



[These financial statements have been audited]

## **FINANCIAL STATEMENTS**

**30 JUNE 2014**

# SENQU MUNICIPALITY

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# SENQU MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### GENERAL INFORMATION

#### NATURE OF BUSINESS

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

#### COUNTRY OF ORIGIN AND LEGAL FORM

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

#### JURISDICTION

The Senqu Municipality includes the following areas:

*Lady Grey*  
*Barkly East*  
*Sterkspruit*  
*Rhodes*  
*Herschel*  
*Rossouw*

#### MEMBERS OF THE EXECUTIVE COMMITTEE

NY Mtyali  
MW Mpelwane  
GN Mbonyana  
NM Kwinana  
MJ Sereba  
M Mafiliika  
J Constable

#### MUNICIPAL MANAGER

*M M Yawa*

#### CHIEF FINANCIAL OFFICER

*C R Venter*

#### REGISTERED OFFICE

*P.O. Box 18*  
*Lady Grey*  
*9755*

#### AUDITORS

Auditor-General  
P O Box 13252  
East London

#### PRINCIPLE BANKERS

Standard Bank

#### ATTORNEYS

Le Roux Attorneys  
101 Cape Road  
Port Elizabeth

#### RELEVANT LEGISLATION

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

# SENQU MUNICIPALITY

## MEMBERS OF THE SENQU MUNICIPALITY

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

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2014, which are set out on pages 1 to 94 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

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

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2014 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

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

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**M M Yawa**  
**Municipal Manager**

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**Date**

# SENQU MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Notes	2014 R (Actual)	2013 R (Restated)
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>369 902 857</b>	<b>313 416 953</b>
Revaluation Reserve	2	2 058 390	1 609 934
Accumulated Surplus	2	367 844 466	311 807 019
<b>Non-Current Liabilities</b>		<b>28 474 505</b>	<b>28 187 065</b>
Long-term Liabilities	3	13 645 472	14 439 371
Employee benefits	4	11 112 914	10 220 582
Non-Current Provisions	5	3 716 119	3 527 111
<b>Current Liabilities</b>		<b>29 433 533</b>	<b>36 688 606</b>
Consumer Deposits	6	1 118 521	949 266
Current Employee benefits	7	6 290 305	5 476 669
Payables from exchange transactions	8	9 927 462	1 644 785
Unspent Conditional Government Grants and Receipts	9	11 300 729	27 825 349
Operating Lease Liability	19.1	4 743	1 340
Current Portion of Long-term Liabilities	3	791 775	791 198
<b>Total Net Assets and Liabilities</b>		<b>427 810 895</b>	<b>378 292 623</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>246 747 548</b>	<b>207 364 122</b>
Property, Plant and Equipment	11	236 764 090	197 234 114
Capitalised Restoration Cost	12	1 159 953	1 285 328
Investment Property	14	8 663 500	8 663 500
Intangible Assets	15	160 005	181 180
<b>Non-Current Assets Held for Sale</b>	13	<b>1 557</b>	<b>1 787</b>
<b>Current Assets</b>		<b>181 061 789</b>	<b>170 926 715</b>
Inventory	16	1 606 271	1 308 418
Receivables from exchange transactions	17	8 226 138	12 933 034
Receivables from non-exchange transactions	18	1 544 824	838 937
Unpaid Conditional Government Grants and Receipts	9	986 071	-
Operating Lease Asset	19.2	92 454	83 370
Taxes	10	5 616 076	1 510 022
Cash and Cash Equivalents	20	162 989 955	154 252 933
<b>Total Assets</b>		<b>427 810 895</b>	<b>378 292 623</b>

**SENQU MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**

		<b>2014</b>	<b>2013</b>	<b>2013</b>
			<b>Restated - Note</b>	<b>Previously</b>
			<b>35 and Note 36</b>	<b>Reported</b>
	<b>Notes</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>REVENUE</b>				
<b>Revenue from Non-exchange Transactions</b>		<b>152 758 100</b>	<b>130 328 670</b>	<b>130 328 670</b>
<b>Taxation Revenue</b>		<b>4 492 262</b>	<b>4 311 689</b>	<b>4 311 689</b>
Property taxes	<b>21</b>	4 492 262	4 311 689	4 311 689
<b>Transfer Revenue</b>		<b>147 213 069</b>	<b>123 760 561</b>	<b>123 760 561</b>
Government Grants and Subsidies - Capital	<b>22</b>	35 686 172	20 143 049	20 143 049
Government Grants and Subsidies - Operating	<b>22</b>	111 526 897	103 398 274	103 398 274
Contributed Assets		-	219 238	219 238
<b>Other Revenue</b>		<b>1 052 770</b>	<b>2 256 420</b>	<b>2 256 420</b>
Actuarial Gains		719 302	2 079 250	2 079 250
Fines		34 000	65 462	65 462
Third Party Payments		295 374	111 708	111 708
Reversal of Impairment		4 094	-	-
<b>Revenue from Exchange Transactions</b>		<b>41 288 815</b>	<b>41 388 592</b>	<b>41 062 168</b>
Service Charges	<b>23</b>	26 051 651	25 267 381	25 267 381
Rental of Facilities and Equipment		500 938	423 707	423 707
Interest Earned - external investments		8 881 444	7 476 031	7 476 031
Interest Earned - outstanding debtors		1 544 494	1 092 245	1 092 245
Licences and Permits		1 548 437	1 749 913	1 749 913
Agency Services		1 956 462	1 618 737	1 618 737
Other Income	<b>24</b>	805 390	1 194 973	1 194 973
Transfer of Functions - Water and Sanitation	<b>35</b>	-	2 565 605	2 239 181
<b>Total Revenue</b>		<b>194 046 915</b>	<b>171 717 262</b>	<b>171 390 838</b>
<b>EXPENDITURE</b>				
Employee Related Costs	<b>25</b>	48 400 117	40 017 604	40 017 604
Remuneration of Councillors	<b>26</b>	9 580 309	8 858 218	8 858 218
Debt Impairment	<b>27</b>	5 092 904	5 093 346	5 093 346
Depreciation and Amortisation	<b>28</b>	11 766 313	12 918 558	12 914 217
Impairment		-	10 595	522 382
Repairs and Maintenance	<b>29</b>	3 758 247	2 554 473	2 554 473
Actuarial losses	<b>4</b>	133 513	-	-
Finance Charges	<b>30</b>	1 280 551	1 298 768	1 147 102
Bulk Purchases	<b>31</b>	19 424 456	19 167 363	19 167 363
Grants and Subsidies Paid	<b>32</b>	110 773	333 000	333 000
Other Operating Grant Expenditure	<b>33</b>	12 224 561	15 231 233	15 231 233
General Expenses	<b>34</b>	24 312 019	21 953 645	21 953 645
Loss on disposal of PPE/Investment Property	<b>11</b>	1 925 704	1 092 310	992 665
<b>Total Expenditure</b>		<b>138 009 468</b>	<b>128 529 112</b>	<b>128 785 247</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>56 037 447</b>	<b>43 188 150</b>	<b>42 605 591</b>





**SENQU MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014**

	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
<b>Balance at 30 JUNE 2012</b>	<b>1 226 989</b>	<b>274 024 347</b>	<b>275 251 336</b>
Correction of error - Note - 36.09	-	(5 405 478)	(5 405 478)
<b>Restated Balance at 1 JULY 2012</b>	<b>1 226 989</b>	<b>268 618 869</b>	<b>269 845 858</b>
Net Surplus/(Deficit) for the year	-	43 188 150	43 188 150
Revaluation on Land and Buildings - Restated	382 945	-	382 945
<b>Balance at 30 JUNE 2013</b>	<b>1 609 934</b>	<b>311 807 019</b>	<b>313 416 953</b>
Net Surplus/(Deficit) for the year	-	56 037 447	56 037 447
Revaluation on Land and Buildings	448 457	-	448 457
<b>Balance at 30 JUNE 2014</b>	<b>2 058 390</b>	<b>367 844 466</b>	<b>369 902 857</b>

# SENQU MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 R (Actual)	2013 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Ratepayers and other		33 317 817	35 066 252
Government		134 304 377	134 390 321
Interest		8 881 444	7 476 031
<b>Payments</b>			
Suppliers		(67 043 144)	(71 165 824)
Employees		(46 108 360)	(37 962 263)
Finance charges		(1 280 551)	(1 298 768)
Transfers and Grants		(110 773)	(333 000)
<b>Cash generated by operations</b>	<b>37</b>	<b>61 960 809</b>	<b>66 172 749</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(52 671 029)	(37 641 212)
Proceeds on Disposal of Fixed Assets		127 662	236 209
Purchase of Intangible Assets		(56 351)	(24 049)
<b>Net Cash from Investing Activities</b>		<b>(52 599 719)</b>	<b>(37 429 052)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		(793 324)	(804 570)
Increase in Consumer Deposits		169 255	416 509
<b>Net Cash from Financing Activities</b>		<b>(624 069)</b>	<b>(388 061)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>8 737 022</b>	<b>28 355 635</b>
Cash and Cash Equivalents at the beginning of the year		154 252 933	125 897 298
Cash and Cash Equivalents at the end of the year	<b>38</b>	162 989 955	154 252 933
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>8 737 022</b>	<b>28 355 635</b>

**SENQU MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances (10% of line-item with a minimum of R1m)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	1 198 464	1 177 231	21 234	2%
Call investment deposits	161 791 490	104 270 736	57 520 755	55% Effect of under expenditure on grants
				Effect of the transfer of Water and Sanitation function to Joe Gqabi District Municipality (Water Services
Consumer debtors	8 902 265	14 064 063	(5 161 798)	-37% Authority)
Other Receivables	7 563 298	2 322 812	5 240 486	226% Decreased to a more realistic amount comparing to the 2013 financial statements
Inventory	1 606 271	4 009 561	(2 403 290)	-60% Restatement on Inventory-Land held for sale not budgeted for
<b>Total current assets</b>	<b>181 061 789</b>	<b>125 844 402</b>	<b>55 217 387</b>	
<b>Non current assets</b>				
Investment property	8 663 500	10 262 000	(1 598 500)	-16% Restatement on Investment Properties not budgeted for
Property, plant and equipment	237 925 599	256 198 802	(18 273 202)	-7% Projects budgeted for not completed
Intangible Assets	160 005	181 180	(21 175)	-12%
<b>Total non current assets</b>	<b>246 749 104</b>	<b>266 641 982</b>	<b>(19 892 877)</b>	
<b>TOTAL ASSETS</b>	<b>427 810 894</b>	<b>392 486 384</b>	<b>35 324 509</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowing	791 775	827 151	(35 377)	-4%
Consumer deposits	1 118 521	1 024 043	94 477	9%
Trade and other payables	21 232 934	1 836 834	19 396 100	1056% Unspent Grants, Retentions and Over payment of NDPG not budgeted for
Provisions and Employee Benefits	6 290 305	5 478 009	812 295	15% Decreased to a more realistic amount comparing to the 2013 financial statements
<b>Total current liabilities</b>	<b>29 433 533</b>	<b>9 166 038</b>	<b>20 267 495</b>	
<b>Non current liabilities</b>				
Borrowing	13 645 472	13 612 220	33 252	0%
Provisions and Employee Benefits	14 829 033	18 327 768	(3 498 735)	-19% Recalculation of Landfill site provision according to IGrap 2
<b>Total non current liabilities</b>	<b>28 474 505</b>	<b>31 939 988</b>	<b>(3 465 483)</b>	
<b>TOTAL LIABILITIES</b>	<b>57 908 038</b>	<b>41 106 026</b>	<b>16 802 013</b>	
<b>NET ASSETS</b>	<b>369 902 855</b>	<b>351 380 359</b>	<b>18 522 497</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	250 688 532	235 172 839	15 515 693	7% Appropriation to reserves
Reserves	119 214 324	116 207 519	3 006 805	3% Increase in Employee Benefits
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>369 902 855</b>	<b>351 380 359</b>	<b>18 522 497</b>	

