disclosure requirements for non-living resources.

No significant impact is expected as the Municipality does not have any living resources.

1.08.1.10 iGRAP 1 (Revised) - Applying The Probability Test On Initial Recognition Of Revenue (effective 1 April 2020)

This Interpretation addresses the manner in which an entity applies the probability test on initial recognition of:

(a) exchange revenue in accordance with GRAP 9; and

(b) non-exchange revenue in accordance with GRAP 23.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

1.08.1.11 iGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

This Interpretation 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 2019

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

1.08.1.12 iGRAP 18 - Recognition and Derecognition of Land (effective 1 April 2019)

This Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as an asset in its financial statements.

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

1.08.1.13 iGRAP 19 - Liabilities to Pay Levies (effective 1 April 2019)

This Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

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

1.08.1.14 iGRAP 20 - Accounting for Adjustments to Revenue (effective 1 April 2020)

This Interpretation clarifies the accounting for adjustments to:

- (a) exchange and non-exchange revenue charged in terms of legislation or similar means; and
- (b) interest and penalties that arise from revenue already recognised.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

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.

All Standards of GRAP currently issued, have effective dates.

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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.09 RESERVES (CONTINUED)

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.

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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.10 INVESTMENT PROPERTY (CONTINUED)

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 and any 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. 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. The fair value of Investment Property reflects market conditions at the reporting date.

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.

1.11 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 and any 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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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, other than Land and Buildings, are measured at cost less accumulated depreciation and any accumulated impairment losses.

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.

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.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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
Infrastructure		Land and Buildings	
Roads and Paving	7 - 110	Buildings and	
Bridges	50 - 80	Improvements	100
Electricity	10 - 65	Land	Indefinite
Storm Water	10 - 85		
Community		Other Assets	
Community Halls	100	Vehicles	5 - 20
Libraries	100	Plant & Equipment	2 - 30
Parks & Gardens	15 - 50	Furniture	3 - 21
Sports facilities	30 - 45	Special Vehicles	10
Cemeteries	10 - 15	Specialised plant and	
		Equipment	10 - 15
Capitalised Restoration Cost		Office Equipment	5 - 19
Landfill Sites	9 - 52	Computer Equipment	5 - 18

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.

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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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 and any 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.

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.

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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.12 INTANGIBLE ASSETS (CONTINUED)

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:

	Years
Computer Software	5 - 18

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.

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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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.

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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

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.

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 plus any other costs in bringing the inventories to their current location and condition.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.14 INVENTORIES (CONTINUED)

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.

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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.15 EMPLOYEE BENEFITS (CONTINUED)

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.

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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.15 EMPLOYEE BENEFITS (CONTINUED)

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.

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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.16 PROVISIONS (CONTINUED)

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.

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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.17 LEASES (CONTINUED)

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.

1.18 FINANCIAL INSTRUMENTS

1.18.1 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.

1.18.2 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.
- (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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.3 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.

1.18.3.1 *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.

1.18.3.2 *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.

1.18.4 Derecognition of financial instruments

1.18.4.1 *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.

1.18.4.2 *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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.5 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.

1.19 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.

1.190.1 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.

1.190.2 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.

1.190.3 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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.19 STATUTORY RECEIVABLES (CONTINUED)

1.190.4 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.

1.20 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.

1.21 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.

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.

1.22 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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.23 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.

1.24 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.

1.25 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.

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.

1.26 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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.26 REVENUE (CONTINUED)

1.26.1 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.

1.26.1.1 *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.

1.26.1.2 *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.

1.26.1.3 *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

1.26.1.4 *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

1.26.1.5 *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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.26 REVENUE (CONTINUED)

1.26.1.6 *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.

1.26.1.7 *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.

1.26.1.8 *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.

1.26.2 **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.

1.26.2.1 *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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.26 REVENUE (CONTINUED)

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.

1.26.2.2 *Interest earned*

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.

?

1.26.2.3 *Rental income*

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

1.26.2.4 *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.

1.26.2.5 *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.

1.26.2.6 *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.

1.26.2.7 *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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.26 REVENUE (CONTINUED)

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

1.27 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.

1.28 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.

1.29 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.

1.30 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.

1.31 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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.32 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.

1.33 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.

1.34 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.

Management is regarded as a related party and comprises the Councillors, Executive 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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.35 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:

1.35.1 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.

GRAP implementation date for the Municipality is 1 July 2007 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2007 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

1.35.2 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.

1.35.3 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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.35 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.35.4 Impairment of non-monetary assets

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

1.35.5 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.

1.35.6 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.

1.35.7 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.

1.35.8 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 2019

	2019 R	2018 R
2 CASH AND CASH EQUIVALENTS		
Primary Bank Account	1 482 764	2 051 781
Call and short-term Investments Deposits	311 611 936	292 207 557
Cash Floats	700	700
Total	313 095 400	294 260 038

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	13 288 971	15 919 090
Capital Replacement Reserve	186 756 554	178 523 240
Valuation Roll Reserve	727 002	454 376
Employee Benefit Reserve	26 355 492	25 904 815
Taxes	4 722 030	508 629
Working Capital Requirements	81 245 352	72 949 889
	313 095 400	294 260 038

Primary Bank Account

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

Bank Statement Balance - Opening Balance	2 029 191	3 804 700
Bank Statement Balance - Closing Balance	1 482 764	2 029 191
Cashbook Balance - Opening Balance	2 051 781	3 804 700
Cashbook Balance - Closing Balance	1 482 764	2 051 781

Call and Notice Deposits

Call and Notice Deposits consist out of the following accounts:

Standard Bank 388489162/0	215 504 828	202 585 786
Standard Bank 388489731/0	86 588 120	80 606 285
Standard Bank 388486066/0	9 518 988	9 015 486
	311 611 936	292 207 557

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2019

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	46 539 627	38 179 516	8 360 111
Electricity	24 226 180	17 276 058	6 950 122
Refuse	21 312 085	20 602 165	709 921
Housing Rentals	1 001 362	301 294	700 068
Other Receivables	4 347 991	-	4 347 991
Joe Gqabi District Municipality (WSA)	4 347 991	-	4 347 991
Total	50 887 619	38 179 516	12 708 102

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2018

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	35 555 457	29 949 744	5 605 713
Electricity	21 184 916	16 568 470	4 616 446
Refuse	13 726 730	13 214 462	512 268
Housing Rentals	643 811	166 812	476 999
Other Receivables	4 519 817	-	4 519 817
Joe Gqabi District Municipality (WSA)	4 519 817	-	4 519 817
Total	40 075 274	29 949 744	10 125 530

Included in the outstanding balances at 30 June 2019 are consumer debtors to the value of R5 213 274 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.

Ageing of service and other receivables:	2019 R	2018 R
Electricity Ageing		
Current (0 - 30 days)	2 893 178	2 910 030
Past Due (31 - 60 Days)	1 340 386	1 260 882
Past Due (61 - 90 Days)	881 881	1 046 794
Past Due (90 Days +)	19 110 735	15 967 210
Total	24 226 180	21 184 916
Refuse Ageing		
Current (0 - 30 days)	969 145	833 300
Past Due (31 - 60 Days)	839 636	1 560 582
Past Due (61 - 90 Days)	752 906	632 173
Past Due (90 Days +)	18 750 398	10 700 676
Total	21 312 085	13 726 730
Housing Rentals Ageing		
Current (0 - 30 days)	25 171	97 387
Past Due (31 - 60 Days)	7 891	89 665
Past Due (61 - 90 Days)	3 807	45 190
Past Due (90 Days +)	964 494	411 569
Total	1 001 362	643 811
Other Receivables Ageing		
Past Due (90 Days +)	4 347 991	4 519 817
Total	4 347 991	4 519 817

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)		
Total Service and Other Receivables Ageing		
Current (0 - 30 days)	3 887 494	3 840 716
Past Due (31 - 60 Days)	2 187 912	2 911 130
Past Due (61 - 90 Days)	1 638 593	1 724 157
Past Due (90 Days +)	43 173 619	31 599 272
Total	50 887 619	40 075 274
Reconciliation of Allowance for impairment		
Balance at the beginning of the year	29 949 744	23 938 778
Contribution to the provision	9 570 445	8 683 827
Electricity	1 944 703	1 639 857
Refuse	7 491 179	7 043 970
Housing Rentals	134 562	-
Bad Debts Written off	(1 340 672)	(2 672 861)
Electricity	(1 237 116)	(215 429)
Refuse	(103 477)	(2 457 432)
Housing Rentals	(80)	-
Balance at the end of the year	38 179 516	29 949 744

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 2019

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	12 843 977	11 749 894	1 094 083
Rates	12 843 977	11 749 894	1 094 083
Other Receivables	3 143 468	673 200	2 470 268
Traffic fines income due	673 200	673 200	-
Other Receivables	2 470 268	-	2 470 268
Total	15 987 445	12 423 094	3 564 351

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

30 JUNE 2018

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	10 876 457	10 194 562	681 895
Rates	10 876 457	10 194 562	681 895
Other Receivables	1 619 094	649 900	969 194
Traffic fines income due	649 900	649 900	-
Other Receivables	969 194	-	969 194
Total	12 495 551	10 844 462	1 651 089

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.

	2019 R	2018 R
Ageing of service receivables:		
Rates Ageing		
Current (0 - 30 days)	86 813	95 945
Past Due (31 - 60 Days)	338 458	216 863
Past Due (61 - 90 Days)	234 760	185 301
Past Due (90 Days +)	12 183 947	10 378 348
Total	12 843 978	10 876 457

Reconciliation of Allowance for impairment

Balance at the beginning of the year	10 844 462	9 567 864
Contribution to the provision	1 844 426	1 413 017
Rates	1 821 126	1 292 917
Fines	23 300	120 100
Bad Debts Written off	(265 793)	(136 418)
Rates	(265 793)	(136 418)
Balance at the end of the year	12 423 094	10 844 462

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 2019

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
2019			
1 month past due	1 219 751	102 507	1 322 258
2 + months past due	4 247 732	989 660	5 237 392
Total	5 467 483	1 092 167	6 559 649
2018			
1 month past due	1 041 081	47 737	1 088 818
2 + months past due	1 606 402	621 485	2 227 888
Total	2 647 483	669 223	3 316 705

Trade and other receivables impaired:

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2019			
Total	38 179 516	12 423 094	50 602 611
2018			
Total	29 949 744	10 844 462	40 794 206

5 TAXES

	2019 R	2018 R
Vat Receivable	2 213 002	8 473 633
Vat on Contribution to Provision for Impairment of Trade Receivables from Exchange Transactions	-	-
Balance previously reported	-	2 834 080
Prior period adjustment - Note 41.1	-	(2 834 080)
Total	2 213 002	8 473 633

VAT is accounted for on the cash basis.

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

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

6 OPERATING LEASES	2019 R	2018 R
6.1 OPERATING LEASE ASSETS		
Operating Lease Asset	<u>21 678</u>	<u>94 034</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	94 034	193 185
Balance previously reported	-	235 062
Prior period adjustment - Note 41.2	-	(41 878)
Movement during the year	(72 356)	(99 151)
Balance previously reported	-	(74 985)
Prior period adjustment - Note 41.2	-	(24 166)
Balance at the end of the year - Restated 2018	<u>21 678</u>	<u>94 034</u>
The municipality will receive the following lease payments from contracts that have defined lease payments and terms:		
Within 1 Year	246 581	356 149
Between 1 and 5 Years	302 661	217 652
	<u>549 242</u>	<u>573 800</u>
The lease payments are in respect of properties being lease out over a period ranging up to 2022.		
6.2 OPERATING LEASE LIABILITIES		
Operating Lease Liability	<u>6 908</u>	<u>1 952</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	1 952	2 895
Movement during the year	4 956	(943)
Balance previously reported	-	(2 895)
Prior period adjustment - Note 41.2	-	1 952
Balance at the end of the year - Restated 2018	<u>6 908</u>	<u>1 952</u>
The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms:		
Within 1 Year	37 468	34 693
Between 1 and 5 Years	84 169	121 637
	<u>121 637</u>	<u>156 330</u>

The Municipality entered into a lease agreement to rent the Library building in Lady Grey. The lease agreement was renewed on 1 March 2018 and will run up to 28 February 2023. The initial monthly rental is R3 238 (VAT inclusive) and the lease is subject to an annual increase of 8%.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
7 INVENTORY		
Electricity materials	411 147	697 318
Total	411 147	697 318

No inventory were pledged as security for liabilities.