**SENQU MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014**

**ADJUSTMENTS TO APPROVED BUDGET**

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Explanations for material adjustments (10% of line-item with a minimum of R1m)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	500 000	677 231	1 177 231	58% Increased to a more realistic amount comparing to the 2013 financial statements
Call investment deposits	78 345 998	25 924 737	104 270 736	25% Increased to a more realistic amount comparing to the 2013 financial statements
Consumer debtors	11 866 668	2 197 395	14 064 063	16% Increased to a more realistic amount comparing to the 2013 financial statements
Other Receivables	7 329 806	(5 006 994)	2 322 812	-216% Decreased to a more realistic amount comparing to the 2013 financial statements
Inventory	5 040 532	(1 030 971)	4 009 561	-26% Decreased to a more realistic amount comparing to the 2013 financial statements
<b>Total current assets</b>	<b>103 083 004</b>	<b>22 761 398</b>	<b>125 844 402</b>	
<b>Non current assets</b>				
Investment property	12 548 500	(2 286 500)	10 262 000	-22% Decreased to restated amount on Investment Properties in the 2013 financial statements
Property, plant and equipment	260 798 065	(4 599 263)	256 198 802	-2% Decreased to a more realistic amount comparing to the 2013 financial statements
Intangible Assets	214 833	(33 653)	181 180	-19% Decreased to a more realistic amount comparing to the 2013 financial statements
<b>Total non current assets</b>	<b>273 561 398</b>	<b>(6 919 416)</b>	<b>266 641 982</b>	
<b>TOTAL ASSETS</b>	<b>376 644 402</b>	<b>15 841 982</b>	<b>392 486 384</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowing	970 963	(143 812)	827 151	-17% Decreased to a more realistic amount comparing to the 2013 financial statements
Consumer deposits	575 377	448 666	1 024 043	44% Increased to a more realistic amount comparing to the 2013 financial statements
Trade and other payables	3 565 278	(1 728 444)	1 836 834	-94% Decreased to a more realistic amount comparing to the 2013 financial statements
Provisions and Employee Benefits	12 424 726	(6 946 717)	5 478 009	-127% Decreased to a more realistic amount comparing to the 2013 financial statements
<b>Total current liabilities</b>	<b>17 536 345</b>	<b>(8 370 307)</b>	<b>9 166 038</b>	
<b>Non current liabilities</b>				
Borrowing	13 367 004	245 216	13 612 220	2% Increased to a more realistic amount comparing to the 2013 financial statements
Provisions and Employee Benefits	18 517 199	(189 431)	18 327 768	-1% Decreased to a more realistic amount comparing to the 2013 financial statements
<b>Total non current liabilities</b>	<b>31 884 203</b>	<b>55 784</b>	<b>31 939 988</b>	
<b>TOTAL LIABILITIES</b>	<b>49 420 548</b>	<b>(8 314 522)</b>	<b>41 106 026</b>	
<b>NET ASSETS</b>	<b>327 223 854</b>	<b>24 156 505</b>	<b>351 380 359</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus/(Deficit)	246 193 536	(11 020 696)	235 172 839	-5% Increased with appropriation to reserves amount for 2012/2013
Reserves	81 030 318	35 177 201	116 207 519	30% Increase in contribution to reserves
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>327 223 854</b>	<b>24 156 505</b>	<b>351 380 359</b>	

**SENQU MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances (10% of line-item with a minimum of R1m)
<b>REVENUE BY SOURCE</b>				
Property rates	4 492 262	4 297 773	194 489	5%
Service charges	26 051 651	21 880 496	4 171 154	19% Rebates were budgeted as expenditure, but deducted from Service Charges in terms of Grap 9
Rental of facilities and equipment	500 938	277 996	222 943	80% Improved control over municipal assets
Interest earned - external investments	8 881 444	7 000 000	1 881 444	27% Better interest rate
Interest earned - outstanding debtors	1 544 494	843 394	701 100	83% Increase in Consumer Debtors
Fines	34 000	60 000	(26 000)	-43% Received less Fine revenue than expected
Licences and permits	1 548 437	1 140 000	408 437	36% Service Delivery at Traffic Test Station improved
Agency services	1 956 462	2 102 037	(145 575)	-7%
Government Grants and Subsidies - Operating	111 526 897	109 077 150	2 449 747	2% Municipal Infrastructure Grant not spent in the previous financial year
Other revenue	1 824 159	364 642	1 459 518	400% Actuarial Gains and Third Party payments not budgeted for
<b>Total Operating Revenue</b>	<b>158 360 743</b>	<b>147 043 488</b>	<b>11 317 256</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	48 400 117	49 405 125	(1 005 008)	-2% Late appointments for vacant posts
Remuneration of councillors	9 580 309	9 842 706	(262 397)	-3%
Debt impairment	5 092 904	4 269 726	823 178	19% Increase in Consumer Debtors
Depreciation & asset impairment	11 766 313	15 550 107	(3 783 794)	-24% Restatements on Property, Plant and Equipment not budgeted for
Finance charges	1 280 551	1 638 890	(358 339)	-22% Restatement on Interest on Landfill Site - Recalculated according to IGRAP 2
Bulk purchases	19 424 456	26 677 328	(7 252 872)	-27% Change in electricity purchase tariff resulted in lower electricity purchases
Grants and subsidies paid	110 773	334 000	(223 227)	-67% Paid less than budgeted for
Other expenditure	40 428 341	48 306 362	(7 878 021)	Increase in Operating Grant expenditure and other expenditure to more realistic amounts
Loss on disposal of PPE	1 925 704	-	1 925 704	-16% comparing to 2013 financial statements
<b>Total Operating Expenditure</b>	<b>138 009 468</b>	<b>156 024 245</b>	<b>(18 014 777)</b>	100% Did not predict loss on disposals of assets
<b>Operating Surplus/(Deficit) for the year</b>	<b>20 351 275</b>	<b>(8 980 757)</b>	<b>29 332 032</b>	
Government Grants and Subsidies - Capital	35 686 172	42 089 050	(6 402 878)	-15% Municipal Infrastructure Grant not spent in the previous financial year
<b>Net Surplus for the year</b>	<b>56 037 447</b>	<b>33 108 293</b>	<b>22 929 154</b>	

**SENQU MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**

**ADJUSTMENTS TO APPROVED BUDGET**

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Explanations for material adjustments (10% of line-item with a minimum of R1m)
<b>REVENUE BY SOURCE</b>				
Property rates	4 611 773	(314 000)	4 297 773	-7% Increase in Revenue foregone for Property rates
Service charges	21 721 496	159 000	21 880 496	1%
Rental of facilities and equipment	277 996	-	277 996	0%
Interest earned - external investments	7 000 000	-	7 000 000	0%
Interest earned - outstanding debtors	843 394	-	843 394	0%
Fines	60 000	-	60 000	0%
Licences and permits	1 140 000	-	1 140 000	0%
Agency services	1 802 037	300 000	2 102 037	14% Increased to more realistic amount comparing to the actuals
Government Grants and Subsidies - Operating	106 932 150	2 145 000	109 077 150	2% Adjustment for Unspent grants in the 2013 financial statements
Other revenue	370 842	(6 200)	364 642	-2%
<b>Total Operating Revenue</b>	<b>144 759 688</b>	<b>2 283 800</b>	<b>147 043 488</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	57 312 672	(7 907 547)	49 405 125	-16% Decreased to a more realistic amount comparing to the 2013 financial statements
Remuneration of councillors	9 634 726	207 980	9 842 706	2% Increased to a more realistic amount comparing to the 2013 financial statements
Debt impairment	4 269 726	0	4 269 726	0%
Depreciation & asset impairment	15 224 443	325 664	15 550 107	2%
Finance charges	1 638 890	-	1 638 890	0%
Bulk purchases	26 677 328	-	26 677 328	0%
Grants and subsidies paid	334 000	-	334 000	0%
Other expenditure	42 372 820	5 933 542	48 306 362	Increase in Operating Grant expenditure and other expenditure to more realistic amounts 12% comparing to 2013 financial statements
<b>Total Operating Expenditure</b>	<b>157 464 606</b>	<b>-1 440 361</b>	<b>156 024 245</b>	
<b>Operating Surplus/(Deficit) for the year</b>	<b>(12 704 918)</b>	<b>3 724 161</b>	<b>(8 980 757)</b>	
Government Grants and Subsidies - Capital	30 355 350	11 733 700	42 089 050	28% Unspent grants rolled-over
<b>Net Surplus for the year</b>	<b>17 650 432</b>	<b>15 457 861</b>	<b>33 108 293</b>	

**SENQU MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2014 R (Actual)	2014 R (Final Budget)	2014 R (Variance)	Explanations for material variances (10% of line-item with a minimum of R1m)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	33 317 817	25 118 282	8 199 535	33% Effect of decrease in debtors
Government	134 304 377	150 553 200	(16 248 823)	-11% Unspent grants for 2012-2013
Interest	8 881 444	7 843 394	1 038 050	13% Better interest rate
<b>Payments</b>				
Suppliers and Employees	(113 151 504)	(159 140 982)	45 989 478	-29% Effect of grants not spent in the financial year
Finance charges	(1 280 551)	(1 638 890)	358 339	-22% Restatement on Interest on Landfill Site - Recalculated according to IGRAP 2
Transfers and Grants	(110 773)	(334 000)	223 227	-67% Paid less than budgeted for
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>61 960 809</b>	<b>22 401 004</b>	<b>39 559 805</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of Assets	127 662	-	127 662	
<b>Payments</b>				
Capital assets	(52 727 380)	(70 489 550)	17 762 170	-25% Capital projects delayed
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(52 599 719)</b>	<b>(70 489 550)</b>	<b>17 889 831</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Increase/(decrease) in consumer deposits	169 255	74 778	94 477	126% Increased to a more realistic amount comparing to the 2013 financial statements
<b>Payments</b>				
Repayment of borrowing	(793 324)	(791 198)	(2 125)	0%
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(624 069)</b>	<b>(716 421)</b>	<b>92 352</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>8 737 022</b>	<b>(48 804 967)</b>	<b>57 541 989</b>	
Cash and Cash Equivalents at the beginning of the year	154 252 933	154 252 933	-	0%
Cash and Cash Equivalents at the end of the year	162 989 955	105 447 966	57 541 989	55% Effect of under-expenditure on grants