8 INVESTMENT PROPERTY

Investment Property - Carrying Value	45 607 000	28 489 500
--------------------------------------	-------------------	-------------------

The movement in investment properties is reconciled as follows:

Opening Carrying Value	28 489 500	28 311 500
Fair Value	28 489 500	28 311 500
Transfers from Property, Plant and equipment - Note 9	333 500	-
Transfers to Property, Plant and equipment - Note 9	-	(1 150 500)
Fair Value Adjustment	16 784 000	2 982 500
Balance previously reported	-	5 009 000
Prior period adjustment - Note 41.3	-	(2 026 500)
Impairment	-	(1 269 500)
Balance previously reported	-	(1 462 500)
Prior period adjustment - Note 41.3	-	193 000
Disposal	-	(384 500)
Closing Carrying Value	45 607 000	28 489 500
Fair Value	45 607 000	28 489 500

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	669 104	1 102 054
--	---------	-----------

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

9 PROPERTY PLANT AND EQUIPMENT

30 June 2019	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
Land and Buildings	99 465 940	4 259 431	(76 000)	9 658 474	(333 500)	112 974 344	-	802 820	(802 820)	-	-	-	112 974 344
Land	26 234 721	250 557	(76 000)	2 646 550	(38 000)	29 017 829	-	-	-	-	-	-	29 017 829
Buildings	73 231 219	4 008 873	-	7 011 924	(295 500)	83 956 516	-	802 820	(802 820)	-	-	-	83 956 516
Infrastructure	293 048 934	46 811 895	(1 379 756)	-	-	338 481 073	98 808 896	10 453 034	(1 042 720)	-	-	108 219 210	230 261 862
Roads	188 105 548	22 366 681	(933 023)	-	-	209 539 206	78 955 605	7 826 712	(933 023)	-	-	85 849 294	123 689 912
Stormwater	55 689 273	83 650	-	-	-	55 772 923	12 745 430	1 411 341	-	-	-	14 156 771	41 616 152
Solid Waste	7 100 413	16 627 574	-	-	-	23 727 987	1 808 124	55 495	-	-	-	1 863 619	21 864 368
Electricity	29 637 269	7 733 990	(446 734)	-	-	36 924 526	3 754 546	773 434	(109 697)	-	-	4 418 283	32 506 243
Taxi Ranks	12 516 431	-	-	-	-	12 516 431	1 545 191	386 052	-	-	-	1 931 244	10 585 188
Community Assets	45 294 449	4 302 766	-	-	-	49 597 214	5 164 517	1 896 001	-	-	-	7 060 518	42 536 696
Sports Fields	26 131 395	223 412	-	-	-	26 354 807	2 164 966	835 304	-	-	-	3 000 270	23 354 537
Node Development	8 609 456	-	-	-	-	8 609 456	1 309 732	269 659	-	-	-	1 579 391	7 030 065
Parks & Gardens	2 380 653	3 718 426	-	-	-	6 099 079	192 004	60 443	-	-	-	252 446	5 846 633
Cemetery	6 817 684	182 857	-	-	-	7 000 541	1 078 007	460 041	-	-	-	1 538 048	5 462 493
Other	1 355 260	178 071	-	-	-	1 533 331	419 808	270 555	-	-	-	690 363	842 968
Other Assets	54 836 553	2 199 175	(165 105)	-	-	56 870 624	26 112 620	5 463 207	(139 379)	-	-	31 436 449	25 434 176
Motor Vehicles	12 518 079	-	-	-	-	12 518 079	6 702 906	1 670 364	-	-	-	8 373 269	4 144 810
Plant & Equipment	24 855 504	854 079	(67 765)	-	-	25 641 818	9 300 134	1 935 276	(60 183)	-	-	11 175 227	14 466 591
Office Equipment	2 494 977	6 997	(2 025)	-	-	2 499 949	1 780 080	228 994	(2 150)	-	-	2 006 924	493 024
Furniture & Fittings	4 748 285	46 413	(12 954)	-	-	4 781 744	2 861 445	422 434	(7 744)	-	-	3 276 135	1 505 609
Loose Equipment	519 087	31 405	(24 575)	-	-	525 917	443 901	33 270	(28 322)	-	-	448 849	77 068
Computer Equipment	5 619 243	1 260 281	(57 786)	-	-	6 821 739	3 388 591	820 231	(40 980)	-	-	4 167 842	2 653 897
Specialised Vehicles	4 081 378	-	-	-	-	4 081 378	1 635 564	352 638	-	-	-	1 988 202	2 093 176
Total	492 645 876	57 573 267	(1 620 861)	9 658 474	(333 500)	557 923 256	130 086 034	18 615 062	(1 984 919)	-	-	146 716 177	411 207 078

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2018	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	
Land and Buildings	70 875 256	5 073 969	(1 188 000)	26 313 265	(1 608 550)	99 465 940	-	505 964	(505 964)	2 759 050	(2 759 050)	-	99 465 940
Land	22 169 574	2 792 821	(1 188 000)	3 573 614	(1 113 288)	26 234 721	-	-	-	1 879 788	(1 879 788)	-	26 234 721
Buildings	48 705 682	2 281 148	-	22 739 651	(495 262)	73 231 219	-	505 964	(505 964)	879 262	(879 262)	-	73 231 219
Infrastructure	259 984 896	33 384 034	(319 996)	-	-	293 048 934	88 248 953	10 647 365	(87 421)	-	-	98 808 896	194 240 037
Roads	163 915 674	24 189 874	-	-	-	188 105 548	70 933 305	8 022 300	-	-	-	78 955 605	109 149 943
Stormwater	55 689 273	-	-	-	-	55 689 273	11 326 711	1 418 719	-	-	-	12 745 430	42 943 843
Solid Waste	4 082 085	3 018 328	-	-	-	7 100 413	1 666 834	141 290	-	-	-	1 808 124	5 292 288
Electricity	23 781 433	6 175 833	(319 996)	-	-	29 637 269	3 162 964	679 004	(87 421)	-	-	3 754 546	25 882 723
Taxi Ranks	12 516 431	-	-	-	-	12 516 431	1 159 139	386 052	-	-	-	1 545 191	10 971 240
Community Assets	43 697 269	1 597 180	-	-	-	45 294 449	3 292 571	1 871 947	-	-	-	5 164 517	40 129 932
Sports Fields	25 357 886	773 509	-	-	-	26 131 395	1 342 908	822 058	-	-	-	2 164 966	23 966 429
Node Development	8 450 966	158 489	-	-	-	8 609 456	1 046 341	263 391	-	-	-	1 309 732	7 299 724
Parks & Gardens	1 715 472	665 181	-	-	-	2 380 653	136 101	55 903	-	-	-	192 004	2 188 650
Cemetery	6 817 684	-	-	-	-	6 817 684	617 967	460 041	-	-	-	1 078 007	5 739 677
Other	1 355 260	-	-	-	-	1 355 260	149 254	270 555	-	-	-	419 808	935 452
Other Assets	50 571 413	5 893 736	(1 628 596)	-	-	54 836 553	22 004 709	5 297 449	(1 189 538)	-	-	26 112 620	28 723 933
Motor Vehicles	11 743 356	1 609 809	(835 086)	-	-	12 518 079	5 621 132	1 620 781	(539 007)	-	-	6 702 906	5 815 174
Plant & Equipment	21 941 052	3 492 157	(577 706)	-	-	24 855 504	8 034 102	1 734 746	(468 715)	-	-	9 300 134	15 555 370
Office Equipment	2 434 395	115 840	(55 258)	-	-	2 494 977	1 570 238	255 133	(45 291)	-	-	1 780 080	714 897
Furniture & Fittings	4 584 549	188 654	(24 918)	-	-	4 748 285	2 393 084	491 581	(23 220)	-	-	2 861 445	1 886 840
Loose Equipment	529 257	-	(10 170)	-	-	519 087	378 255	76 402	(10 757)	-	-	443 901	75 186
Computer Equipment	5 257 426	487 277	(125 459)	-	-	5 619 243	2 724 972	766 169	(102 550)	-	-	3 388 591	2 230 652
Specialised Vehicles	4 081 378	-	-	-	-	4 081 378	1 282 926	352 638	-	-	-	1 635 564	2 445 814
Total	425 128 834	45 948 919	(3 136 592)	26 313 265	(1 608 550)	492 645 876	113 546 232	18 322 725	(1 782 923)	2 759 050	(2 759 050)	130 086 034	362 559 842

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2018	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance	Additions	Disposals	Gain on Fair Value Revaluation	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Loss on Fair Value Revaluation	Transfers	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	
Balance Previously Reported	449 055 081	45 948 919	(3 634 894)	26 525 389	(3 933 050)	513 961 445	113 543 676	18 040 323	(2 314 128)	5 083 550	(5 083 550)	129 269 871	384 691 575
Prior Period Adjustment - Refer to Note 41.4	(23 926 247)	-	498 302	(212 124)	2 324 500	(21 315 569)	2 557	282 402	531 204	(2 324 500)	2 324 500	816 163	(22 131 733)
Restated Balance	425 128 834	45 948 919	(3 136 592)	26 313 265	(1 608 550)	492 645 876	113 546 232	18 322 725	(1 782 923)	2 759 050	(2 759 050)	130 086 034	362 559 842

The valuations on Land and Buildings 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.

No assets were pledged as security for liabilities.

Refer to note 39 for the disclosure of repairs and maintenance per asset class as required by GRAP 17.

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

	2019 R	2018 R
Buildings	5 580 216	5 842 888
Infrastructure - Electricity	10 256 323	4 487 444
Infrastructure - Roads	16 873 115	36 423 029
Infrastructure - Waste Management	21 053 221	4 425 647
Sports Fields	266 216	42 804
Parks & Gardens	117 609	-
Other	4 627 977	666 232
Total Work in Progress (WIP)	58 774 676	51 888 044

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
10 INTANGIBLE ASSETS		
Intangible Assets - Carrying Value	<u>265 403</u>	<u>318 475</u>
The movement in intangible assets is reconciled as follows:		
Opening Carrying Value	318 475	392 606
Cost	834 075	801 723
Accumulated Amortisation	(515 600)	(409 116)
Acquisitions	49 304	32 352
Amortisation for the year	(102 376)	(106 484)
Closing Carrying Value	265 403	318 475
Cost	883 379	834 075
Accumulated Amortisation	(617 976)	(515 600)
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 CAPITALISED RESTORATION COST (PPE)		
Capitalised Restoration Cost - Carrying Value	<u>3 146 836</u>	<u>1 098 063</u>
The movement in capitalised restoration cost is reconciled as follows:		
Opening Carrying Value	1 098 063	1 285 883
Cost	3 181 776	3 160 797
Accumulated Depreciation	(1 490 639)	(1 419 945)
Accumulated Impairments	(593 074)	(454 969)
Additions/(Disposal)	1 757 208	20 979
Gain on disposal	577 932	-
Depreciation for the year	(147 762)	(70 694)
Impairments for the year	(138 605)	(138 105)
Closing Carrying Value	3 146 836	1 098 063
Cost	5 516 916	3 181 776
Accumulated Depreciation	(1 638 401)	(1 490 639)
Accumulated Impairments	(731 679)	(593 074)

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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

Annuity Loans

2019
R

2018
R

10 359 658

11 200 370

Sub-Total

10 359 658

11 200 370

Less: Current portion

854 848

840 402

Annuity Loans

854 848

840 402

Total

9 504 810

10 359 968

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

Annuity loans are payable as follows:

Payable within one year

1 684 369

1 733 090

Payable within two to five years

5 980 923

6 183 371

Payable after five years

7 372 657

8 791 970

Total amount payable

15 037 949

16 708 430

Less: Outstanding Future Finance Charges

(4 678 292)

(5 508 060)

Present value of annuity loans

10 359 658

11 200 370

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
13 CONSUMER DEPOSITS		
Electricity	1 629 794	1 564 134
Total	1 629 794	1 564 134

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	6 822 334	3 417 866
Deposits: Other	15 308	55 233
Payments received in advance	826 253	447 962
Retentions	7 979 032	4 879 502
DBSA Interest Accrual	226 086	241 512
Total	15 869 012	9 042 075

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	2 533 133	5 715 667
Provincial Government	10 755 838	10 203 424
Total	13 288 971	15 919 090

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 2019

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.