**SENQU MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014**

**ADJUSTMENTS TO APPROVED BUDGET**

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Explanations for material adjustments (10% of line-item with a minimum of R1m)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	28 531 487	(3 413 205)	25 118 282	-14% Effect of decrease in debtors
Government	137 287 500	13 265 700	150 553 200	9% Increase in allocations made by National Treasury and effect of Unspent grants for 2012-13
Interest	7 843 394	-	7 843 394	0%
<b>Payments</b>				
Suppliers and Employees	(137 130 077)	(22 010 905)	(159 140 982)	14% Effect of Unspent grants for 2012-13
Finance charges	(1 638 890)	-	(1 638 890)	0%
Transfers and Grants	(334 000)	-	(334 000)	0%
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>34 559 414</b>	<b>(12 158 410)</b>	<b>22 401 004</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Payments</b>				
Capital assets	(56 480 350)	(14 009 200)	(70 489 550)	20% Additional budget provided for MIG projects
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(56 480 350)</b>	<b>(14 009 200)</b>	<b>(70 489 550)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Increase/(decrease) in consumer deposits	42 621	32 157	74 778	43% Increased to a more realistic amount comparing to the 2013 financial statements
<b>Payments</b>				
Repayment of borrowing	(899 040)	107 842	(791 198)	-14% Decreased to a more realistic amount comparing to the 2013 financial statements
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(856 420)</b>	<b>139 999</b>	<b>(716 421)</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(22 777 356)</b>	<b>(26 027 611)</b>	<b>(48 804 967)</b>	
Cash and Cash Equivalents at the beginning of the year	101 623 354	52 629 579	154 252 933	34% Effect of under expenditure on grants
Cash and Cash Equivalents at the end of the year	78 845 998	26 601 968	105 447 966	25% Increased to a more realistic amount comparing to the 2013 financial statements



SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
<b>2</b>	<b>NET ASSET RESERVES</b>		
<b>2.1</b>	<b>Reserves</b>	2 058 390	1 609 934
	Revaluations Reserve	2 058 390	1 609 934
	<b>Total Net Asset Reserve and Liabilities</b>	<b>2 058 390</b>	<b>1 609 934</b>

The Revaluation Reserve are treated in accordance with the requirements of GRAP 17.

**2.2 Accumulated Surplus**

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

Capital Replacement Reserve	99 138 779	95 532 283
Employee Benefits Reserve	17 403 219	15 697 251
Balance previously reported	-	17 632 892
Correction of overstatement on Employee Benefits Reserve - Note 36.05	-	(1 935 641)
Valuation Roll Reserve	613 936	330 838
Accumulated Surplus due to the results of operations	250 688 532	200 246 646
<b>Total Accumulated Surplus</b>	<b>367 844 465</b>	<b>311 807 018</b>

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.

**3 LONG-TERM LIABILITIES**

Annuity Loans - At amortised cost	14 437 246	15 219 060
Capitalised Lease Liability - At amortised cost	-	11 510
	<b>14 437 246</b>	<b>15 230 570</b>
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>791 775</b>	<b>791 198</b>
Annuity Loans - At amortised cost	791 775	779 689
Capitalised Lease Liability - At amortised cost	-	11 510
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>13 645 472</b>	<b>14 439 371</b>

**Development Bank Loan**

The fair value of Long- Term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

The obligations under annuity loans are scheduled below:

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	1 904 768	1 925 432
Payable within two to five years	6 993 162	7 195 606
Payable after five years	14 975 341	16 647 621
	23 873 271	25 768 659
<b>Less:</b> Future finance obligations	(9 436 025)	(10 549 599)
<b>Present value of annuity obligations</b>	<b>14 437 246</b>	<b>15 219 060</b>

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3 LONG-TERM LIABILITIES (CONTINUED)

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

Payable within one year

**Less:** Future finance obligations

**Present value of lease obligations**

2014 R	2013 R
Minimum lease payments	
-	11 738
-	11 738
-	(229)
<b>-</b>	<b>11 510</b>

Leases are secured by property, plant and equipment - Note 11

The capitalised lease liability consist out of the following contract:

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

4 EMPLOYEE BENEFITS

Post Retirement Benefits - Refer to Note 4.1

Long Service Awards - Refer to Note 4.2

**Total Non-current Employee Benefit Liabilities**

2014 R	2013 R
10 219 272	9 493 538
893 642	727 044
<b>11 112 914</b>	<b>10 220 582</b>

**Post Retirement Benefits**

Balance 1 July

Contribution for the year

Expenditure for the year

Actuarial Gain

Transfer of Function - Note 35

**Total post retirement benefits 30 June**

**Less:** Transfer of Current Portion - Note 7

**Balance 30 June**

9 696 746	11 204 297
1 679 303	1 636 849
(205 863)	(204 096)
(719 302)	(1 911 095)
-	(1 029 209)
<b>10 450 884</b>	<b>9 696 746</b>
(231 612)	(203 208)
<b>10 219 272</b>	<b>9 493 538</b>

**Long Service Awards**

Balance 1 July

Contribution for the year

Expenditure for the year

Actuarial Loss/(Gain)

Transfer of Function - Note 35

**Total long service 30 June**

**Less:** Transfer of Current Portion - Note 7

**Balance 30 June**

833 277	951 858
255 954	209 133
(179 012)	(51 719)
133 513	(168 154)
-	(107 841)
<b>1 043 732</b>	<b>833 277</b>
(150 090)	(106 233)
<b>893 642</b>	<b>727 044</b>

**TOTAL NON-CURRENT EMPLOYEE BENEFITS**

Balance 1 July

Contribution for the year

Expenditure for the year

Actuarial Loss/(Gain)

Transfer of Function - Note 35

**Total employee benefits 30 June**

**Less:** Transfer of Current Portion - Note 7

**Balance 30 June**

10 530 023	12 156 155
1 935 257	1 845 982
(384 875)	(255 814)
(585 789)	(2 079 250)
-	(1 137 050)
<b>11 494 616</b>	<b>10 530 023</b>
(381 702)	(309 441)
<b>11 112 914</b>	<b>10 220 582</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

4 EMPLOYEE BENEFITS (CONTINUED)

4.1 Post Retirement Benefits

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

	2014 R	2013 R
In-service (employee) members	108	112
Continuation members (e.g. Retirees, widows, orphans)	6	5
<b>Total Members</b>	<b>114</b>	<b>117</b>

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

In-service members	7 298 813	6 904 449
Continuation members	3 152 071	2 792 297
<b>Total Liability</b>	<b>10 450 884</b>	<b>9 696 746</b>

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

	2012 R (million)	2011 R (million)	2010 R (million)
<b>Total Liability</b>	<b>11.204</b>	<b>8.952</b>	<b>8.217</b>

	2014 R (million)	2013 R (million)	2012 R (million)	2011 R (million)
Experience adjustments were calculated as follows:				
Liabilities: (Gain) / loss	(1.344)	(1.777)	0.341	(1.277)
Assets: Gain / (loss)	-	-	-	-

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

Bonitas  
Discovery  
LA Health  
Key Health, and  
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R 960 750, whereas the Interest Cost for the next year is estimated to be R 947 215.

Key actuarial assumptions used:

i) Rate of interest

Discount rate	9.16%	9.14%
Health Care Cost Inflation Rate	8.32%	7.93%
Net Effective Discount Rate	0.78%	1.12%

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

ii) Mortality rates

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

iii) Normal retirement age

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

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

	2014 R	2013 R
Present value of fund obligations	10 450 884	9 696 746
<b>Net liability</b>	<b>10 450 884</b>	<b>9 696 746</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

4	EMPLOYEE BENEFITS (CONTINUED)	2014 R	2013 R
	<b>Reconciliation of present value of fund obligation:</b>		
	Present value of fund obligation at the beginning of the year	9 696 746	11 204 297
	Total expenses	1 473 440	1 432 753
	Current service cost	801 985	798 331
	Interest Cost	877 318	838 518
	Benefits Paid	(205 863)	(204 096)
	Actuarial (gains)/losses	(719 302)	(1 911 095)
	Transfer of Function - Note 35.01	-	(1 029 209)
	Present value of fund obligation at the end of the year	10 450 884	9 696 746
	<u>Less:</u> Transfer of Current Portion - Note 7	(231 612)	(203 208)
	<b>Balance 30 June</b>	<b>10 219 272</b>	<b>9 493 538</b>

Sensitivity Analysis on the Accrued Liability for year ending 30 June 2014

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	7.299	3.152	10.451	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	9.005	3.458	12.462	19%
Health care inflation	-1%	5.976	2.883	8.860	-15%
Discount Rate	1%	5.996	2.887	8.883	-15%
Discount Rate	-1%	9.008	3.459	12.466	19%
Post-retirement mortality	-1 year	7.554	3.286	10.840	4%
Average retirement age	-1 year	7.981	3.152	11.133	7%
Continuation of membership at retirement	-10%	6.609	3.152	9.761	-7%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		802 000	877 300	1 679 300	
Health care inflation	1%	1 001 700	1 039 000	2 040 700	22%
Health care inflation	-1%	649 100	784 500	1 433 600	-17%
Post-retirement mortality	-1 year	828 200	908 900	1 737 100	3%
Average retirement age	-1 year	824 500	927 200	1 751 700	4%
Withdrawal Rate	-50%	971 800	965 000	1 936 800	15%

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.	218	195
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The Current-service Cost for the ensuing year is estimated to be R 186 373, whereas the Interest Cost for the next year is estimated to be R 75 868.

Key actuarial assumptions used:	2014 %	2013 %
<b>i) Rate of interest</b>		
Discount rate	7.82%	7.11%
General Salary Inflation (long-term)	7.07%	6.77%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.70%	0.31%

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

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

4 EMPLOYEE BENEFITS (CONTINUED)

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

	2014 R	2013 R
Present value of fund obligations	1 043 732	833 277
<b>Net liability</b>	<b>1 043 732</b>	<b>833 277</b>

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

	2012 R	2011 R	2010 R
<b>Total Liability</b>	<b>951 858</b>	<b>842 594</b>	<b>644 199</b>

Experience adjustments were calculated as follows:

	2014	2013	2012	2011
Liabilities: (Gain) / loss	87 434	(125 553)	10 204	79 620
Assets: Gain / (loss)	-	-	-	-

Reconciliation of present value of fund obligation:

	2014 R	2013 R
Present value of fund obligation at the beginning of the year	833 277	951 858
Total expenses	76 942	157 414
Current service cost	200 448	159 778
Interest Cost	55 506	49 355
Benefits Paid	(179 012)	(51 719)
Actuarial (gains)/losses	133 513	(168 154)
Transfer of Function - Note 35	-	(107 841)
Present value of fund obligation at the end of the year	1 043 732	833 277
<b>Less:</b> Transfer of Current Portion - Note 7	(150 090)	(106 233)
<b>Balance 30 June</b>	<b>893 642</b>	<b>727 044</b>

Sensitivity Analysis on changes to the Unfunded Accrued Liability for the year ending 30 June 2014

Assumption	Change	Liability (in R Millions)	% change
Central assumptions		1.044	
General salary inflation	1%	1.101	5%
General salary inflation	-1%	0.991	-5%
Discount Rate	1%	0.987	-5%
Discount Rate	-1%	1.106	6%
Average retirement age	-2 yrs	0.980	-6%
Average retirement age	2 yrs	1.117	7%
Withdrawal rate	-50%	1.278	22%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		200 400	55 500	255 900	
General salary inflation	1%	212 400	58 900	271 300	6%
General salary inflation	-1%	189 700	52 400	242 100	-5%
Average retirement age	-2 yrs	191 600	51 800	243 400	-5%
Average retirement age	+2 yrs	207 900	59 200	267 100	4%
Withdrawal Rate	-50%	257 700	69 500	327 200	28%

4.3 Retirement funds

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

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

**SENQU MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

**4 EMPLOYEE BENEFITS (CONTINUED)**

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

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the Cape Joint Pension Fund was for the year ended 30 June 2013 and revealed that the fund is in a sound financial position with a funding level of 99.70% (30 June 2012 - 99.40%). The last actuarial valuation performed for the Cape Retirement Fund was for the year ended 30 June 2013 and revealed that the fund is in a sound financial position with a funding level of 105.10% (30 June 2012 - 108.0%).