16 CURRENT EMPLOYEE BENEFITS	2019 R	2018 R
Post Retirement Medical Benefits - Note 17	194 181	176 338
Long Service Awards - Note 17	152 515	279 234
Bonuses	2 706 081	2 514 661
Performance Bonuses	2 623 107	2 615 515
Compensation for injuries on duty contribution	2 964 659	2 127 194
Staff Leave	3 930 963	3 795 577
Total	12 571 506	11 508 520

The movement in current employee benefits are reconciled as follows:

Bonuses

Opening Balance	2 514 661	2 152 653
Contribution during the year	4 924 778	4 450 931
Payments made	(4 733 358)	(4 088 923)
Balance at end of year	2 706 081	2 514 661

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	2 615 515	2 409 269
Contribution during the year	2 485 290	2 346 673
Payments made	(2 477 699)	(2 140 426)
Balance at end of year	2 623 107	2 615 515

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council.

Compensation for injuries on duty contribution

Opening Balance	2 127 194	1 284 047
Contribution during the year	837 465	843 147
Balance at end of year	2 964 659	2 127 194

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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

16	CURRENT EMPLOYEE BENEFITS (CONTINUED)	2019 R	2018 R
	<u>Staff Leave</u>		
	Opening Balance	3 795 577	3 506 878
	Contribution during the year	1 971 169	2 788 019
	Payments made	(1 835 783)	(2 499 321)
	Balance at end of year	<u>3 930 963</u>	<u>3 795 577</u>

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.

17	EMPLOYEE BENEFITS		
	Post Retirement Medical Benefits	11 789 451	12 949 917
	Long Service Awards	1 994 535	1 446 378
	Total	<u>13 783 986</u>	<u>14 396 295</u>

17.1 POST RETIREMENT MEDICAL BENEFITS

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

Opening Balance	13 126 255	14 493 291
Contribution during the year	2 782 101	2 901 192
Current Service Cost	1 509 383	1 497 361
Interest Cost	1 272 718	1 403 831
Payments made	(217 851)	(243 583)
Actuarial Loss/(Gain)	(3 706 873)	(4 024 645)
Total balance at year-end	11 983 632	13 126 255
Less: Current Portion - Note 16	(194 181)	(176 338)
Total	<u>11 789 451</u>	<u>12 949 917</u>

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

	2019	2018
In-service members	183	154
Continuation members	3	3
Total	<u>186</u>	<u>157</u>

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

17 EMPLOYEE BENEFITS (CONTINUED)

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

	2019 R	2018 R
In-service members	10 113 774	11 469 723
Continuation members	1 869 858	1 656 532
Total Unfunded Liability	11 983 632	13 126 255

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

	2017 R	2016 R	2015 R
In-service members	10 930 981	10 093 176	8 206 306
Continuation members	3 562 311	3 501 705	3 396 328
Total Unfunded Liability	14 493 291	13 594 881	11 602 634

Experience adjustments were calculated as follows:

	2019 R m	2018 R m
Liabilities: (Gain)/Loss	0.636	(2.684)
Assets: Gain/(Loss)	-	-

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

	2017 R m	2016 R m	2015 R m
Liabilities: (Gain)/Loss	0.491	0.122	(0.334)
Assets: Gain/(Loss)	-	-	-

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

Bonitas
Hosmed
LA Health
Munimed
SAMWU Medical Aid

Key Actuarial Assumptions used are as follows:

Interest Rates	2019	2018
Discount rate	9.65%	9.76%
Health Care Cost Inflation Rate	7.06%	7.51%
Net Effective Discount Rate	2.42%	2.09%

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

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

17 EMPLOYEE BENEFITS (CONTINUED)

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 on 31 July 2019.

Actuarial Valuation Method

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

Sensitivity Analysis - Liability at year-end

Assumption	In-service members (Rm)	Continuation members (Rm)	Total liability (Rm)	% change
Liability	10.114	1.870	11.984	
Health care inflation				
+ 1%	12.528	2.022	14.549	21%
- 1%	8.258	1.735	9.993	-17%
Discount rate				
+ 1%	8.311	1.739	10.051	-16%
- 1%	12.488	2.019	14.507	21%
Post-retirement mortality				
- 1 year	10.396	1.951	12.347	3%
Average retirement age				
- 1 year	11.082	1.870	12.952	8%
Continuation of membership at retirement				
- 10%	8.836	1.870	10.705	-11%

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

17 EMPLOYEE BENEFITS (CONTINUED)

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

Assumption	Current Service Cost R	Interest Cost R	Total Cost R	% change
Future Cost	1 196 700	1 147 300	2 344 000	
Health care inflation				
+ 1%	1 524 700	1 394 800	2 919 500	25%
- 1%	949 900	955 300	1 905 200	-19%
Discount rate				
+ 1%	965 600	1 060 300	2 025 900	-14%
- 1%	1 505 400	1 246 600	2 752 000	17%
Post-retirement mortality				
- 1 year	1 229 800	1 182 400	2 412 200	3%
Average retirement age				
- 1 year	1 237 500	1 240 700	2 478 200	6%
Continuation of membership at retirement				
- 10%	1 046 100	1 023 900	2 070 000	-12%

17.2 LONG SERVICE AWARDS

The movement in Long Service Awards are reconciled as follows:

	2019 R	2018 R
Opening Balance	1 725 612	1 597 582
Contribution during the year	422 691	373 596
Current Service Cost	288 913	255 615
Interest Cost	133 778	117 981
Payments made	(227 763)	(284 213)
Actuarial Loss/(Gain)	226 510	38 647
Total balance at year-end	2 147 050	1 725 612
Less: Current Portion - Note 16	(152 515)	(279 234)
Total	1 994 535	1 446 378

The following members are eligible for long service bonuses:

	2019	2018
In-service members	272	269
	2019	2018
	R	R

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

In-service members	2 147 050	1 725 612
Total Unfunded Liability	2 147 050	1 725 612

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

17 EMPLOYEE BENEFITS (CONTINUED)

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

	2017 R	2016 R	2015 R
In-service members	1 597 582	1 399 961	1 196 040
Total Unfunded Liability	1 597 582	1 399 961	1 196 040

Experience adjustments were calculated as follows:

	2019 R	2018 R
Liabilities: (Gain)/Loss	553	54 126
Assets: Gain/(Loss)	-	-

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

	2017 R	2016 R	2015 R
Liabilities: (Gain)/Loss	38 958	146 998	45 216
Assets: Gain/(Loss)	-	-	-

Key Actuarial Assumptions used are as follows:

Interest Rates

	2019	2018
Discount rate	8.06%	8.42%
General Salary Inflation (long-term)	5.50%	6.07%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.43%	2.22%

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

Last Valuation

The last valuation was performed on 31 July 2019.

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 2019

17 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	Total liability (Rm)	% change
Liability	2.147	
General salary inflation		
+ 1%	2.270	6%
- 1%	2.034	-5%
Discount rate		
+ 1%	2.028	-6%
- 1%	2.279	6%
Average retirement age		
- 2 years	2.083	-3%
+ 2 years	2.238	4%
Withdrawal rates		
-50%	2.486	16%

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

Assumption	Current Service Cost R	Interest Cost R	Total Cost R	% change
Future Cost	373 800	167 000	540 800	
General salary inflation				
+ 1%	399 400	176 900	576 300	7%
- 1%	350 400	157 900	508 300	-6%
Discount rate				
+ 1%	352 700	177 000	529 700	-2%
- 1%	397 200	155 600	552 800	2%
Average retirement age				
- 2 years	364 400	161 800	526 200	-3%
+ 2 years	386 800	174 400	561 200	4%
Withdrawal rates				
-50%	448 800	194 400	643 200	19%

17.3 OTHER PENSION BENEFITS

Defined Benefit Plans	2019 R	2018 R
Council contributes to the following defined benefit plans:		
Cape Joint Pension Fund	7 817 471	6 947 330
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2018 revealed that the fund is in an sound financial position with a funding level of 100.3%.		
Total	7 817 471	6 947 330

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

17 EMPLOYEE BENEFITS (CONTINUED)

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	2019	2018
	R	R
Council contributes to the following defined contribution plans:		
SALA Pension Fund	1 162 476	1 013 833
SAMWU National Provident Fund	129 652	88 843
Total	1 292 127	1 102 676

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.

18 NON-CURRENT PROVISIONS

Rehabilitation Provision - Landfill Sites	7 717 487	5 609 674
---	------------------	------------------

The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	5 609 674	5 272 354
Contribution during the year	2 107 813	337 320
Increase/(Decrease) in estimate	1 757 208	20 979
Interest Cost	350 605	316 341
Total	7 717 487	5 609 674

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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

18	NON-CURRENT PROVISIONS (CONTINUED)	2019 R	2018 R
	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:		
	Expected Closure		
	Site	Date	
	Barkly East	2034	1 983 902
	Lady Grey	2059	2 019 100
	Sterkspruit	2033	845 223
	Rhodes	2035	2 175 806
	Rossouw	2016	1 048 515
	Total	8 072 545	5 609 674

19 COMMUNITY WEALTH

19.1 RESERVES

Revaluations Reserve	64 619 235	54 157 941
Balance previously reported	-	51 746 115
Prior period adjustment - Note 41.5	-	2 411 826
Total	64 619 235	54 157 941

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.

19.2 ACCUMULATED SURPLUS

The following internal funds and reserves are ring-fenced within the Accumulated Surplus:

Capital Replacement Reserve	186 756 554	178 523 240
Employee Benefits Reserve	26 355 492	25 904 815
Valuation Roll Reserve	727 002	454 376
Accumulated Surplus due to the results of operations	438 554 395	379 485 038
Total	652 393 442	584 367 468

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.

The aim of the Employee Benefits Reserve is to ensure that sufficient cash resources are available for the future payment of employee benefits.

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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
20 PROPERTY RATES		
Total Property Rates	16 004 937	7 735 777
Less: Rebates	(2 565 994)	(1 739 209)
Total	13 438 943	5 996 567

Property rates levied are based on the following rateable valuations:

Residential Property	474 104 500	372 929 000
Commercial Property	286 452 000	174 467 000
Public Benefits Organisations	52 811 000	35 926 000
Public Service Infrastructure	1 841 500	987 900
Agricultural Purposes	2 485 838 000	1 595 661 150
State - National / Provincial Services	114 900 500	511 275 010
Municipal Property	354 506 500	219 835 500
Vacant Property	138 006 000	59 419 500
Industrial Property	13 854 500	-
Total Valuation	3 922 314 500	2 970 501 060

Valuations on land and buildings are performed every five years. The effective date for the valuation is 1 July 2017.

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.

	2019	2018
The following rates are applicable to the valuations above:		
Residential	0.6825c/R	0.6439c/R
Commercial	0.8873c/R	0.7701c/R
Public Service Infrastructure	0.0341c/R	0.1610c/R
Agricultural	0.1706c/R	0.1641c/R
State - National / Provincial Services	0.8873c/R	0.6466c/R
Vacant Property	1.0238c/R	1.0100c/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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
21 TRANSFERS AND SUBSIDIES		
Unconditional Grants - National Government	136 434 000	132 828 000
Equitable Share	136 434 000	132 828 000
Conditional Grants - National Government	51 416 534	43 092 496
Municipal Finance Management	1 700 000	1 700 000
Municipal Infrastructure Grant	40 782 904	36 087 097
EPWP (Expanded Public Works Program)	2 796 000	1 536 000
Integrated National Electrification Grant	6 137 630	3 769 399
Conditional Grants - Provincial Government	4 499 976	1 500 000
Libraries	1 500 000	1 500 000
Provincial Public Works	2 999 976	-
Total	192 350 510	177 420 496
Disclosed as:		
Transfers and Subsidies - Capital	46 990 687	33 606 115
Transfers and Subsidies - Operating	145 359 823	144 367 274
Total	192 350 510	177 973 389
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	136 434 000	132 828 000
Budget & Treasury	1 700 000	1 700 000
Planning & Development	1 887 750	6 250 381
Community & Social Services	1 500 000	1 500 000
Road Transport	44 691 130	31 372 716
Electricity	6 137 630	4 322 293
Total	192 350 510	177 973 389

The movements per grant can be summarised as follows:

21.01 Equitable Share

Grants Received	136 434 000	132 828 000
Transferred to Revenue - Operating	(136 434 000)	(132 828 000)
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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
21 TRANSFERS AND SUBSIDIES (CONTINUED)		
21.02 Financial Management Grant (FMG)		
Opening Unspent Balance	-	-
Grants Received	1 700 000	1 700 000
Transferred to Revenue - Operating	(1 700 000)	(1 700 000)
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.		
21.03 Municipal Infrastructure Grant (MIG)		
Opening Unspent Balance	3 027 904	-
Grants Received	37 755 000	39 115 000
Transferred to Revenue - Capital	(38 895 154)	(29 836 716)
Transferred to Revenue - Operating	(1 887 750)	(6 250 381)
Closing Unspent Balance	-	3 027 904
The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.		
21.04 NDPG (Neighbourhood Development Partnership Grant)		
Opening Unspent Balance	2 010 056	2 010 056
Closing Unspent Balance	2 010 056	2 010 056
The NDPG is utilised to attract private and community investment to unlock the social and economic potential within the Senqu area.		
21.05 EPWP (Expanded Public Works Program)		
Opening Unspent Balance	-	-
Grants Received	2 796 000	1 536 000
Transferred to Revenue - Operating	(2 796 000)	(1 536 000)
Closing Unspent Balance	-	-
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.		
21.06 Integrated National Electrification Grant		
Opening Unspent Balance	677 707	-
Grants Received	5 983 000	5 000 000
Transferred to Revenue - Capital	(5 486 858)	(3 769 399)
Transferred to Revenue - Operating	(650 772)	(552 894)
Closing Unspent Balance	523 077	677 707
The Integrated National Electrification Grant was received from National Treasury to utilised for electrical projects within the Senqu area.		