Contributions paid recognised in the Statement of Financial Performance

2014 R	2013 R
<b>3 184 394</b>	<b>2 899 109</b>

**DEFINED CONTRIBUTION FUNDS**

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

Contributions paid recognised in the Statement of Financial Performance

SALA Pension Fund  
SAMWU National Provident Fund  
Liberty Life

657 714	567 874
77 749	71 437
2 832	2 832
<b>738 295</b>	<b>642 143</b>

**5 NON-CURRENT PROVISIONS**

Provision for Rehabilitation of Landfill-sites

**Total Non-current Employee Benefit Liabilities**

3 716 119	3 527 111
<b>3 716 119</b>	<b>3 527 111</b>

**Landfill Sites**

Balance 1 July

Correction on Opening balance of Landfill Site Provision - recalculated according to IGRAP 2 - Note 36.07

Restated Balance 1 July

Additions

Balance previously reported

Correction on 2012/13 additions on Landfill Site Provision - recalculated according to IGRAP 2 - Note 36.07

Unwinding of discounted interest

Balance previously reported

Correction on 2012/13 Interest on Landfill Site Provision - recalculated according to IGRAP 2- Note 36.07

**Total provision 30 June**

3 527 111	4 603 223
-	(1 252 252)
3 527 111	3 350 971
22 944	24 474
-	522 382
-	(497 907)
166 064	151 666
-	-
-	151 666
<b>3 716 119</b>	<b>3 527 111</b>

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

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

<u>Location</u>	<u>Estimated decommission date</u>	2014	2013
		R	R
Barkly East	2020	882 988	832 191
Lady Grey	2019	844 195	799 399
Sterkspruit	2025	694 982	662 589
Rhodes	2043	667 996	635 165
Rossouw	2017	625 959	597 767
		<b>3 716 119</b>	<b>3 527 111</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5 NON-CURRENT PROVISIONS (CONTINUED)

**Material Assumptions used**

	2014	2013	2012
Area of landfill site consumed			
Barkly East	60.19%	57.64%	54.74%
Lady Grey	65.51%	63.51%	61.28%
Sterkspruit	67.63%	66.69%	65.69%
Rhodes	32.43%	30.83%	29.15%
Rossouw	90.82%	90.57%	90.30%
Discount Rate used	4.71%	4.53%	

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

6 CONSUMER DEPOSITS

	2014 R	2013 R
Electricity	1 118 521	949 266
<b>Total Consumer Deposits</b>	<b>1 118 521</b>	<b>949 266</b>

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

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

7 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - Note 4	231 612	203 208
Current Portion of Long-Service Provisions - Note 4	150 090	106 233
Bonuses	1 430 822	1 005 015
Performance Bonuses	1 295 673	2 098 972
Compensation for injuries on duty contribution	712 960	-
Staff Leave	2 469 148	2 063 241
<b>Total Current Employee Benefits</b>	<b>6 290 305</b>	<b>5 476 669</b>

The movement in current employee benefits are reconciled as follows:

**Post Retirement Benefits**

Balance at beginning of year	203 208	181 632
Adjustment from non-current	28 404	21 576
<b>Balance at end of year</b>	<b>231 612</b>	<b>203 208</b>

**Long-service Awards**

Balance at beginning of year	106 233	110 712
Adjustment from non-current	43 857	(4 479)
<b>Balance at end of year</b>	<b>150 090</b>	<b>106 233</b>

**Bonuses**

Balance at beginning of year	1 005 015	1 247 354
Contribution to provision	425 807	(35 471)
Transfer of Function - Note 35	-	(206 868)
<b>Balance at end of year - Restated 2013</b>	<b>1 430 822</b>	<b>1 005 015</b>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

<b>7</b>	<b>CURRENT EMPLOYEE BENEFITS (CONTINUED)</b>	<b>2014 R</b>	<b>2013 R</b>
	<b><u>Performance Bonuses</u></b>		
	Balance at beginning of year	2 098 972	1 202 988
	Contribution to provision	1 104 824	1 273 503
	Expenditure incurred	(1 908 123)	(53 412)
	Transfer of Function - Note 35	-	(324 106)
	Balance at end of year - Restated 2013	<b>1 295 673</b>	<b>2 098 972</b>
	Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.		
	<b><u>Compensation for injuries on duty contribution</u></b>		
	Balance at beginning of year	-	405 517
	Contribution to provision	712 960	439 071
	Expenditure incurred	-	(844 588)
	Balance at end of year	<b>712 960</b>	<b>-</b>
	The balance on the compensation for injuries on duty contribution represents the current liability of the municipality that has not yet been paid over to the relevant authorities. There is no possibility of reimbursement.		
	<b><u>Staff Leave</u></b>		
	Balance at beginning of year	2 063 241	2 846 213
	Contribution to provision	1 496 853	529 618
	Expenditure incurred	(1 090 946)	(843 547)
	Transfer of Function - Note 35	-	(469 043)
	Balance at end of year	<b>2 469 148</b>	<b>2 063 241</b>
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		
<b>8</b>	<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
	Other Payables	779 114	63 721
	Deposits: Other	24 483	10 640
	Payments received in advance	869 687	626 597
	Retentions	3 364 093	666 585
	DBSA Interest Accrual	288 085	277 242
	Over payment of Neighbourhood Development Partnership Grant by National Treasury	4 602 000	-
	<b>Total Trade Payables</b>	<b>9 927 462</b>	<b>1 644 785</b>
	Payables are being recognised net of any discounts.		
	Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.		
	The carrying value of payables approximates its fair value.		
<b>9</b>	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>		
	<b>Unspent Grants</b>	<b>11 300 729</b>	<b>27 825 349</b>
	National Government Grants	2 010 056	19 652 757
	Provincial Government Grants	9 290 673	8 172 591
	<b>Less: Unpaid Grants</b>	<b>986 071</b>	<b>-</b>
	National Government Grants	986 071	-
	<b>Total Conditional Grants and Receipts</b>	<b>10 314 658</b>	<b>27 825 349</b>
	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.		
	No application for roll-overs was submitted to National Treasury.		
	The following DORA allocations were withheld for the Neighbourhood Development Partnership Grant due to the fact that excess funds had been received to date, compared to the value of project approvals.		
		<b>1 287 000</b>	<b>1 700 000</b>



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

10	TAXES	2014 R	2013 R
10.01	<b>VAT PAYABLE</b>		
	VAT Payable	1 591 534	1 371 733
	Less: Contribution to Provision for Impairment of Trade Receivables from Exchange Transactions	(1 680 095)	(949 635)
	Total Vat payable	<u>(88 561)</u>	<u>422 097</u>
10.02	<b>VAT RECEIVABLE</b>		
	VAT Receivable	5 527 514	1 932 120
	Total VAT receivable	<u>5 527 514</u>	<u>1 932 120</u>
10.03	<b>NET VAT RECEIVABLE/(PAYABLE)</b>	<u>5 616 076</u>	<u>1 510 022</u>
	VAT is payable/receivable on the cash basis.		

11 PROPERTY, PLANT AND EQUIPMENT

See attached sheet



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2014 R	2013 R
<b>Carrying value of assets retired from active use and transferred to Non-Current assets held for sale:</b>		
Cost	9 784	29 241
Other assets	9 784	29 241
Accumulated depreciation	8 227	27 454
Other assets	8 227	27 454
Carrying value	<u>1 557</u>	<u>1 786</u>

**Assets pledged as security:**

No assets are pledged as security for Senqu Municipality

**Effect of changes in accounting estimates**

The useful lives and the residual values of Property, Plant and Equipment have been reviewed at year end. The effect of the changes are shown below:

	2014 R	2015 R	2016 R
Effect on Property, plant and equipment	<u>1 012 976</u>	<u>1 012 976</u>	<u>1 012 976</u>

12 CAPITALISED RESTORATION COST

	2014 R	2013 R
<b>Net Carrying amount at 1 July</b>	<b>1 285 328</b>	<b>1 422 006</b>
Cost	2 360 913	2 336 439
Balance previously reported	-	4 603 223
Correction of error - Cost on 1 July 2012 recalculated according to IGRAP 2 - Note 36.08	-	(2 266 785)
Accumulated Depreciation	(942 204)	(791 647)
Balance previously reported	-	-
Correction of error - Acc. Depreciation on 1 July 2012 recalculated according to IGRAP 2 - Note 36.08	-	(791 647)
Accumulated Impairments	(133 381)	(122 786)
Balance previously reported	-	(4 603 223)
Correction of error - Acc. Impairments on 1 July 2012 recalculated according to IGRAP 2 - Note 36.08	-	4 480 437
Acquisitions	22 944	24 474
Balance previously reported	-	522 382
Correction of error - Acquisitions for 2012/2013 recalculated according to IGRAP 2 - Note 36.08	-	(497 907)
Depreciation for the year	(152 413)	(150 557)
Balance previously reported	-	-
Correction of error - Depreciation for 2012/2013 recalculated according to IGRAP 2 - Note 36.08	-	(150 557)
Impairment	-	(10 595)
Balance previously reported	-	(522 382)
Correction of error - Impairment for 2012/2013 recalculated according to IGRAP 2 - Note 36.08	-	511 787
Reversal of Impairment	4 094	-
<b>Net Carrying amount at 30 June</b>	<b>1 159 953</b>	<b>1 285 328</b>
Cost	2 383 857	2 360 913
Accumulated Depreciation	(1 094 617)	(942 204)
Accumulated Impairments	(129 287)	(133 381)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

13	NON-CURRENT ASSETS HELD FOR SALE	2014 R	2013 R
	Non-current assets held for sale at beginning of year - at book value	1 787	84 851
	Additions for the year	75 140	517 468
		<hr/>	<hr/>
	Non-current assets sold/written off during the year	76 927 (75 370)	602 319 (600 533)
	Non-current assets held for sale at end of year - at book value	<hr/> <b>1 557</b> <hr/>	<hr/> <b>1 787</b> <hr/>

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

14 INVESTMENT PROPERTY

Net Carrying amount at 1 July

Fair Value

Balance previously reported	-	10 262 000
Correction of Investment Property incorrectly capitalised - 1 July 2012 - Note 36.02	-	(3 196 500)
Investment Property previously not recognised - 1 July 2012 - Note 36.02	-	4 724 000
Reclassification of Investment Property to Property, Plant and Equipment - 1 July 2012 - Note 36.02	-	(3 180 000)
Reclassification of Property, Plant and Equipment to Investment Property - 1 July 2012 - Note 36.02	-	54 000

8 663 500

8 663 500

8 663 500

8 663 500

-

10 262 000

-

(3 196 500)

-

4 724 000

-

(3 180 000)

-

54 000

8 663 500

8 663 500

Net Carrying amount at 30 June

Fair Value

8 663 500

8 663 500

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. Mr McLeod indicated that there were no significant changes in property values against that of the prior year.

15 INTANGIBLE ASSETS

Computer Software

Net Carrying amount at 1 July

Cost  
Accumulated Amortisation

Acquisitions  
Disposals  
Amortisation

Net Carrying amount at 30 June

Cost  
Accumulated Amortisation

181 180

263 136

567 136

(385 956)

56 351

(2 312)

(75 215)

160 005

568 304

(408 299)

546 587

(283 452)

24 049

(519)

(105 485)

181 180

567 136

(385 956)

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

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

16	INVENTORY	2014 R	2013 R
	Electricity materials	1 606 271	1 308 418
	Land held for sale	-	-
	Balance previously reported	-	2 443 400
	Correction of Inventory-Land held for sale incorrectly recognised - 1 July 2012 - Note 36.03	-	(1 536 500)
	Reclassification of Inventory-Land held for sale to Property, Plant and Equipment - 1 July 2012 - Note 36.03	-	(906 900)
	<b>Total Inventory</b>	<b>1 606 271</b>	<b>1 308 418</b>
	No inventory assets were pledged as security for liabilities.		
17	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	<b>Service Receivables</b>		
	Electricity	11 772 196	9 748 275
	Housing Rentals	266 936	249 024
	Refuse	4 111 834	3 688 937
	Other Arrears	5 691 606	8 721 626
	Joe Gqabi District Municipality (Water Services Authority)	4 954 627	8 213 557
	Balance previously reported	-	7 887 134
	Correction of error - VAT Output not transferred to Joe Gqabi District Municipality - Note 36.06	-	326 423
	Payments in advance	736 979	508 069
	<b>Total Service Receivables</b>	<b>21 842 572</b>	<b>22 407 863</b>
	Less: Allowance for Doubtful Debts	(13 616 434)	(9 474 829)
	<b>Net Service Receivables</b>	<b>8 226 138</b>	<b>12 933 034</b>
	<b>Total Net Receivables from Exchange Transactions</b>	<b>8 226 138</b>	<b>12 933 034</b>
	Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.		
	<b>Ageing of Receivables from Exchange Transactions</b>		
	<b>(Electricity): Ageing</b>		
	Current (0 - 30 days)	2 784 516	2 770 563
	31 - 60 Days	1 028 794	1 607 479
	61 - 90 Days	587 095	899 275
	+ 90 Days	7 735 731	4 813 894
	Payment received in advance	(363 940)	(342 937)
	<b>Total</b>	<b>11 772 196</b>	<b>9 748 275</b>
	<b>(Housing Rentals): Ageing</b>		
	Current (0 - 30 days)	8 886	11 063
	31 - 60 Days	6 653	22 988
	61 - 90 Days	5 139	5 896
	+ 90 Days	361 511	279 691
	Payment received in advance	(115 253)	(70 614)
	<b>Total</b>	<b>266 936</b>	<b>249 024</b>
	<b>(Refuse): Ageing</b>		
	Current (0 - 30 days)	210 505	222 387
	31 - 60 Days	133 676	126 458
	61 - 90 Days	113 755	104 744
	+ 90 Days	3 911 683	3 329 866
	Payment received in advance	(257 786)	(94 518)
	<b>Total</b>	<b>4 111 834</b>	<b>3 688 937</b>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

17	<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)</b>	<b>2014</b>	<b>2013</b>
		<b>R</b>	<b>R</b>
	<b><u>(Other): Ageing</u></b>		
	Current (0 - 30 days)	736 979	508 069
	+ 90 Days	4 954 627	7 887 134
	<b>Total</b>	<b>5 691 606</b>	<b>8 395 203</b>
	<b><u>Reconciliation of Provision for Bad Debts</u></b>		
	<b>Balance at beginning of year</b>	<b>9 474 829</b>	<b>10 586 448</b>
	Transfer of Function - Note 35	-	(4 309 947)
	Contribution to provision	4 723 637	4 674 564
	Bad Debts (written off)	(582 032)	(1 476 236)
	<b>Balance at end of year</b>	<b>13 616 434</b>	<b>9 474 829</b>
	<p>The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.</p> <p>Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.</p>		
18	<b>RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
	<b><u>Service Receivables</u></b>		
	Rates	6 527 816	5 511 550
	Payments in advance	132 709	118 528
	Other Receivables	126 266	54 559
	UIF Refund	609 722	-
	<b>Total Service Receivables</b>	<b>7 396 512</b>	<b>5 684 637</b>
	Less: Allowance for Doubtful Debts	(5 851 689)	(4 845 700)
	<b>Net Service Receivables</b>	<b>1 544 824</b>	<b>838 937</b>
	<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>1 544 824</b>	<b>838 937</b>
	<p>Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.</p> <p><b>Ageing of Receivables from Non-Exchange Transactions</b></p> <p><b><u>(Rates): Ageing</u></b></p>		
	Current (0 - 30 days)	98 249	49 713
	31 - 60 Days	164 832	174 082
	61 - 90 Days	147 145	119 559
	+ 90 Days	6 250 299	5 286 725
	Payment received in advance	(132 709)	(118 528)
	<b>Total</b>	<b>6 527 816</b>	<b>5 511 550</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

18 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
<b>The ageing of amounts past due but not impaired is as follows:</b>			
<b>2014</b>			
1 month past due	456 759	40 872	497 631
2 + months past due	562 215	720 544	1 282 759
<b>Total</b>	<b>1 018 974</b>	<b>761 415</b>	<b>1 780 390</b>
<b>2013</b>			
1 month past due	810 665	51 104	861 769
2 + months past due	739 830	524 690	1 264 520
<b>Total</b>	<b>1 550 494</b>	<b>575 795</b>	<b>2 126 289</b>

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

**Trade and other receivables impaired**

<b>2014</b>			
	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
<b>Total</b>	<b>13 616 434</b>	<b>5 851 689</b>	<b>19 468 123</b>
<b>2013</b>			
	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
<b>Total</b>	<b>9 474 829</b>	<b>4 845 700</b>	<b>14 320 529</b>

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

**Reconciliation of the Total doubtful debt provision**

	2014 R	2013 R
Balance at beginning of the year	4 845 700	4 284 602
Contributions to provision	1 099 727	696 391
Bad Debts (written off)	(93 738)	(135 293)
<b>Balance at end of year</b>	<b>5 851 689</b>	<b>4 845 700</b>

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

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

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



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

19	OPERATING LEASE ARRANGEMENTS	2014 R	2013 R
19.1	<b>The Municipality as Lessee</b>		
	<b>Balance on 1 July</b>	1 340	1 970
	Movement during the year	3 402	(630)
	<b>Balance on 30 June</b>	<b>4 743</b>	<b>1 340</b>
	At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
	Up to 1 Year	25 724	23 819
	1 to 5 Years	78 829	104 553
	<b>Total Operating Lease Arrangements</b>	<b>104 553</b>	<b>128 371</b>
19.2	<b>The Municipality as Lessor</b>		
	<b>Balance on 1 July</b>	83 370	58 542
	Operating Lease Asset for the current year	9 084	24 828
	<b>Balance on 30 June</b>	<b>92 454</b>	<b>83 370</b>
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	253 018	281 237
	1 to 5 Years	427 350	612 845
	More than 5 Years	29 474	96 997
	<b>Total Operating Lease Arrangements</b>	<b>709 843</b>	<b>991 080</b>
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The leases are in respect of land and buildings being leased out for peroids ranging until 2019		
20	<b>CASH AND CASH EQUIVALENTS</b>		
	<b>Assets</b>		
	Call and short-term Investments Deposits	161 791 490	153 075 703
	Primary Bank Account	1 197 764	1 176 531
	Cash Floats	700	700
	<b>Total Cash and Cash Equivalents - Assets</b>	<b>162 989 955</b>	<b>154 252 933</b>
	The municipality has the following bank account:		
	<b>Current Accounts</b>		
	Standard Bank - Lady Grey Branch - Account Number 28 063 130 8	1 197 764	1 176 531
		<b>1 197 764</b>	<b>1 176 531</b>
	<b>Standard Bank - Lady Grey Branch - Account Number 28 063 130 8</b>		
	Cash book balance at beginning of year	1 176 531	903 394
	Cash book balance at end of year	1 197 764	1 176 531
	Bank statement balance at beginning of year	911 904	2 825 633
	Bank statement balance at end of year	1 136 813	911 904
	<b>Call Investment Deposits</b>		
	Call investment deposits consist out of the following accounts:		
	Standard Bank 388489162/0	94 401 078	89 272 777
	Standard Bank 388489731/0	60 292 185	57 039 042
	Standard Bank 388486066/0	7 098 227	6 763 884
		<b>161 791 490</b>	<b>153 075 703</b>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

21	<b>PROPERTY RATES</b>	<b>2014 R</b>	<b>2013 R</b>
	<u><b>Actual</b></u>		
	<b>Rateable Land and Buildings</b>	6 230 137	5 624 278
	Residential Property	2 430 344	1 735 384
	Commercial Property	990 097	886 265
	Agricultural Purposes	2 120 045	1 993 952
	State - National / Provincial Services	186 578	158 921
	Vacant Property	503 072	849 755
	<b>Less: Rebates</b>	(1 737 875)	(1 312 589)
	<b>Total Assessment Rates</b>	<b>4 492 262</b>	<b>4 311 689</b>
	<u><b>Valuations</b></u>		
	<b>Rateable Land and Buildings</b>	2 593 389 060	1 694 091 860
	Residential Property	473 977 000	264 641 600
	Commercial Property	162 311 000	103 742 000
	Public Benefits Organisations	40 733 500	18 161 000
	Agricultural Purposes	1 625 803 060	1 164 631 860
	State - National / Provincial Services	36 584 000	29 213 500
	Municipal Property	189 829 000	39 162 000
	Vacant Property	64 151 500	74 539 900
	<b>Total Assessment Rates</b>	<b>2 593 389 060</b>	<b>1 694 091 860</b>
	Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2012.		
	<b>Rates:</b>		
	Residential	0.5100c/R	0.6800c/R
	Commercial	0.6100c/R	0.8160c/R
	Agricultural	0.1300c/R	0.1700c/R
	State - National / Provincial Services	0.5100c/R	0.6800c/R
	Vacant Property	0.8000c/R	1.1400c/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.		