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

21	TRANSFERS AND SUBSIDIES (CONTINUED)	2019 R	2018 R
	21.07 Prov Gov - Housing (Hillside)		
	Opening Unspent Balance	232 651	232 651
	Closing Unspent Balance	<u>232 651</u>	<u>232 651</u>
	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	9 970 771	9 445 749
	Current year receipts - Interest	552 414	525 022
	Closing Unspent Balance	<u>10 523 185</u>	<u>9 970 771</u>
	The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.		
	21.09 Libraries		
	Opening Unspent Balance	-	-
	Grants Received	1 500 000	1 500 000
	Transferred to Revenue - Operating	(1 500 000)	(1 500 000)
	Closing Unspent Balance	<u>-</u>	<u>-</u>
	The Libraries grant was utilised for the upkeep and operational cost for libraries.		
	21.10 Provincial Public Works		
	Opening Unspent Balance	-	-
	Grants Received	2 999 976	-
	Transferred to Revenue - Capital	(2 608 675)	-
	Transferred to Revenue - Operating	(391 301)	-
	Closing Unspent Balance	<u>-</u>	<u>-</u>
	The grant was received from Provincial Government to be utilised for road projects within the Senqu area.		
	21.11 Total Transfers and Subsidies		
	Opening Unspent Balance	15 919 090	11 688 457
	Grants Received	189 167 976	181 679 000
	Current year receipts - Interest	552 414	525 023
	Transferred to Revenue - Capital	(46 990 687)	(33 606 115)
	Transferred to Revenue - Operating	(145 359 823)	(144 367 274)
	Closing Unspent Balance	<u>13 288 971</u>	<u>15 919 090</u>

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
22 FINES, PENALTIES AND FORFEITS		
Fines: Pound Fees	12 589	35 537
Fines: Law Enforcement	-	245 792
Fines: Traffic	44 850	129 550
Forfeits: Deposits	79 311	-
Total	136 750	410 879
<p>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.</p>		
23 SERVICE CHARGES		
Electricity Revenue	33 059 223	31 861 358
Refuse Removal Revenue	11 477 747	10 118 929
Total	44 536 971	41 980 287
<p>The costs associated with the Free Basic Services provided to indigents are disclosed under operating expenditure projects. It is disclosed in various other expenditure line items as stated below:</p>		
Cost of Free Basic Services: Electricity	6 833 844	4 628 881
Bulk Purchases	5 975 666	3 697 157
Contracted services	1 147	2 142
Operational Cost	857 032	929 582
Cost of Free Basic Services: Refuse	2 484 769	1 082 043
Contracted services	2 414	-
Operational Cost	2 482 355	1 082 043
Total	9 318 613	5 710 924
24 RENTAL FROM FIXED ASSETS		
Investment Property	669 104	1 102 054
Buildings	160 280	105 594
Machinery and Equipment	2 035	2 589
Total	831 418	1 210 237
25 INTEREST EARNED - OUTSTANDING DEBTORS		
Interest Earned - Service Debtors	1 737 050	2 436 638
Interest Earned - Penalty Interest on Property Rates	638 697	767 602
Total	2 375 747	3 204 240

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
26 SALES OF GOODS AND RENDERING OF SERVICES		
Advertisements	84 987	141 401
Building Plan Clause Levy	35 902	65 146
Cemetery and Burial	16 859	20 122
Clearance Certificates	15 141	15 289
Entrance Fees	2 464	4 629
Library Fees	972	568
Photocopies and Faxes	3 765	5 605
Sale of Agricultural Products	11 928	68 735
Sub-division and Consolidation Fees	-	11 949
Tender Documents	125 218	106 123
Valuation Services	2 689	2 933
Total	299 925	442 500
27 OPERATIONAL REVENUE		
Commission	281 085	266 734
Grazing Fees	1 843	1 729
LG Seta	169 258	114 882
Road Worthy Certificate Application	459	6 071
Staff Recoveries	67 501	54 814
Total	520 146	444 229
28 EMPLOYEE RELATED COSTS		
Basic Salary	60 854 592	56 909 367
Pension and UIF Contributions	9 148 727	8 221 750
Medical Aid Contributions	4 695 115	3 930 305
Overtime	-	3 375
Bonuses	4 924 778	4 450 931
Performance Bonus	2 485 289	2 346 673
Telephone allowance	444 885	421 400
Housing Allowances	410 740	428 709
Other benefits and allowances	85 998	26 227
Leave Contributions	1 971 169	2 788 019
Long service awards	288 913	255 615
Post Retirement Medical Benefits	1 509 383	1 497 361
Total	86 819 589	81 279 734

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
28 EMPLOYEE RELATED COSTS (CONTINUED)		
Remuneration of Key Personnel		
<p>Key management personnel are all appointed on 5-year fixed contracts. The employment contracts of the Directors Technical Services, Community and Social Services, Corporate and Support Services and Development and Town Planning Services were terminated by the Council on 19 December 2018. They have been working in an acting capacity since that date.</p>		
Municipal Manager - MM Yawa		
Annual Remuneration	1 807 563	1 695 725
Performance Bonus - 2016/17	-	358 755
Performance Bonus - 2017/18	387 163	-
UIF Contributions	1 785	1 785
Total	2 196 511	2 056 265
Director Financial Services - Mr K Fourie		
Annual Remuneration	1 489 686	1 390 895
Performance Bonus - 2016/17	-	186 711
Performance Bonus - 2017/18	294 356	-
Travel Allowance	123 723	123 723
Telephone allowance	12 000	3 000
UIF Contributions	1 785	1 785
Total	1 921 549	1 706 113
Director Technical Services - RN Crozier		
Annual Remuneration	1 361 220	1 533 287
Performance Bonus - 2016/17	-	289 840
Performance Bonus - 2017/18	311 172	-
Travel Allowance	93 600	93 600
Telephone allowance	12 000	12 000
UIF Contributions	1 785	1 785
Total	1 779 777	1 930 512
Director Community and Social Services - CNL Gologolo		
Annual Remuneration	1 267 703	1 336 726
Performance Bonus - 2016/17	-	180 792
Performance Bonus - 2017/18	249 555	-
Travel Allowance	48 000	48 000
Telephone allowance	12 000	12 000
UIF Contributions	1 785	1 785
Total	1 579 043	1 579 303

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
28 EMPLOYEE RELATED COSTS (CONTINUED)		
<i>Director Corporate and Support Services - TE Wonga</i>		
Annual Remuneration	1 235 751	1 320 651
Performance Bonus - 2016/17	-	145 322
Performance Bonus - 2017/18	212 751	-
Travel Allowance	96 000	96 000
Telephone allowance	12 000	12 000
UIF Contributions	1 785	1 785
Total	1 558 287	1 575 758
<i>Director Development and Town Planning Services - P Bushula</i>		
Annual Remuneration	1 434 318	1 593 053
Performance Bonus - 2016/17	-	282 230
Performance Bonus - 2017/18	303 002	-
Telephone allowance	12 000	12 000
UIF Contributions	1 785	1 785
Total	1 751 104	1 889 067
29 REMUNERATION OF COUNCILLORS		
Mayor	872 149	840 313
Speaker	706 598	681 131
Chief Whip	389 046	377 418
Executive Committee Members	1 953 708	1 577 469
Councillors	7 167 769	7 075 218
Other Councillors' contributions and allowances	1 154 400	1 152 529
Total	12 243 669	11 704 078
In-kind Benefits		
The Mayor and Speaker are full-time Councillors and each is provided with an office and shared secretarial support at the cost of the Municipality. The Mayor and Speaker may utilise official Council transportation when engaged in official duties. The packages are set out below:		
<i>Mayor</i>		
Annual Remuneration	827 749	795 913
Telephone allowance	44 400	44 400
Total	872 149	840 313
<i>Speaker</i>		
Annual Remuneration	662 198	636 731
Telephone allowance	44 400	44 400
Total	706 598	681 131
<i>Chief Whip</i>		
Annual Remuneration	344 646	333 018
Telephone allowance	44 400	44 400
Total	389 046	377 418

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

29	REMUNERATION OF COUNCILLORS (CONTINUED)	2019 R	2018 R
	<i>Executive Committee Members</i>		
	Annual Remuneration	1 731 708	1 381 969
	Telephone allowance	222 000	195 500
	Total	1 953 708	1 577 469
	<i>Councillors (Section 79)</i>		
	Annual Remuneration	1 623 156	1 843 668
	Telephone allowance	214 600	262 800
	Total	1 837 756	2 106 468
	<i>Councillors (Ordinary)</i>		
	Annual Remuneration	5 544 613	5 231 550
	Telephone allowance	939 800	889 729
	Total	6 484 413	6 121 279
30	DEBT IMPAIRMENT		
	Receivables from exchange transactions - Note 3	8 229 772	6 010 966
	Receivables from non-exchange transactions - Note 4	1 578 632	1 276 598
	Total	9 808 405	7 287 564
	Debt Impairment consists out of the following:		
	Impairment Loss	11 414 870	10 096 843
	Rates	1 821 126	1 292 917
	Traffic Fines	23 300	120 100
	Electricity	1 944 703	1 639 857
	Refuse	7 491 179	7 043 970
	Housing Rentals	134 562	-
	Bad Debts Written off	(1 606 466)	(2 809 279)
	Rates	(265 793)	(136 418)
	Electricity	(1 237 116)	(215 429)
	Refuse	(103 477)	(2 457 432)
	Housing Rentals	(80)	-
	Total	9 808 405	7 287 564
31	DEPRECIATION AND AMORTISATION		
	Property, Plant and Equipment	18 615 062	18 322 725
	Intangible Assets	102 376	106 484
	Capitalised Restoration Cost (PPE)	147 762	70 694
	Total	18 865 200	18 499 903

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
32 IMPAIRMENT LOSS		
Land	-	1 871 288
Buildings	-	786 512
Investment Property	-	1 269 500
Sub-Total	-	3 927 300
Capitalised Restoration Cost (PPE)	138 605	138 105
Total	138 605	4 065 406
33 FINANCE CHARGES		
Annuity Loans	936 913	1 009 516
Rehabilitation Provision - Landfill Sites	350 605	316 341
Post Retirement Medical Benefits	1 272 718	1 403 831
Long Service Awards	133 778	117 981
Overdue Accounts	-	28 828
Total	2 694 013	2 876 497
34 BULK PURCHASES		
Electricity	33 393 648	25 599 340
Total	33 393 648	25 599 340
35 CONTRACTED SERVICES		
Consultants and Professional Services	15 233 114	10 557 171
Business and Advisory	9 363 909	7 060 479
Infrastructure and Planning	247 140	421 398
Legal Cost	5 423 291	3 075 295
Laboratory Services	198 774	-
Contractors	5 591 253	4 160 582
Artists and Performers	56 060	18 860
Electrical	288 047	208 525
Event Promoters	350 400	4 850
Fire Services	14 661	12 887
Interior Decorator	64 300	42 500
Maintenance of Buildings and Facilities	1 172 199	573 913
Maintenance of Equipment	1 070 504	865 143
Maintenance of Unspecified Assets	2 479 622	2 388 344
Plants, Flowers and Other Decorations	4 000	3 980
Transportation	91 460	41 580
Outsourced Services	7 833 480	5 488 140
Burial Services	14 950	36 081
Catering Services	1 209 048	945 470
Cleaning Services	62 140	-
Connection/Dis-connection Electricity	2 200	-
Medical Services	19 032	-
Personnel and Labour	4 287 225	3 949 021
Security Services	2 238 885	557 568
Total	28 657 848	20 205 894

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
36 TRANSFERS AND SUBSIDIES		
Joe Gqabi District Municipality	550 000	-
Total	550 000	-
37 OPERATING LEASES		
Buildings	74 259	111 532
Machinery and Equipment	33 550	19 600
Total	107 809	131 132
38 OPERATIONAL COST		
Advertising, Publicity and Marketing	967 233	1 009 751
Achievement and Awards	23 729	-
Assets less than the Capitalisation Threshold	67 449	40 941
Bank Charges, Facility and Card Fees	273 260	251 215
Communication	946 444	1 005 201
Commission: Prepaid Electricity	528 211	379 474
Consumables	4 469 643	3 123 112
Courier and Delivery Services	42 633	23 528
Deeds	-	43 081
Entertainment	69 240	81 638
External Audit Fees	3 227 122	2 691 471
External Computer Service	2 681 036	1 370 276
Fuel and Oil	4 001 490	3 623 147
Insurance Underwriting	985 744	201 565
Learnerships and Internships	174 123	-
Licences	370 463	296 782
Maintenance Materials	2 550 432	1 740 164
Municipal Services	171 825	270 393
Printing, Publications and Books	176 752	117 287
Professional Bodies, Membership and Subscription	1 058 905	83 679
Registration Fees	1 387 534	2 074 654
Remuneration to Ward Committees	1 943 130	1 970 000
Road Worthy Test	1 625	-
Seating Allowance for Traditional Leaders	261 000	254 483
Skills Development Fund Levy	805 633	747 890
Taking over Contractual Obligations	52 470	-
Transport Provided as Part of Departmental Activities	1 034 721	526 734
Travel Agency Fees	460 701	254 301
Travel and Subsistence	6 752 436	5 548 141
Uniform and Protective Clothing	1 568 073	1 299 584
Workmen's Compensation Fund	837 465	843 147
Total	37 890 521	29 871 637
39 PROFIT/LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		
Cash Received	1 348	-
Less: Carrying value of assets disposed	438 762	2 244 132
Total	437 414	2 244 132

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
40 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:		
The following expenditure relating to Repairs and Maintenance projects were identified by the municipality:		
Contracted Services	5 470 723	4 761 316
Contractors - Electrical	262 062	208 525
Contractors - Maintenance of Buildings and Facilities	1 172 199	573 913
Contractors - Maintenance of Equipment	1 070 504	865 143
Contractors - Maintenance of Unspecified Assets	2 479 622	2 388 344
Contractors - Transportation	91 460	41 580
Outsourced Services - Personnel and Labour	394 876	683 810
Operational Cost	4 066 329	3 136 700
Assets less than the Capitalisation Threshold	11 536	10 161
Consumables	233 993	338 771
Fuel and Oil	1 364 395	1 141 027
Maintenance Materials	2 400 858	1 620 014
Road Worthy Test	1 625	-
Travel and Subsistence	512	129
Uniform and Protective Clothing	53 410	26 597
Total	9 537 052	7 898 016
GRAP 17 require disclosure of repairs and maintenance per asset class:		
Buildings and other structures	2 360 858	1 925 885
Tools and equipment	269 534	203 716
Furniture and office equipment	464 559	361 958
Vehicles and Implements	3 262 843	2 590 526
Roads and stormwater	2 170 423	1 800 431
Electricity Reticulation	329 403	310 821
Street Lights	538 168	496 971
Solid Waste Sites	141 264	207 707
Total	9 537 052	7 898 016

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

41	CORRECTION OF ERROR IN TERMS OF GRAP 3	2018 R
	Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below.	
	41.1 TAXES	
	Balance previously reported	11 307 712
	Reversal of Debt on VAT Impairment on 1 July 2017 - Note 41.6	(1 894 495)
	Reversal of Debt on VAT Impairment 2017-18 - Note 41.7	(939 585)
	Restated Balance on 30 June 2018	8 473 633
	41.2 OPERATING LEASES	
	Balance previously reported	160 078
	Correction of Operating lease asset balance on 1 July 2017 - Note 41.6	(41 878)
	Correction of Operating lease asset balance 2017/18 - Note 41.7	(24 166)
	Correction of Operating lease liability balance 2017/18 - Note 41.7	1 952
	Restated Balance on 30 June 2018	95 986
	41.3 INVESTMENT PROPERTY	
	Balance previously reported	30 323 000
	Correction of Fair Value Adjustment on Investment Property - Note 41.7	(2 026 500)
	Correction of Impairment on Investment Property - Note 41.7	193 000
	Restated Balance on 30 June 2018	28 489 500
	41.4 PROPERTY PLANT AND EQUIPMENT	
	Balance previously reported	384 691 575
	Correction of Property, Plant and Equipment - Cost on 1 July 2017 - Note 41.6	(23 926 247)
	First time recognition of movable assets	16 809
	Correction of Land and Buildings incorrectly included	(23 943 056)
	Correction of Backlog Depreciation on 1 July 2017 - Note 41.6	(2 557)
	First time recognition of movable assets	(2 557)
	Correction of Property, Plant and Equipment - Cost 2017/18 - Note 41.7	2 079 474
	Reversal of Disposal of vehicle	210 463
	Reversal of Revaluation on Land and buildings incorrectly included	(455 489)
	Reversal of Impairment on Land and buildings incorrectly included	2 324 500
	Correction of Depreciation for 2017/2018 - Note 41.7	(282 402)
	First time recognition of movable assets	(2 367)
	Reversal of Disposal of vehicle	(21 741)
	Correction of Work-in-progress on Infrastructure assets	(501 659)
	Correction of Land and Buildings incorrectly included	243 365
	Restated Balance on 30 June 2018	362 559 842
	41.5 RESERVES	
	Balance previously reported	51 746 115
	Reversal of Revaluation on Land and buildings incorrectly included - Note 41.4	(455 489)
	Reversal of Impairment on Land and buildings incorrectly included 41.4	2 867 315
	Restated Balance on 30 June 2018	54 157 941

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

41	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)	2018 R
	41.6 ACCUMULATED SURPLUS	
	Reversal of Debt on VAT Impairment on 1 July 2017 - Note 41.1	(1 894 495)
	Correction of Operating lease asset balance on 1 July 2017 - Note 41.2	(41 878)
	Correction of Property, Plant and Equipment - Cost on 1 July 2017 - Note 41.4	(23 926 247)
	First time recognition of movable assets	16 809
	Correction of Land and Buildings incorrectly included	(23 943 056)
	Correction of Backlog Depreciation on 1 July 2017 - Note 41.4	(2 557)
	First time recognition of movable assets	(2 557)
	Restated Balance on 30 June 2018	(25 865 177)
	41.7 STATEMENT OF FINANCIAL PERFORMANCE	
	Balance previously reported	61 255 260
	Reversal of Debt on VAT Impairment 2017-18 - Note	(939 585)
	Correction of Operating lease asset balance 2017/18 - Note 41.2	(24 166)
	Correction of Operating lease liability balance 2017/18 - Note 41.2	(1 952)
	Correction of Depreciation for 2017/2018 - Note 41.4	(282 402)
	First time recognition of movable assets	(2 367)
	Reversal of Disposal of vehicle	(21 741)
	Correction of Work-in-progress on Infrastructure assets	(501 659)
	Correction of Land and Buildings incorrectly included	243 365
	Reverse Loss on Disposal of Fixed and Intangible Assets for 2017/2018 - Note 41.4	210 463
	Correction of Fair Value Adjustment on Investment Property - Note 41.3	(2 026 500)
	Correction of Impairment on Investment Property - Note 41.3	193 000
	Reversal of Impairment on Land and buildings incorrectly included	(542 815)
	Restated Balance on 30 June 2018	57 841 301

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
42 NET CASH FROM OPERATING ACTIVITIES		
Net Surplus for the year	68 025 974	57 841 301
Adjusted for:		
Non-Cash Items	10 165 929	26 966 660
Debt Impairment	9 809 905	7 287 564
Depreciation and Amortisation	18 865 199	18 499 903
Impairments	138 605	4 065 406
Gain on Fair Value Adjustments of Investment Property	(16 784 000)	(2 982 500)
Gain on Disposal of Fixed and Intangible Assets	(577 932)	-
Actuarial Gains	(3 706 873)	(4 024 645)
Actuarial Losses	226 510	38 647
Finance Charges	1 757 101	1 838 153
Loss on disposal of PPE	437 414	2 244 132
Contributions - Provisions and Employee Benefits	12 016 998	12 181 747
Post Retirement Medical Benefits	1 509 383	1 497 361
Long Service Awards	288 913	255 615
Performance Bonuses	2 485 290	2 346 673
Bonuses	4 924 778	4 450 931
Compensation for injuries on duty	837 465	843 147
Staff Leave	1 971 169	2 788 019
Expenditure - Provisions and Employee Benefits	(9 492 454)	(9 256 467)
Post Retirement Medical Benefits	(217 851)	(243 583)
Long Service Awards	(227 763)	(284 213)
Performance Bonuses	(2 477 699)	(2 140 426)
Bonuses	(4 733 358)	(4 088 923)
Compensation for injuries on duty	-	-
Staff Leave	(1 835 783)	(2 499 321)
42 NET CASH FROM OPERATING ACTIVITIES		
Other adjustments	(1 529 154)	(2 711 071)
Bad Debts Written Off	(1 606 466)	(2 809 279)
Movement on Operating Lease Asset	72 356	99 151
Movement on Operating Lease Liability	4 956	(943)
Operating Surplus before changes in working capital	79 187 293	85 022 171
Movement in working capital	(1 955 654)	2 745 540
Receivables from exchange and non-exchange transactions	(12 699 273)	(2 990 272)
Inventory	286 171	74 388
Payables from exchange transactions	6 826 937	1 120 633
Payables from non-exchange transactions	(2 630 120)	4 230 632
Taxes	6 260 631	310 159
Cash Flow from Operating Activities	77 231 639	87 767 711

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019	2018
	R	R
43 CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents comprise out of the following:		
Primary Bank Account	1 482 764	2 051 781
Call and short-term Investments Deposits	311 611 936	292 207 557
Cash Floats	700	700
Total	313 095 400	294 260 038

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 consists 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.

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, Actuarial Gains, 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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

44 BUDGET COMPARISONS (CONTINUED)

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

44.2 MATERIAL VARIANCES

Refer to the Statements of comparison of budget and actual amounts in pages 8 to 13 of this document.

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.