22	<b>GOVERNMENT GRANTS AND SUBSIDIES</b>	<b>2014 R</b>	<b>2013 R</b>
	<b>Unconditional Grants</b>	<b>98 133 000</b>	<b>89 723 000</b>
	Equitable Share - Refer to Note 22.01	98 133 000	89 723 000
	<b>Conditional Grants</b>	<b>49 080 069</b>	<b>33 818 323</b>
	National: Municipal Infrastructure Grant (MIG)	40 672 772	15 949 170
	National: Municipal Finance Management (MFMA)	1 550 000	1 500 000
	National: Municipal Systems Improvement Grant	890 000	800 000
	National: Neighbourhood Development Partnership Grant	-	10 154 769
	National: Expanded Public Works Program	2 160 000	1 857 000
	National: Dept Sport (Youth Development - Sport Fields)	1 398 033	175 203
	Holo Hlahatsi Agricultural Project	-	103 897
	Prov Gov - Housing (Hillside)	220 771	507 727
	Implementation Ownership	-	53 216
	Rossouw Agricultural Project	-	49 582
	Plastic Products	-	90 167
	Provincial Roads (Musong Road)	-	626 675
	Greenest Municipality	-	500 000
	Second Economy Regeneration (LED)	-	109 862
	Clean Audit	-	95 000
	Commonage Management Plan	-	46 056
	Vuna Awards	110 404	-
	Alien Vegetation Eradication	878 088	-
	Libraries	1 200 000	1 200 000
	<b>Total Government Grants and Subsidies</b>	<b>147 213 069</b>	<b>123 541 323</b>

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2014 R	2013 R
	Government Grants and Subsidies - Capital	35 686 172	20 143 049
	Government Grants and Subsidies - Operating	111 526 897	103 398 274
		<b>147 213 069</b>	<b>123 541 323</b>
	Revenue recognised per vote as required by Section 123 (c) of the MFMA		
	Equitable share	98 133 000	89 723 000
	Executive & Council	490 000	300 000
	Budget & Treasury	2 060 404	2 095 000
	Planning & Development	878 088	10 554 334
	Community & Social Services	4 120 621	3 678 226
	Housing	220 771	560 941
	Sport & Recreation	2 221 294	3 094 896
	Waste Management	250 912	500 000
	Road Transport	38 837 978	13 034 926
		<b>147 213 069</b>	<b>123 541 323</b>
	The municipality does not expect any significant changes to the level of grants. No grants had been withheld.		
22.01	<b>Equitable share</b>	<b>98 133 000</b>	<b>89 723 000</b>
	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.		
22.02	<b>National: Municipal Infrastructure Grant (MIG)</b>		
	Balance unspent at beginning of year	11 733 701	(342 129)
	Current year receipts	27 953 000	28 025 000
	Conditions met - transferred to revenue	(40 672 772)	(15 949 170)
	Balance transferred to current (assets)/liabilities	<b>(986 071)</b>	<b>11 733 701</b>
	Municipal Infrastructure Grant was utilised to construct roads, pavement, community centres and storm water channels in Senqu.		
22.03	<b>National: Municipal Finance Management (MFMA)</b>		
	Balance unspent at beginning of year	-	-
	Current year receipts	1 550 000	1 500 000
	Conditions met - transferred to revenue	(1 550 000)	(1 500 000)
	Balance transferred to current liabilities	-	-
	Municipal Finance Management grant was used to implement the reforms of the MFMA.		
22.04	<b>National: Municipal Systems Improvement Grant</b>		
	Balance unspent at beginning of year	-	-
	Current year receipts	890 000	800 000
	Conditions met - transferred to revenue	(890 000)	(800 000)
	Balance transferred to current liabilities	-	-
	The MSIG was used to improve municipal systems in terms of ward committees and create a functional asset register.		
22.05	<b>National: Neighbourhood Development Partnership Grant</b>		
	Balance unspent at beginning of year	7 919 056	8 164 825
	Current year receipts	-	10 205 000
	Conditions met - transferred to revenue	-	(10 154 769)
	Returned to the National Revenue Fund	(1 307 000)	(296 000)
	Transferred to Trade Payables - Note 8	(4 602 000)	-
	Balance transferred to current liabilities	<b>2 010 056</b>	<b>7 919 056</b>
	The NDPG is utilised to attract private and community investment to unlock the social and economic potential within the Senqu area.		

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2014 R	2013 R
<b>22.06</b>	<b><i>National: Expanded Public Works Program</i></b>		
	Balance unspent at beginning of year	-	-
	Current year receipts	2 160 000	1 857 000
	Conditions met - transferred to revenue	(2 160 000)	(1 857 000)
	Balance transferred to current liabilities	-	-
	The EPWP was utilised to provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities.		
<b>22.07</b>	<b><i>National: Dept Sport (Youth Development - Sport Fields)</i></b>		
	Balance unspent at beginning of year	-	-
	Current year receipts	1 398 033	175 203
	Conditions met - transferred to revenue	(1 398 033)	(175 203)
	Balance transferred to current liabilities	-	-
	The Department of Sport grant was utilised to provide new and improved sport facilities within the Senqu area.		
<b>22.08</b>	<b><i>Holo Hlahatsi Agricultural Project</i></b>		
	Balance unspent at beginning of year	-	103 897
	Conditions met - transferred to revenue	-	(103 897)
	Balance transferred to current liabilities	-	-
	The Holo Hlahatsi Agricultural grant was utilised as a Local Economic Development project within the Senqu area.		
<b>22.09</b>	<b><i>Prov Gov - Housing (Hillside)</i></b>		
	Balance unspent at beginning of year	453 423	830 240
	Current year receipts	-	130 909
	Conditions met - transferred to revenue	(220 771)	(507 727)
	Balance transferred to current liabilities	232 651	453 423
	The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.		
<b>22.10</b>	<b><i>Implementation Ownership</i></b>		
	Balance unspent at beginning of year	-	53 216
	Conditions met - transferred to revenue	-	(53 216)
	Balance transferred to current liabilities	-	-
	The Implementation Ownership grant was utilised to transfer ownership from council to owners. (Registering of title deeds.)		
<b>22.11</b>	<b><i>Rossouw Agricultural Project</i></b>		
	Balance unspent at beginning of year	-	49 582
	Conditions met - transferred to revenue	-	(49 582)
	Balance transferred to current liabilities	-	-
	The Rossouw Agricultural grant was utilised as a Local Economic Development project within the Senqu area.		

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2014 R	2013 R
22.12	<b>Herschel People's Housing</b>		
	Balance unspent at beginning of year	7 719 169	7 412 501
	Current year receipts - Interest	334 344	306 667
	Balance transferred to current liabilities	<u>8 053 512</u>	<u>7 719 169</u>
	The grant was received to be utilised for housing projects within the Senqu area.		
22.13	<b>Plastic Products</b>		
	Balance unspent at beginning of year	-	90 167
	Conditions met - transferred to revenue	-	(90 167)
	Balance transferred to current liabilities	<u>-</u>	<u>-</u>
	The Plastic Products grant was utilised as a Local Economic Development project within the Senqu area.		
22.14	<b>Provincial Roads (Musong Road)</b>		
	Balance unspent at beginning of year	-	63 134
	Current year receipts	-	563 541
	Conditions met - transferred to revenue	-	(626 675)
	Balance transferred to current liabilities	<u>-</u>	<u>-</u>
	The grant was received from Provincial Government and utilised to upgrade municipal roads in the area.		
22.15	<b>Greenest Municipality</b>		
	Balance unspent at beginning of year	-	300 000
	Current year receipts	-	200 000
	Conditions met - transferred to revenue	-	(500 000)
	Balance transferred to current liabilities	<u>-</u>	<u>-</u>
	The grant was utilised for working towards the goal of 'greening' the environment as well as proactively preserving it for future generations.		
22.16	<b>Second Economy Regeneration (LED Strategy)</b>		
	Balance unspent at beginning of year	-	109 862
	Conditions met - transferred to revenue	-	(109 862)
	Balance transferred to current liabilities	<u>-</u>	<u>-</u>
	The grant was received from Provincial Government to improve planning in the Senqu area.		
22.17	<b>Clean Audit</b>		
	Balance unspent at beginning of year	-	95 000
	Conditions met - transferred to revenue	-	(95 000)
	Balance transferred to current liabilities	<u>-</u>	<u>-</u>
	The grant was received from Provincial Governmen to target a clean audit report for Senqu Municipality.		
22.18	<b>Commonage Management Plan</b>		
	Balance unspent at beginning of year	-	46 056
	Conditions met - transferred to revenue	-	(46 056)
	Balance transferred to current liabilities	<u>-</u>	<u>-</u>
	The Commonage Management Plan grant was utilised as a Local Economic Development project within the Senqu area.		

**SENQU MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

<b>22</b>	<b>GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)</b>	<b>2014</b>	<b>2013</b>
		<b>R</b>	<b>R</b>
<b>22.19</b>	<b>Vuna Awards</b>		
	Balance unspent at beginning of year	-	-
	Current year receipts	470 000	-
	Conditions met - transferred to revenue	(110 404)	-
	Balance transferred to current liabilities	<u><b>359 596</b></u>	<u><b>-</b></u>
	The Vuna Awards grant was a monetary prize won by Senqu Municipality in the Vuna awards contest in February 2014. The funds will be utilized towards addressing any matters raised in the audit reports that may prevent the municipality from obtaining a Clean Audit.		
<b>22.20</b>	<b>Alien Vegetation Eradication</b>		
	Balance unspent at beginning of year	-	-
	Current year receipts	1 523 000	-
	Conditions met - transferred to revenue	(878 088)	-
	Balance transferred to current liabilities	<u><b>644 912</b></u>	<u><b>-</b></u>
	The grant was received from the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism to remove alien species and thereafter conduct Land rehabilitation within the area.		
<b>22.21</b>	<b>Libraries</b>		
	Balance unspent at beginning of year	-	-
	Current year receipts	1 200 000	1 200 000
	Conditions met - transferred to revenue	(1 200 000)	(1 200 000)
	Balance transferred to current liabilities	<u><b>-</b></u>	<u><b>-</b></u>
	The Libraries grant was utilised for the up keeping and operational cost for libraries.		
<b>23</b>	<b>SERVICE CHARGES</b>		
	Electricity	<b>23 428 352</b>	<b>22 762 907</b>
	Service Charges	27 486 287	26 438 375
	<u>Less:</u> Rebates	<u>(4 057 935)</u>	<u>(3 675 468)</u>
	Refuse removal	<b>2 623 299</b>	<b>2 504 474</b>
	Service Charges	6 796 699	6 449 098
	<u>Less:</u> Rebates	<u>(4 173 400)</u>	<u>(3 944 624)</u>
	<b>Total Service Charges</b>	<u><b>26 051 651</b></u>	<u><b>25 267 381</b></u>
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
<b>24</b>	<b>OTHER INCOME</b>		
	Sundry Income	580 392	1 011 640
	Building Plan & Inspection Fees	31 913	17 766
	Electr. Re-Connection Fees	24 437	36 910
	Cemetery Fees	17 349	14 122
	Pound Fees	64 676	20 070
	Retention Withheld	86 622	94 465
	<b>Total Other Income</b>	<u><b>805 390</b></u>	<u><b>1 194 973</b></u>