	2019 (Actual) R	2019 (Final Budget) R	2019 (Unauthorised) R
Unauthorised expenditure - Operating			
Executive & Council	29 497 037	30 330 484	-
Planning & Development	17 407 121	19 482 612	-
Corporate Services	33 586 938	33 901 159	-
Budget & Treasury	28 407 393	31 051 009	-
Road Transport	24 901 446	24 948 192	-
Waste Water Management	3 959 763	4 235 865	-
Community & Social Services	10 510 013	10 547 144	-
Sport & Recreation	2 058 989	2 066 851	-
Public Safety	1 736 162	1 744 824	-
Electricity	49 084 659	52 185 895	-
Waste Management	30 685 211	30 694 444	-
Total	231 834 731	241 188 480	-
Unauthorised expenditure - Capital			
Executive & Council	571 953	1 093 830	-
Planning & Development	159 765	183 730	-
Corporate Services	4 077 344	6 202 560	-
Budget & Treasury	452 425	844 240	-
Road Transport	22 329 971	29 299 500	-
Community & Social Services	548 740	1 359 000	-
Sport & Recreation	363 659	1 015 000	-
Public Safety	4 280 600	5 570 000	-
Electricity	7 810 809	10 814 834	-
Waste Management	17 027 305	23 512 290	-
Total	57 622 571	79 894 984	-

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

45	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)		
		2019	2018
		R	R
	45.2 FRUITLESS AND WASTEFUL EXPENDITURE		
	Fruitless and wasteful expenditure consist out of the following:		
	Opening balance	34 692	33 387
	Fruitless and wasteful expenditure incurred	74 326	34 692
	Council write-offs	(34 692)	(33 387)
	Fruitless and wasteful expenditure awaiting Council consideration	74 326	34 692
	Details of Fruitless and wasteful expenditure incurred :		
	Penalties paid to Department of Transport	74 326	-
	Interest paid to DBSA	-	28 828
	Interest paid to SARS	-	5 864
	Interest paid to Auditor-General	9 568	-
	Interest paid to Auditor-General - Recovered	(9 568)	-
	Total	74 326	34 692
	45.3 IRREGULAR EXPENDITURE		
	Irregular expenditure consist out of the following:		
	Opening balance	-	73 592
	Irregular expenditure incurred	14 235 461	-
	Council write-offs	-	(73 592)
	Irregular expenditure awaiting Council consideration	14 235 461	-
	Details of Irregular expenditure incurred :		
	Deviations from Supply Chain Regulations and Policies	27 444	-
	Non compliance with the BBEEE Act	14 208 016	-
	Total	14 235 461	-
	Management has identified that an award was made to a contractor that was not in compliance with the BBEEE Act. The amount represents the expenditure paid to date.		
	The classification, validation and recoverability of all irregular expenditure will be determined by Council in terms of section 32 of MFMA and section 14 of the PPPFA 2017.		
	45.4 MATERIAL LOSSES		
	Electricity distribution losses		
	- Units purchased (Kwh)	25 114 579	24 780 158
	- Units sold (Kwh)	20 986 650	21 303 123
	- Units lost during distribution (Kwh)	4 127 929	3 477 035
	- Units cost (Kwh)	1.0326	0.9607
	- Percentage lost during distribution	16.44%	14.03%
	- Units lost considered material losses above a 10% norm	1 616 472	999 019
	- Cost of units lost considered as material losses	1 669 210	959 768

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
46 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
46.1 Salga Contributions [MFMA 125 (1)(b)]		
Opening balance	-	-
Expenditure incurred	1 045 049	928 694
Payments	(1 045 049)	(928 694)
Outstanding Balance	-	-
46.2 Audit Fees [MFMA 125 (1)(c)]		
Opening balance	8 015	-
Expenditure incurred	3 660 601	3 106 564
External Audit - Auditor-General	3 660 601	3 106 564
Payments	(3 668 617)	(3 098 548)
Outstanding Balance - Restated 2018	-	8 015
46.3 VAT [MFMA 125 (1)(c)]		
Opening balance	11 247 113	10 277 836
Amounts received - previous year	(8 425 893)	(1 723 231)
Amounts received - current year	(8 385 113)	(3 607 995)
Amounts claimed - current year (payable)	11 661 302	6 300 502
Vat Receivable	6 097 409	11 247 113
Vat in suspense due to cash basis of accounting	(4 043 531)	(2 932 604)
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)]		
Payments due to SARS	14 818 337	14 093 653
Payments	(14 818 337)	(14 093 653)
Outstanding Balance	-	-
46.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]		
Payments due to pension fund and medical aid	22 516 282	20 149 084
Payments	(22 516 282)	(20 149 084)
Outstanding Balance	-	-

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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

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

The following Councillor had an arrear account outstanding for more than 90 days at year end:

	<30 days balance	<60 days balance	<90 days balance	>90 days balance
PM Mnisi	185	43	55	3 152

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 THE STATE AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN SERVICE OF

During the year under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45). These transactions were at arms-length, interests were declared and employees played no part in procurement.

<u>Staff Member</u>	<u>Entity</u>	2019 R	2018 R
M A Theron	Lady Grey Joinery and Construction (Spouse is Director)	1 179 663	34 323
M A Theron	Copper Leaf Trading CC (Spouse is Director)	33 287	154 066
D Oertel	First Wave (Son-in law is Director)	429 090	426 312
EH Ngwane	Erichayo Trading (Spouse is Owner)	-	10 700
IL Mangali	Kwa Jola & Trading (Sister is Owner)	-	20 800
Total		1 642 040	646 201

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	2019 R	2018 R
47 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for:	56 960 178	13 788 461
Land & Buildings	12 554 354	28 611
Infrastructure	41 473 795	12 257 466
Community	2 932 029	1 502 384
Total	56 960 178	13 788 461
 This expenditure will be financed from:		
Capital Replacement Reserve	13 163 682	838 732
Government Grants - MIG	42 931 006	11 475 710
Government Grants - INEP	865 490	1 474 018
Total	56 960 178	13 788 461

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:

Cash and Cash Equivalents	313 095 400	294 260 038
Receivables from exchange transactions	12 708 102	10 125 530
Total	325 803 503	304 385 568

Cash and Cash Equivalents

Deposits of the municipality are 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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

48	FINANCIAL RISK MANAGEMENT (CONTINUED)	2019 R	2018 R
-----------	--	------------------	------------------

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:

	2019 R	2018 R
Electricity	4 344 825	1 989 899
Refuse	440 718	276 467
Other Services	681 939	381 117
Total	5 467 483	2 647 483

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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

48	FINANCIAL RISK MANAGEMENT (CONTINUED)	2019 R	2018 R
48.3 Interest rate risk (Market Risk)			
<p>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.</p>			
<p>The following balances are exposed to interest rate fluctuations:</p>			
<p>Cash and Cash Equivalents (Excluding Cash on Hand)</p>			
		313 094 700	294 259 338
<p>Borrowings (Including Current Portion)</p>			
		(10 359 658)	(11 200 370)
Net balance exposed			
		302 735 042	283 058 967
<p>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.</p>			
<p>Potential effect of changes in interest rates on surplus and deficit for the year:</p>			
<p>1% (2018 - 1%) increase in interest rates</p>			
		3 027 350	2 830 590
<p>0% (2018 - 0%) decrease in interest rates</p>			
		-	-

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

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.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

48 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

30 JUNE 2019	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	1 684 369	5 980 923	7 372 657
Rehabilitation Provision	1 048 515	-	37 676 453
Payables from exchange transactions	15 042 759	-	-
Total	17 775 643	5 980 923	45 049 111

30 JUNE 2018	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	1 733 090	6 183 371	8 791 970
Rehabilitation Provision	982 146	-	20 527 892
Payables from exchange transactions	8 594 113	-	-
Total	11 309 349	6 183 371	29 319 862

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)

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.

49 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

Financial Assets

	2019 R	2018 R
Cash and Cash Equivalents	313 095 400	294 260 038
Receivables from exchange transactions	11 881 850	9 677 568
Total	324 977 250	303 937 606

Financial Liabilities

Current Portion of Borrowings	854 848	840 402
Payables from exchange transactions	15 042 759	8 594 113
Borrowings	9 504 810	10 359 968
Total	25 402 417	19 794 484

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

		2019	2018
		R	R
50	STATUTORY RECEIVABLES		
	In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
	Receivables from Non-Exchange Transactions		
	Rates	12 843 977	10 876 457
	Fines	673 200	649 900
	Total	13 517 177	11 526 357
	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 Herschel Community Hall on Erf 30 in Herschel burned down on 18 August 2019. The Community Hall was valued at R1,37m for 30 June 2019.		
52	IN-KIND DONATIONS AND ASSISTANCE		
	None		
53	PRIVATE PUBLIC PARTNERSHIPS (PPP's)		
	The municipality did not enter into any PPP's in the current and prior year.		
54	CONTINGENT LIABILITIES		
	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:		
54.01	<u>Moeletsi, Ngogodo & April defamation claims</u>		
	The Councillors have each instituted separate legal proceedings against the Municipality, together with the Mayor, for defamation in respect of an article that appeared in the Eagle Eye Newspaper in March 2014. The pleadings are closed and the councillors have not set the matters down for trial since 2015. There is a low risk of the matter proceeding.	300 000	300 000
54.02	<u>Travel and Subsistence claim</u>		
	Councillor Tindleni has put in a claim against the municipality for Travel and Subsistence money not yet paid out. The matter was set down for trial on 13 & 14 June 2017 and was postponed as the matter was not ready to proceed. The councillor has not set the matter down for trial again and there is a low risk of the matter proceeding.	60 000	60 000

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

54	CONTINGENT LIABILITIES (CONTINUED)	2019 R	2018 R
	54.03 <u>MTN Dispute</u>		
	The Municipality defended a claim of R 779 411.47 by MTN after the Municipality's contract with MTN was renewed without approval by the Municipality and subsequent to the contract being set aside by the High Court. The Municipality advised the MTN lawyers that it will defend the claim. The matter is dormant but the liability remains.	-	207 632.04
	54.04 <u>Ex-gratia payment</u>		
	Upon termination of MM and 2 other Section 56 Managers contracts, an ex-gratia amount of 1.25 x the employees' gross annual salary will be paid to these employees. The 2 other Section 56 Managers' contracts were terminated by the council on 19 December 2018. By the termination of the contract the liability for the ex gratia payment is removed.	3 427 772	7 906 178
	The Community Services and the Technical Services Directors' employment contracts were terminated by the Council on 19 December 2018. The aforesaid termination is subject to further litigation. If the termination of the contracts is found to be unlawful, the liability for the ex gratia payment will remain.	3 972 997	-
	54.05 <u>Termination of the four Directors' Employment Contracts</u>		
	The claimants have applied to the high court to have the decision reviewed and set aside.	855 320	-
	The MEC for local government launched a counter application to have the renewal of the claimants' contracts set aside.	200 000	-
	The municipality is currently engaged in litigation listed below where the extent of the liability cannot be quantified at this stage:		
	54.06 <u>Landfill Sites</u>		
	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.	-	-
	54.07 <u>Land Invasion</u>		
	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 2019

55 RELATED PARTIES

Related parties are defined in note 1.34

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 28 and 29

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

	Rates - Levied 1 Jul 17 - 30 Jun 19	Service Charges - Levied 1 Jul 17 - 30 Jun 19
Year ended 30 JUNE 2019		
Councillors	6 500	42 703
N.P Mposelwa	2 665	2 002
M.N Mgojo	1 432	7 253
PM Mnisi	-	21 434
MA Mshasha	2 402	2 002
NC Stokwe	-	2 002
N Lose	-	2 002
NL Dumzela	-	2 002
M Phuza	-	2 002
ND Mfisa	-	2 002
Municipal Manager and Section 56 Employees	6 361	45 099
MM Yawa	-	15 106
R Crozier	5 539	27 649
CNL Gologolo	822	2 344

56 B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Information.

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

57 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
Financial Performance						
Property rates	8 146 650	100 000	8 246 650	13 438 943	5 192 293	5 996 567
Service charges	50 813 239	-	50 813 239	44 536 971	(6 276 268)	41 980 287
Investment revenue	17 226 000	40 000	17 266 000	24 078 659	6 812 659	23 780 846
Transfers recognised - operational	144 317 750	-	144 317 750	145 359 823	1 042 073	144 367 274
Other own revenue	3 700 418	3 434 731	7 135 149	25 455 623	18 320 474	11 914 175
Total Operating Revenue	224 204 057	3 574 731	227 778 788	252 870 018	25 091 230	228 039 149
Employee costs	87 122 340	(1 886 678)	85 235 662	86 819 589	1 583 928	81 279 734
Remuneration of councillors	13 355 431	(400 000)	12 955 431	12 243 669	(711 762)	11 704 078
Debt impairment	4 962 966	1 000 000	5 962 966	9 809 905	3 846 939	7 287 564
Depreciation & asset impairment	22 289 591	(2 017 729)	20 271 862	19 003 804	(1 268 058)	18 499 903
Finance charges	3 163 384	(147 636)	3 015 748	2 694 013	(321 735)	2 876 497
Materials and bulk purchases	47 685 855	2 228 094	49 913 949	33 393 648	(16 520 301)	25 599 340
Contracted services	28 298 148	5 014 015	33 312 163	28 657 848	(4 654 316)	20 205 894
Transfers and grants	290 000	296 000	586 000	550 000	(36 000)	-
Other expenditure	29 096 514	838 186	29 934 700	38 224 841	8 290 141	34 106 822
Loss on disposal of PPE	-	-	-	437 414	437 414	2 244 132
Total Expenditure	236 264 229	4 924 251	241 188 480	231 834 731	(9 353 749)	203 803 963
Surplus/(Deficit)	(12 060 172)	(1 349 520)	(13 409 692)	21 035 287	34 444 980	24 235 186
Transfers recognised - capital	44 850 250	3 678 000	48 528 250	46 990 687	(1 537 563)	33 606 115
Surplus/(Deficit) for the year	32 790 078	2 328 480	35 118 558	68 025 974	32 907 416	57 841 301

SENQU LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

57 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
Capital expenditure & funds sources						
Capital expenditure	77 567 250	2 327 734	79 894 984	57 622 571	(22 272 413)	45 981 271
Transfers recognised - capital	44 850 250	3 678 000	48 528 250	46 990 687	(1 537 563)	33 606 115
Internally generated funds	32 717 000	(1 350 266)	31 366 734	10 631 885	(20 734 849)	12 375 156
Total sources of capital funds	77 567 250	2 327 734	79 894 984	57 622 571	(22 272 413)	45 981 271
Cash flows						
Net cash from (used) operating	57 062 207	(5 482 291)	51 579 917	77 231 639	25 651 723	87 767 711
Net cash from (used) investing	(77 567 250)	(2 327 734)	(79 894 984)	(57 621 223)	22 273 761	(45 981 271)
Net cash from (used) financing	(765 711)	3 002	(762 709)	(775 053)	(12 343)	(695 730)
Net Cash Movement for the year	(21 270 754)	(7 807 023)	(29 077 777)	18 835 363	47 913 140	41 090 709
Cash/cash equivalents at beginning of year	227 591 454	66 667 884	294 259 338	294 260 038	700	253 169 330
Cash/cash equivalents at the year end	206 320 701	58 860 861	265 181 561	313 095 401	47 913 840	294 260 039

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

SENQU LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2019

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2018 R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2019 R
<u>ANNUITY LOANS</u>						
DBSA loan	103126/1	Floating	2029	7 266 392	631 860	6 634 532
DBSA loan	103126/2	Fixed	2030	3 933 978	208 853	3 725 126
Total Annuity Loans				11 200 370	840 713	10 359 658
Total Borrowings				11 200 370	840 713	10 359 658

SENQU LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2019

	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	4 867 529	534 046	-	(53 134)	5 348 441	2 607 191	672 444	(44 933)	3 234 702	2 113 739
Planning & Development	3 984 374	93 130	-	(11 548)	4 065 956	2 074 997	588 362	(9 639)	2 653 720	1 412 236
Corporate Services	108 032 517	4 187 737	25 036 780	(96 211)	137 160 823	1 792 033	868 946	(19 164)	2 641 816	134 519 007
Budget & Treasury	21 180 406	1 075 721	-	(12 377)	22 243 750	11 390 190	2 272 936	(12 204)	13 650 922	8 592 828
Road Transport	275 720 000	22 352 884	-	(958 927)	297 113 958	99 461 178	10 941 611	(950 181)	109 452 609	187 661 349
Community & Social Services	41 070 745	526 780	2 073 301	(24 197)	43 646 629	3 135 118	1 101 760	(17 497)	4 219 381	39 427 248
Sport & Recreation	20 526 669	363 659	135 214	-	21 025 542	1 321 985	633 495	-	1 955 480	19 070 062
Public Safety	662 584	3 929 904	-	(4 946)	4 587 543	130 022	35 845	(5 327)	160 539	4 427 004
Electricity	38 611 616	7 789 566	-	(459 521)	45 941 661	6 706 461	1 524 189	(123 154)	8 107 496	37 834 165
Waste Management	7 313 011	16 769 144	-	-	24 082 155	1 982 459	77 851	-	2 060 310	22 021 845
Total	521 969 451	57 622 571	27 245 295	(1 620 861)	605 216 457	130 601 636	18 717 438	(1 182 099)	148 136 975	457 079 482

SENQU LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2019

VOTE	30 JUNE 2019			30 JUNE 2018		
	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)	REVENUE	EXPENDITURE	SURPLUS/ (DEFICIT)
	R	R	R	R	R	R
Executive & Council	7 031 659	29 497 037	(22 465 378)	6 947 591	24 803 077	(17 855 486)
Planning & Development	1 949 838	17 407 121	(15 457 283)	6 327 476	16 285 675	(9 958 200)
Corporate Services	17 153 484	33 586 938	(16 433 454)	3 358 887	31 255 356	(27 896 469)
Budget & Treasury	115 675 257	28 407 393	87 267 864	104 884 229	25 354 492	79 529 737
Road Transport	47 309 683	24 901 446	22 408 237	34 067 605	22 280 458	11 787 147
Waste Water Management	-	3 959 763	(3 959 763)	-	3 579 479	(3 579 479)
Community & Social Services	1 596 085	10 510 013	(8 913 928)	1 648 017	9 449 300	(7 801 283)
Sport & Recreation	9 196	2 058 989	(2 049 793)	288	1 843 959	(1 843 672)
Public Safety	26 360	1 736 162	(1 709 802)	106 000	7 226 748	(7 120 748)
Electricity	69 095 372	49 084 659	20 010 713	66 916 406	40 265 311	26 651 095
Waste Management	40 013 772	30 685 211	9 328 562	37 388 766	21 460 108	15 928 659
Total	299 860 705	231 834 731	68 025 974	261 645 265	203 803 963	57 841 301

SENQU LOCAL MUNICIPALITY

APPENDIX D (UNAUDITED)

ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2019

Refer to Note 44.1 for disclosure of Unauthorised expenditure

	ACTUAL R	BUDGET R	VARIANCE R
OPERATING EXPENDITURE			
Executive & Council	29 497 037	30 330 484	(833 448)
Planning & Development	17 407 121	19 482 612	(2 075 491)
Corporate Services	33 586 938	33 901 159	(314 221)
Budget & Treasury	28 407 393	31 051 009	(2 643 617)
Road Transport	24 901 446	24 948 192	(46 746)
Waste Water Management	3 959 763	4 235 865	(276 102)
Community & Social Services	10 510 013	10 547 144	(37 131)
Sport & Recreation	2 058 989	2 066 851	(7 862)
Public Safety	1 736 162	1 744 824	(8 662)
Electricity	49 084 659	52 185 895	(3 101 236)
Waste Management	30 685 211	30 694 444	(9 234)
Total	231 834 731	241 188 480	(9 353 749)
CAPITAL EXPENDITURE			
Executive & Council	571 953	1 093 830	(521 877)
Planning & Development	159 765	183 730	(23 965)
Corporate Services	4 077 344	6 202 560	(2 125 216)
Road Transport	22 329 971	29 299 500	(6 969 529)
Community & Social Services	548 740	1 359 000	(810 260)
Sport & Recreation	363 659	1 015 000	(651 341)
Public Safety	4 280 600	5 570 000	(1 289 400)
Electricity	7 810 809	10 814 834	(3 004 025)
Waste Management	17 027 305	23 512 290	(6 484 985)
Total	57 622 571	79 894 984	(22 272 413)

SENQU LOCAL MUNICIPALITY

APPENDIX E (UNAUDITED)

DISCLOSURE OF TRANSFERS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2019

	OPENING BALANCE	GRANTS RECEIVED	INTEREST ON INVESTMENTS	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	CLOSING BALANCE
	R	R	R	R	R	R
NATIONAL GOVERNMENT						
Equitable Share	-	136 434 000	-	136 434 000	-	-
Municipal Finance Management	-	1 700 000	-	1 700 000	-	-
Municipal Infrastructure Grant	3 027 904	37 755 000	-	1 887 750	38 895 154	-
NDPG (Neighbourhood Development Partnership Grant)	2 010 056	-	-	-	-	2 010 056
Integrated National Electrification Grant	677 707	5 983 000	-	650 772	5 486 858	523 077
EPWP (Expanded Public Works Program)	-	2 796 000	-	2 796 000	-	-
Total	5 715 667	184 668 000	-	143 468 522	44 382 012	2 533 133
PROVINCIAL GOVERNMENT						
Prov Gov - Housing (Hillside)	232 652	-	-	-	-	232 652
Herschel People's Housing Libraries	9 970 771	-	552 414	-	-	10 523 185
Provincial Public Works	-	1 500 000	-	1 500 000	-	-
	-	2 999 976	-	391 301	2 608 675	-
Total	10 203 424	4 499 976	552 414	1 891 301	2 608 675	10 755 838
ALL SPHERES GOVERNMENT	15 919 090	189 167 976	552 414	145 359 823	46 990 687	13 288 971

SENQU LOCAL MUNICIPALITY

APPENDIX F (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATE D OUTCOME 2018 R
REVENUE						
Governance and administration	110 146 358	3 398 732	113 545 090	139 775 412	26 230 322	115 049 305
Executive and council	7 015 000	-	7 015 000	7 031 659	16 659	6 947 591
Finance and administration	103 131 358	3 398 732	106 530 090	132 743 753	26 213 663	108 101 714
Internal audit	-	-	-	-	-	-
Community and public safety	1 714 226	8 999	1 723 225	2 298 301	575 076	2 853 830
Community and social services	1 631 016	-	1 631 016	1 593 721	(37 295)	1 645 487
Sport and recreation	-	8 000	8 000	9 196	1 196	288
Public safety	83 210	999	84 209	695 384	611 175	1 208 055
Housing	-	-	-	-	-	-
Economic and environmental services	45 994 088	3 127 000	49 121 088	49 344 509	223 421	40 536 482
Planning and development	2 028 730	20 000	2 048 730	2 034 825	(13 905)	6 468 877
Road transport	43 965 358	3 107 000	47 072 358	47 309 683	237 325	34 067 605
Trading services	111 196 879	718 000	111 914 879	108 440 120	(3 474 759)	103 203 118
Energy sources	74 744 879	718 000	75 462 879	69 095 372	(6 367 507)	66 916 406
Waste management	36 452 000	-	36 452 000	39 344 748	2 892 748	36 286 712
Other	2 756	-	2 756	2 363	-	2 530
Total Revenue - Standard	269 054 307	7 252 731	276 307 038	299 860 705	23 554 060	261 645 265

SENQU LOCAL MUNICIPALITY

APPENDIX F (1) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATE D OUTCOME 2018 R
EXPENDITURE						
Governance and administration	94 072 934	2 445 805	96 518 739	92 496 717	(4 022 022)	82 252 268
Executive and council	27 831 156	(241 852)	27 589 304	27 873 140	283 836	23 152 012
Finance and administration	63 443 846	2 744 409	66 188 255	62 999 681	(3 188 574)	57 449 192
Internal audit	2 797 932	(56 752)	2 741 180	1 623 896	(1 117 284)	1 651 064
Community and public safety	11 972 929	1 751 039	13 723 968	13 646 491	(77 477)	17 896 890
Community and social services	9 154 438	705 071	9 859 509	9 851 340	(8 169)	8 826 182
Sport and recreation	1 890 874	175 977	2 066 851	2 058 989	(7 862)	1 843 959
Public safety	927 617	869 991	1 797 608	1 736 162	(61 446)	7 226 748
Housing	-	-	-	-	-	-
Economic and environmental services	43 867 780	(1 663 433)	42 204 347	40 475 537	(1 728 810)	36 861 121
Planning and development	16 409 153	679 751	17 088 904	15 424 852	(1 664 052)	14 422 961
Road transport	27 308 677	(2 360 485)	24 948 192	24 901 446	(46 746)	22 280 458
Environmental protection	149 950	17 301	167 251	149 239	(18 012)	157 702
Trading services	84 585 576	2 477 844	87 063 420	83 729 633	(3 333 787)	65 304 897
Energy sources	49 452 895	2 733 000	52 185 895	49 084 659	(3 101 236)	40 265 311
Waste water management	3 956 191	279 674	4 235 865	3 959 763	(276 102)	3 579 479
Waste management	31 176 490	(534 830)	30 641 660	30 685 211	43 550	21 460 108
Other	1 765 010	(87 004)	1 678 006	1 486 353	(191 653)	1 488 787
Total Expenditure - Standard	236 264 229	4 924 251	241 188 480	231 834 731	(9 353 749)	203 803 963
Surplus/(Deficit) for the year	32 790 078	2 328 480	35 118 558	68 025 974	32 907 809	57 841 301