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
<b>25 EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages	32 712 614	27 628 238
Employee related costs - Contributions for UIF, pensions and medical aids	6 480 585	5 970 423
Travel, motor car, telephone, assistance and other allowances	443 127	104 500
Bonuses	3 880 057	2 994 045
Housing Benefits and Allowances	19 832	23 226
Leave Reserve Fund	1 496 853	529 618
Overtime Payments	718 832	482 501
Workmens Compensation Contributions	712 960	439 071
Contribution to provision - Long Service Awards - Note 4	255 954	209 133
Contribution to provision - Post Retirement Medical - Note 4	1 679 303	1 636 849
<b>Total Employee Related Costs</b>	<b>48 400 117</b>	<b>40 017 604</b>
<b>KEY MANAGEMENT PERSONNEL</b>		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<b><i>Remuneration of the Municipal Manager - MM Yawa</i></b>		
Annual Remuneration	1 326 570	1 243 009
Performance Bonus - 2011/12	240 218	-
Performance Bonus - 2012/13	252 555	-
Car Allowance	82 800	82 800
Telephone allowance	24 000	21 500
Contributions to UIF, Medical and Pension Funds	1 785	1 713
<b>Total</b>	<b>1 927 928</b>	<b>1 349 022</b>
<b><i>Remuneration of the Director Technical Services - RN Crozier</i></b>		
Annual Remuneration	1 104 100	1 033 083
Performance Bonus - 2011/12	204 185	-
Performance Bonus - 2012/13	214 721	-
Car Allowance	93 600	93 600
Telephone allowance	12 000	12 000
Contributions to UIF, Medical and Pension Funds	1 785	1 713
<b>Total</b>	<b>1 630 391</b>	<b>1 140 396</b>
<b><i>Remuneration of Director Community and Social Services - CNL Gologolo</i></b>		
Annual Remuneration	851 461	798 119
Performance Bonus - 2011/12	104 757	-
Performance Bonus - 2012/13	127 175	-
Car Allowance	48 000	48 000
Telephone allowance	12 000	12 000
Contributions to UIF, Medical and Pension Funds	1 785	1 713
<b>Total</b>	<b>1 145 177</b>	<b>859 832</b>
<b><i>Remuneration of the Director Financial Services - Mr CR Venter</i></b>		
Annual Remuneration	1 197 699	1 126 683
Performance Bonus - 2011/12	204 185	-
Performance Bonus - 2012/13	214 721	-
Telephone allowance	12 000	12 000
Contributions to UIF, Medical and Pension Funds	1 785	1 713
<b>Total</b>	<b>1 630 390</b>	<b>1 140 396</b>
<b><i>Remuneration of Director Corporate and Support Services - ML Theron (July 2012 - Sept 2012)</i></b>		
Annual Remuneration	-	185 961
Performance Bonus - 2011/12	64 466	-
Telephone allowance	-	3 000
Contributions to UIF, Medical and Pension Funds	-	374
<b>Total</b>	<b>64 466</b>	<b>189 335</b>

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

25	EMPLOYEE RELATED COSTS (CONTINUED)	2014 R	2013 R
	<b>Remuneration of Director Corporate and Support Services - TE Wonga (from Oct 2012)</b>		
	Annual Remuneration	819 563	563 897
	Performance Bonus - 2012/13	102 971	-
	Telephone allowance	12 000	9 000
	Car Allowance	96 000	82 000
	Contributions to UIF, Medical and Pension Funds	1 785	1 338
	<b>Total</b>	<b>1 032 319</b>	<b>656 235</b>
	<b>Remuneration of Director IPME - DP Agyemang (July 2012 - Sept 2012)</b>		
	Annual Remuneration	-	255 758
	Telephone allowance	-	3 000
	Car Allowance	-	17 100
	Housing Allowance	-	7 500
	Contributions to UIF, Medical and Pension Funds	-	374
	<b>Total</b>	<b>-</b>	<b>283 732</b>
	<b>Remuneration of Director IPME - P Bushula (from Oct 2012)</b>		
	Annual Remuneration	1 057 735	747 545
	Performance Bonus - 2012/13	142 288	-
	Telephone allowance	12 000	9 000
	Contributions to UIF, Medical and Pension Funds	1 785	103 695
	<b>Total</b>	<b>1 213 808</b>	<b>860 240</b>
26	<b>REMUNERATION OF COUNCILLORS</b>		
	Mayor	698 694	665 421
	Speaker	563 129	536 311
	Executive Committee Members	1 736 675	1 672 110
	Councillors	6 204 231	5 520 635
	Other Councillors' contributions and allowances	377 580	463 741
	<b>Total Councillors' Remuneration</b>	<b>9 580 309</b>	<b>8 858 218</b>
	<b>In-kind Benefits</b>		
	The Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Mayor may utilise official Council transportation when engaged in official duties. The packages are set out below:		
	<b>Mayor</b>		
	Annual Remuneration	677 826	645 549
	Telephone allowance	20 868	19 872
	<b>Total</b>	<b>698 694</b>	<b>665 421</b>
	<b>Speaker</b>		
	Annual Remuneration	499 871	474 049
	Telephone allowance	20 868	19 872
	Travel Allowance	42 390	42 390
	<b>Total</b>	<b>563 129</b>	<b>536 311</b>
	<b>Executive Committee Members (6 members)</b>		
	Annual Remuneration	1 584 972	1 524 152
	Telephone allowance	78 120	74 376
	Travel Allowance	73 582	73 582
	<b>Total</b>	<b>1 736 675</b>	<b>1 672 110</b>
	<b>Councillors (Section 79 - 5 members for 2013/14 and 1 member for 2012/13)</b>		
	Annual Remuneration	1 304 815	248 536
	Telephone allowance	65 100	12 396
	<b>Total</b>	<b>1 369 915</b>	<b>260 932</b>



SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

26	REMUNERATION OF COUNCILLORS (CONTINUED)	2014 R	2013 R
	<i>Councillors (Other Councillors - 24 members for 2013/14 and 28 members for 2012/13)</i>		
	Annual Remuneration	4 899 416	5 272 099
	Telephone allowance	312 480	344 305
	Travel Allowance	-	107 040
	<b>Total</b>	<b>5 211 896</b>	<b>5 723 444</b>

**Certification by the Municipal Manager**

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

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

27	DEBT IMPAIRMENT		
	Receivables from exchange transactions - Note 17	4 723 637	4 674 564
	Receivables from non-exchange transactions - Note 18	1 099 727	696 391
	<b>Total Contribution to Impairment Provision</b>	<b>5 823 363</b>	<b>5 370 955</b>
	Portion attributable to VAT - Refer to note - 10.01	(730 460)	34 331
	Transfer of Function - Note 35	-	(311 940)
	<b>Debt impairment recognised in statement of financial performance</b>	<b>5 092 904</b>	<b>5 093 346</b>

28	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment - Restated 2013	11 538 686	12 662 516
	Intangible Assets	75 215	105 485
	Capitalised Restoration Cost - Restated 2013	152 413	150 557
	<b>Total Depreciation and Amortisation</b>	<b>11 766 313</b>	<b>12 918 558</b>

29	REPAIRS AND MAINTENANCE		
	Buildings	373 640	204 175
	Tools and equipment	606 273	205 960
	Furniture and office equipment	29 274	4 942
	Vehicles and Implements	1 191 342	1 046 801
	Streets and stormwater	105 270	385 841
	Sport Fields	34 889	4 160
	Electricity Reticulation	955 972	555 069
	Fencing	44 019	19 698
	Street Lights	235 998	1 240
	Traffic and Road signs	4 829	36 874
	Other	176 741	89 711
	<b>Total Repairs and Maintenance</b>	<b>3 758 247</b>	<b>2 554 473</b>

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
<b>30</b>	<b>FINANCE CHARGES</b>		
	Long-term Liabilities - DBSA	1 114 258	1 144 315
	Finance leases	229	2 787
	Landfill Site - Restated 2013 - See note 5	166 064	151 666
	<b>Total Finance charges</b>	<b>1 280 551</b>	<b>1 298 768</b>
<b>31</b>	<b>BULK PURCHASES</b>		
	Electricity	19 424 456	19 167 363
	<b>Total Bulk Purchases</b>	<b>19 424 456</b>	<b>19 167 363</b>
<b>32</b>	<b>GRANTS AND SUBSIDIES</b>		
	Grants-in-aid and Donations	110 773	333 000
	<b>Total Grants and Subsidies</b>	<b>110 773</b>	<b>333 000</b>
<b>33</b>	<b>OTHER OPERATING GRANT EXPENDITURE</b>		
	Asset Register Project	420 667	455 049
	Alien Vegetation	870 527	-
	Call Centre Project	-	77 408
	Clean Audit Project	82 224	97 238
	Commonage Management Project	-	31 200
	Community Participation	11 120	-
	Greenest Municipality Project	195 500	395 509
	Housing Hillside Project	220 771	507 726
	IDP and Budget Project	347 617	356 652
	Job Creation Project	6 976 109	6 005 386
	Local Economic Development Project	453 573	154 238
	MFMA Implementation Project	1 693 037	1 693 930
	MIG PMU Project	953 417	1 096 854
	Musong Road Project	-	2 425 870
	Neighbourhood Development Project	-	1 633 777
	Plastic Products Project	-	123 356
	Revitalization 2nd Economy Project	-	102 000
	Rossouw Agricultural Project	-	24 206
	Town Register Project	-	50 835
	<b>Total Operating grant expenditure</b>	<b>12 224 561</b>	<b>15 231 233</b>
<b>34</b>	<b>GENERAL EXPENSES</b>		
	Audit Fees	1 644 465	1 593 872
	Advertisements	761 570	426 771
	Bank Charges	216 141	196 476
	Books, Magazines & Publications	7 539	33 721
	Communication	549 536	678 176
	Computer Costs	1 206 845	1 082 183
	Electricity Purchases	446 484	775 300
	Insurance: External	431 807	313 538
	Legal Costs	1 188 813	388 870
	Membership Fees	531 940	488 346
	Printing & Stationary	487 987	468 839
	Professional Services	660 044	1 384 819
	Performance Management Project	1 253 415	1 128 671
	Lady Grey LED Project	-	985
	SPU Project	535 221	371 274
	Valuation Roll Project	72 000	838 653
	Refuse Removal Project	6 998	22 211
	Subsistence & Traveling	2 946 974	2 675 758
	Telephone Charges	864 794	1 171 586
	Tourism	416 029	494 785
	Training	1 325 771	959 049
	Transport Costs	74 870	115 612
	Travel and Accommodation	2 709 231	1 767 469
	Vehicle: Fuel & Oil	2 346 791	1 748 464
	Ward Committees	1 739 426	1 248 583
	Sundry	1 887 329	1 579 633
	<b>Total General Expenses</b>	<b>24 312 019</b>	<b>21 953 645</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