SENQU LOCAL MUNICIPALITY

APPENDIX F (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATE D OUTCOME 2018 R
REVENUE						
Executive & Council	7 015 000	-	7 015 000	7 031 659	16 659	6 947 591
Planning & Development	1 943 930	-	1 943 930	1 949 838	5 908	6 327 476
Corporate Services	103 880	3 119 732	3 223 612	17 153 484	13 929 872	3 358 887
Budget & Treasury	103 112 278	299 000	103 411 278	115 675 257	12 263 979	104 884 229
Road Transport	43 965 358	3 107 000	47 072 358	47 309 683	237 325	34 067 605
Community & Social Services	1 633 772	-	1 633 772	1 596 085	(37 688)	1 648 017
Sport & Recreation	-	8 000	8 000	9 196	1 196	288
Public Safety	83 210	999	84 209	26 360	(57 849)	106 000
Electricity	74 744 879	718 000	75 462 879	69 095 372	(6 367 507)	66 916 406
Waste Management	36 452 000	-	36 452 000	40 013 772	3 561 772	37 388 766
Total Revenue by Vote	269 054 307	7 252 731	276 307 038	299 860 705	23 553 667	261 645 265

SENQU LOCAL MUNICIPALITY

APPENDIX F (2) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
EXPENDITURE						
Executive & Council	30 629 088	(298 604)	30 330 484	29 497 037	(833 448)	24 803 077
Planning & Development	18 890 669	591 943	19 482 612	17 407 121	(2 075 491)	16 285 675
Corporate Services	32 001 611	1 899 548	33 901 159	33 586 938	(314 221)	31 255 356
Budget & Treasury	30 197 409	853 600	31 051 009	28 407 393	(2 643 617)	25 354 492
Road Transport	27 308 677	(2 360 485)	24 948 192	24 901 446	(46 746)	22 280 458
Waste Water Management	3 956 191	279 674	4 235 865	3 959 763	(276 102)	3 579 479
Community & Social Services	9 832 708	714 436	10 547 144	10 510 013	(37 131)	9 449 300
Sport & Recreation	1 890 874	175 977	2 066 851	2 058 989	(7 862)	1 843 959
Public Safety	788 769	956 055	1 744 824	1 736 162	(8 662)	7 226 748
Electricity	49 452 895	2 733 000	52 185 895	49 084 659	(3 101 236)	40 265 311
Waste Management	31 315 338	(620 894)	30 694 444	30 685 211	(9 234)	21 460 108
Total Expenditure by Vote	236 264 229	4 924 251	241 188 480	231 834 731	(9 353 749)	203 803 963
Surplus/(Deficit) for the year	32 790 078	2 328 480	35 118 558	68 025 974	32 907 416	57 841 301

SENQU LOCAL MUNICIPALITY

APPENDIX F (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATE D OUTCOME 2018 R
REVENUE BY SOURCE						
Property rates	8 146 650	100 000	8 246 650	13 438 943	5 192 293	5 996 567
Service charges	50 813 239	-	50 813 239	44 536 971	(6 276 268)	41 980 287
Rental of facilities and equipment	95 294	14 600	109 894	831 418	721 524	1 210 237
Interest earned - external investments	15 000 000	-	15 000 000	21 702 912	6 702 912	20 576 605
Interest earned - outstanding debtors	2 226 000	40 000	2 266 000	2 375 747	109 747	3 204 240
Fines, penalties and forfeits	57 240	100 999	158 239	136 750	(21 489)	410 879
Licences and permits	1 119 254	2 000	1 121 254	1 243 088	121 834	1 295 286
Agency services	842 700	100 000	942 700	1 053 937	111 237	975 474
Transfers and Subsidies - Operating	144 317 750	-	144 317 750	145 359 823	1 042 073	144 367 274
Other revenue	1 585 930	3 217 132	4 803 062	22 190 430	17 387 368	8 022 299
Total Revenue (excluding capital transfers and contributions)	224 204 057	3 574 731	227 778 788	252 870 018	25 091 230	228 039 149

SENQU LOCAL MUNICIPALITY

APPENDIX F (3) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

REVENUE AND EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATE D OUTCOME 2018 R
EXPENDITURE BY TYPE						
Employee related costs	87 122 340	(1 886 678)	85 235 662	86 819 589	1 583 928	81 279 734
Remuneration of councillors	13 355 431	(400 000)	12 955 431	12 243 669	(711 762)	11 704 078
Debt impairment	4 962 966	1 000 000	5 962 966	9 809 905	3 846 939	7 287 564
Depreciation & asset impairment	22 289 591	(2 017 729)	20 271 862	19 003 804	(1 268 058)	18 499 903
Finance charges	3 163 384	(147 636)	3 015 748	2 694 013	(321 735)	2 876 497
Bulk purchases	34 506 416	1 184 318	35 690 734	33 393 648	(2 297 086)	25 599 340
Other materials	13 179 439	1 043 776	14 223 215	-	(14 223 215)	-
Contracted services	28 298 148	5 014 015	33 312 163	28 657 848	(4 654 316)	20 205 894
Transfers and subsidies	290 000	296 000	586 000	550 000	(36 000)	-
Other expenditure	29 096 514	838 186	29 934 700	38 224 841	8 290 141	34 106 822
Loss on disposal of PPE	-	-	-	437 414	437 414	2 244 132
Total Expenditure	236 264 229	4 924 251	241 188 480	231 834 731	(9 353 749)	203 803 963
Surplus/(Deficit)	(12 060 172)	(1 349 520)	(13 409 692)	21 035 287	34 444 980	24 235 186
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	44 850 250	3 678 000	48 528 250	46 990 687	(1 537 563)	33 606 115
Surplus/(Deficit) for the year	32 790 078	2 328 480	35 118 558	68 025 974	32 907 416	57 841 301

SENQU LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATE D OUTCOME 2018 R
CAPITAL EXPENDITURE (VOTE)						
Multi-year expenditure						
Corporate Services	4 500 000	1 410 000	5 910 000	3 893 547	(2 016 453)	2 792 821
Road Transport	20 204 000	4 695 000	24 899 000	18 744 561	(6 154 439)	23 715 564
Community & Social Services	2 000 000	(800 000)	1 200 000	548 740	(651 260)	1 547 719
Sport & Recreation	-	791 000	791 000	223 412	(567 588)	773 509
Public Safety	-	5 000 000	5 000 000	3 718 426	(1 281 574)	-
Electricity	8 183 000	878 404	9 061 404	5 768 879	(3 292 525)	-
Waste Management	11 621 000	11 432 000	23 053 000	16 627 574	(6 425 426)	3 018 328
Total Multi-year expenditure	46 508 000	23 406 404	69 914 404	49 525 139	(20 389 265)	31 847 941
Single-year expenditure						
Executive & Council	935 000	158 830	1 093 830	571 953	(521 877)	1 286 230
Planning & Development	150 000	33 730	183 730	159 765	(23 965)	71 069
Corporate Services	1 122 000	(829 440)	292 560	183 797.17	(108 763)	1 209 582
Budget & Treasury	546 000	298 240	844 240	452 425	(391 815)	465 410
Road Transport	5 360 000	(959 500)	4 400 500	3 585 410.17	(815 090)	3 975 595
Community & Social Services	-	159 000	159 000	-	(159 000)	456 308
Sport & Recreation	1 950 000	(1 726 000)	224 000	140 247.30	(83 753)	-
Public Safety	7 632 250	(7 062 250)	570 000	562 173.87	(7 826)	156 706
Electricity	1 884 000	(130 570)	1 753 430	2 041 929.98	288 500	6 404 484
Waste Management	11 480 000	(11 020 710)	459 290	399 730.43	(59 560)	75 593
Total Single-year expenditure	31 059 250	(21 078 670)	9 980 580	8 097 432	(1 883 148)	14 100 978
Total Capital Expenditure by Vote	77 567 250	2 327 734	79 894 984	57 622 571	(22 272 413)	45 948 919

SENQU LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration	7 103 000	1 037 630	8 140 630	5 101 722	(3 038 908)	5 754 043
Executive and council	335 000	358 830	693 830	571 953	(121 877)	1 286 230
Finance and administration	6 168 000	878 800	7 046 800	4 529 769	(2 517 031)	4 467 813
Internal audit	600 000	(200 000)	400 000	-	(400 000)	-
Community and public safety	11 582 250	(3 638 250)	7 944 000	5 192 999	(2 751 001)	2 496 676
Community and social services	2 000 000	(641 000)	1 359 000	548 740	(810 260)	1 338 846
Sport and recreation	1 950 000	(935 000)	1 015 000	363 659	(651 341)	1 001 124
Public safety	7 632 250	(2 062 250)	5 570 000	4 280 600	(1 289 400)	156 706
Housing	-	-	-	-	-	-
Economic and environmental services	25 714 000	3 769 230	29 483 230	22 489 737	(6 993 493)	28 199 795
Planning and development	150 000	33 730	183 730	159 765	(23 965)	71 069
Road transport	25 564 000	3 735 500	29 299 500	22 329 971	(6 969 529)	28 128 726
Trading services	33 168 000	1 159 124	34 327 124	24 838 114	(9 489 010)	9 498 405
Energy sources	10 067 000	747 834	10 814 834	7 810 809	(3 004 025)	6 404 484
Waste water management	-	-	-	-	-	-
Waste management	23 101 000	411 290	23 512 290	17 027 305	(6 484 985)	3 093 921
Other	-	-	-	-	-	-
Total Capital Expenditure - Standard	77 567 250	2 327 734	79 894 984	57 622 571	(22 272 413)	45 948 919

SENQU LOCAL MUNICIPALITY

APPENDIX F (4) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

CAPITAL EXPENDITURE

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
CAPITAL EXPENDITURE (FUNDING SOURCES)						
National Government	41 850 250	3 678 000	45 528 250	44 382 012	(1 146 239)	33 606 115
Provincial Government	3 000 000	-	3 000 000	-	(3 000 000)	-
Transfers recognised - capital	44 850 250	3 678 000	48 528 250	44 382 012	(4 146 239)	33 606 115
Internally generated funds	32 717 000	(1 350 266)	31 366 734	13 240 559	(18 126 175)	12 342 804
Total Capital Funding	77 567 250	2 327 734	79 894 984	57 622 571	(22 272 413)	45 948 919

SENQU LOCAL MUNICIPALITY

APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

CASH FLOWS

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATE D OUTCOME 2018 R
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	7 199 046	222 939	7 421 985	11 844 326	4 422 341	4 104 315
Service charges	44 902 733	829 182	45 731 915	33 949 178	(11 782 737)	32 124 399
Other revenue	3 689 334	2 422 594	6 111 928	4 386 818	(1 725 109)	4 888 288
Government - operating	144 317 750	-	144 317 750	147 317 726	2 999 976	140 044 772
Government - capital	44 850 250	3 678 000	48 528 250	41 850 250	(6 678 000)	42 159 250
Interest	16 967 076	(1 967 076)	15 000 000	20 351 851	5 351 851	20 576 605
Refund on VAT returns - VAT 201s	-	-	-	15 718 919	15 718 919	8 124 638
Payments						
Suppliers and employees	(201 410 597)	(10 519 566)	(211 930 163)	(196 700 516)	15 229 647	(163 216 214)
Finance charges	(3 163 384)	147 636	(3 015 748)	(936 913)	2 078 835	(1 038 344)
Transfers and Grants	(290 000)	(296 000)	(586 000)	(550 000)	36 000	-
NET CASH FROM OPERATING ACTIVITIES	57 062 207	(5 482 291)	51 579 917	77 231 639	25 651 723	87 767 711
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	1 348	1 348	-
Payments						
Capital assets	(77 567 250)	(2 327 734)	(79 894 984)	(57 622 571)	22 272 413	(45 981 271)
NET CASH USED IN INVESTING ACTIVITIES	(77 567 250)	(2 327 734)	(79 894 984)	(57 621 223)	22 273 761	(45 981 271)

SENQU LOCAL MUNICIPALITY

APPENDIX F (5) (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

CASH FLOWS

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Increase (decrease) in consumer deposits	75 205	3 002	78 207	65 660	(12 547)	131 653
Payments						
Repayment of borrowing	(840 916)	-	(840 916)	-840 713	203	(827 384)
NET CASH FROM FINANCING ACTIVITIES	(765 711)	3 002	(762 709)	(775 053)	(12 343)	(695 730)
NET INCREASE/ (DECREASE) IN CASH HELD	(21 270 754)	(7 807 023)	(29 077 777)	18 835 363	47 913 140	41 090 709
Cash/cash equivalents at the year begin:	227 591 454	66 667 884	294 259 338	294 260 038	700	253 169 330
Cash/cash equivalents at the year end:	206 320 701	58 860 861	265 181 561	313 095 400	47 913 839	294 260 038