35	DISCONTINUED OPERATIONS	2014 R	2013 R
	<b><u>The effect of Discontinued Operations on the Statement of Financial Performance is as follows:</u></b>		
	Employee Benefits	-	1 137 050
	Current Employee Benefits	-	1 000 017
	Taxes	-	(311 940)
	Receivables from Exchange Transactions - Water and Sanitation - net value	-	740 477
	<b>Total effect of Discontinued Operations - Restated 2013</b>	<b>-</b>	<b>2 565 605</b>
36	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		<b>2013 R</b>
	Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below.		
36.01	<b>Property, Plant and Equipment</b>		
	<b>Balance previously reported</b>		<b>201 257 572</b>
	First time recognition of Property, Plant and Equipment - 1 July 2012 - Note 36.09		8 263
	Backlog Depreciation on 1 July 2012 for Property, Plant and Equipment previously not recognised - Note 36.09		(4 250)
	Depreciation for 2012/2013 for Property, Plant and Equipment previously not recognised - Note 36.10		(849)
	Property, Plant and Equipment incorrectly capitalised - 1 July 2012 - Note 36.09		(378 796)
	Effect on Backlog Depreciation for Property, Plant and Equipment incorrectly capitalised - 1 July 2012 - Note 36.09		226 956
	Effect on Depreciation for 2013/2013 for Property, Plant and Equipment incorrectly capitalised - Note 36.10		26 078
	Disposal of Property, Plant and Equipment previously not recognised - Cost - 2012/13 - Note 36.10		(52 827)
	Disposal of Property, Plant and Equipment previously not recognised - Accumulated Depreciation - 2012/13 - Note 36.10		19 283
	Disposal of Property, Plant and Equipment previously not recognised - Depreciation for 2012/13 - Note 36.10		2 104
	Derecognise Land and Buildings - 1 July 2012 - at Fair value - Note 36.09		(5 011 813)
	Land and Buildings previously not recognised - 1 July 2012 - at Fair value - Note 36.09		517 000
	Reclassification of Inventory - Land held for sale to Property, Plant and Equipment - 1 July 2012 - at Fair value - Note 36.03		906 900
	Reclassification of Investment Property to Property, Plant and Equipment - 1 July 2012 - at Fair value - Note 36.02		3 180 000
	Reclassification of Property, Plant and Equipment to Investment Property - 1 July 2012 - at Fair value - Note 36.02		(54 000)
	Disposal of Electrical Infrastructure previously not recognised - Cost - 1 July 2012 - Note 36.09		(490 289)
	Disposal of Electrical Infrastructure previously not recognised - Accumulated Depreciation - 1 July 2012 - Note 36.09		271 285
	Disposal of Electrical Infrastructure previously not recognised - Depreciation for 2012/13 - Note 36.10		10 895
	Disposal of Electrical Infrastructure previously not recognised - Cost - 2012/13 - Note 36.10		(78 294)
	Disposal of Electrical Infrastructure previously not recognised - Depreciation for 2012/13 - Note 36.10		12 193
	Correction of Integration of Infrastructure Assets - Cost - 1 July 2012 - Note 36.09		(4 289 875)
	Correction of Integration of Infrastructure Assets - Accumulated Depreciation - 1 July 2012 - Note 36.09		1 790 852
	Correction of Integration of Infrastructure Assets - Depreciation for 2012/13 - Note 36.10		23 387
	Disposal of Infrastructure Assets previously not recognised - Cost - 1 July 2012 - Note 36.09		(864 463)
	Disposal of Infrastructure Assets previously not recognised - Accumulated Depreciation - 1 July 2012 - Note 36.09		154 395
	Disposal of Infrastructure Assets previously not recognised - Depreciation for 2012/13 - Note 36.10		46 192
	Correction on Depreciation for 2012/13 of Transwilger Bridge incorrectly Capitalised - Note 36.10		6 215
	<b>Total</b>		<b>197 234 114</b>
36.02	<b>Investment Property</b>		
	<b>Balance previously reported</b>		<b>10 262 000</b>
	Correction of Investment Property incorrectly capitalised - 1 July 2012 - at Fair value - Note 36.09		(3 196 500)
	Investment Property previously not recognised - 1 July 2012 - at Fair value - Note 36.09		4 724 000
	Reclassification of Investment Property to Property, Plant and Equipment - 1 July 2012 - at Fair value - Note 36.01		(3 180 000)
	Reclassification of Property, Plant and Equipment to Investment Property - 1 July 2012 - at Fair value - Note 36.01		54 000
	<b>Total</b>		<b>8 663 500</b>
36.03	<b>Inventory</b>		
	<b>Balance previously reported</b>		<b>3 751 818</b>
	Correction of Inventory - Land held for sale incorrectly recognised - 1 July 2012 - at Cost - Note 36.09		(1 536 500)
	Reclassification of Inventory - Land held for sale to Property, Plant and Equipment - 1 July 2012 - at Fair value- Note 36.01		(906 900)
	<b>Total</b>		<b>1 308 418</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

<b>36</b>	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)</b>	<b>2013</b>
		<b>R</b>
<b>36.04</b>	<b>Revaluation Reserve</b>	
	<b>Balance previously reported</b>	<b>1 642 127</b>
	Revaluation on Derecognition of Land and Buildings for 2011/2012 incorrectly capitalised - Note 36.10	(32 394)
	Revaluation on Land and Buildings for 2011/2012 previously not recognised - Note 36.10	201
	<b>Total</b>	<b>1 609 934</b>
<b>36.05</b>	<b>Employee Benefits Reserve</b>	
	<b>Balance previously reported</b>	<b>17 632 892</b>
	Correction of overstatement on Employee Benefits Reserve - Note 2.2	(1 935 641)
	<b>Total</b>	<b>15 697 251</b>
<b>36.06</b>	<b>Receivables from exchange transactions</b>	
	<b>Balance previously reported</b>	<b>12 606 610</b>
	Correction of VAT Output previously not transferred to Joe Gqabi District Municipality - Note 36.10	326 423
	<b>Total</b>	<b>12 933 034</b>
<b>36.07</b>	<b>Non-Current Provisions</b>	
	<b>Balance previously reported</b>	<b>5 125 605</b>
	Correction on Opening balance of Landfill Site Provision - recalculated according to IGRAP 2 - 1 July 2012 - Note 36.09	(1 252 252)
	Correction on 2012/2013 additions on Landfill Site Provision - recalculated according to IGRAP 2 - Note 36.10	(497 907)
	Correction on 2012/2013 interest on Landfill Site Provision - recalculated according to IGRAP 2 - Note 36.10	151 666
	<b>Total</b>	<b>3 527 111</b>
<b>36.08</b>	<b>Capitalised Restoration Costs</b>	
	<b>Balance previously reported</b>	<b>-</b>
	Correction on Cost on 1 July 2012 - recalculated according to IGRAP 2 - Note 36.09	(2 266 785)
	Correction on Accumulated Depreciation on 1 July 2012 - recalculated according to IGRAP 2 - Note 36.09	(791 647)
	Correction on Accumulated Impairments on 1 July 2012 - recalculated according to IGRAP 2 - Note 36.09	4 480 437
	Correction on Acquisitions for 2012/2013 - recalculated according to IGRAP 2 - Note 36.10	(497 907)
	Correction on Depreciation for 2012/2013 - recalculated according to IGRAP 2 - Note 36.10	(150 557)
	Correction on Impairment for 2012/2013 - recalculated according to IGRAP 2 - Note 36.10	511 787
	<b>Total</b>	<b>1 285 328</b>
<b>36.09</b>	<b>Accumulated Surplus/(Deficit)</b>	
	First time recognition of Property, Plant and Equipment - 1 July 2012 - Note 36.01	8 263
	Backlog Depreciation on 1 July 2012 for Property, Plant and Equipment previously not recognised - Note 36.01	(4 250)
	Property, Plant and Equipment incorrectly capitalised - 1 July 2012 - Note 36.01	(378 796)
	Effect on Backlog Depreciation for Property, Plant and Equipment incorrectly capitalised - 1 July 2012 - Note 36.01	226 956
	Derecognise Land and Buildings - 1 July 2012 - at Fair value - Note 36.01	(5 011 813)
	Correction of Investment Property incorrectly capitalised - 1 July 2012 - at Fair value - Note 36.02	(3 196 500)
	Correction of Inventory - Land held for sale incorrectly recognised - 1 July 2012 - at Cost - Note 36.03	(1 536 500)
	Land and Buildings previously not recognised - 1 July 2012 - at Fair value - Note 36.01	517 000
	Investment Property previously not recognised - 1 July 2012 - at Fair value - Note 36.02	4 724 000
	Disposal of Electrical Infrastructure previously not recognised - Cost - 1 July 2012 - Note 36.01	(490 289)
	Disposal of Electrical Infrastructure previously not recognised - Accumulated Depreciation - 1 July 2012 - Note 36.01	271 285
	Correction of Integration of Infrastructure Assets - Cost - 1 July 2012 - Note 36.01	(4 289 875)
	Correction of Integration of Infrastructure Assets - Accumulated Depreciation - 1 July 2012 - Note 36.01	1 790 852
	Disposal of Infrastructure Assets previously not recognised - Cost - 1 July 2012 - Note 36.01	(864 463)
	Disposal of Infrastructure Assets previously not recognised - Accumulated Depreciation - 1 July 2012 - Note 36.01	154 395
	Correction on Opening balance of Landfill Site Provision - recalculated according to IGRAP 2 - Note 36.07	1 252 252
	Correction on Capitalised Restoration Cost - Cost on 1 July 2012 - recalculated according to IGRAP 2 - Note 36.08	(2 266 785)
	Correction on Capitalised Restoration Cost - Acc. Depreciation on 1 July 2012 - recalculated according to IGRAP 2 - Note 36.08	(791 647)
	Correction on Capitalised Restoration Cost - Acc. Impairments on 1 July 2012 - recalculated according to IGRAP 2 - Note 36.08	4 480 437
	<b>Total</b>	<b>(5 405 478)</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

36	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)</b>		<b>2013</b>
			<b>R</b>
<b>36.10</b>	<b>Statement of Financial Performance</b>		
	<b>Balance previously reported</b>		<b>42 605 591</b>
	Depreciation for 2012/2013 for Property, Plant and Equipment previously not recognised - Note 36.01		(849)
	Effect on Depreciation for 2012/2013 for Property, Plant and Equipment incorrectly capitalised - Note 36.01		26 078
	Disposal of Property, Plant and Equipment previously not recognised - Cost - 2012/13 - Note 36.01		(52 827)
	Disposal of Property, Plant and Equipment previously not recognised - Accumulated Depreciation - 2012/13 - Note 36.01		19 283
	Disposal of Property, Plant and Equipment previously not recognised - Depreciation for 2012/13 - Note 36.01		2 104
	Revaluation on Derecognition of Land and Buildings for 2011/2012 incorrectly capitalised - Note 36.04		32 394
	Revaluation on Land and Buildings for 2011/2012 previously not recognised - Note 36.04		(201)
	Disposal of Electrical Infrastructure previously not recognised - Depreciation for 2012/13 - Note 36.01		10 895
	Disposal of Electrical Infrastructure previously not recognised - Cost - 2012/13 - Note 36.01		(78 294)
	Disposal of Electrical Infrastructure previously not recognised - Depreciation for 2012/13 - Note 36.01		12 193
	Correction of Integration of Infrastructure Assets - Depreciation for 2012/13 - Note 36.01		23 387
	Disposal of Infrastructure Assets previously not recognised - Depreciation for 2012/13 - Note 36.01		46 192
	Correction on Depreciation for 2012/13 of Transwiler Bridge incorrectly Capitalised - Note 36.01		6 215
	Correction of Interest Accrual on Landfill Site Provision - recalculated according to IGRAP 2 - Note 36.07		497 907
	Correction on 2012/2013 Interest on Landfill Site Provision - recalculated according to IGRAP 2 - Note 36.07		(151 666)
	Correction on Capitalised Restoration Cost - Acquisitions for 2012/2013 - recalculated according to IGRAP 2 - Note 36.08		(497 907)
	Correction on Capitalised Restoration Cost - Depreciation for 2012/2013 recalculated according to IGRAP 2 - Note 36.08		(150 557)
	Correction on Capitalised Restoration Cost - Impairment for 2012/2013 recalculated according to IGRAP 2 - Note 36.08		511 787
	Correction of VAT Output previously not transferred to Joe Gqabi District Municipality - Note 36.06		326 423
	<b>Total</b>		<b>43 188 149</b>
		<b>2014</b>	<b>2013</b>
		<b>R</b>	<b>R</b>
<b>37</b>	<b>RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
	Surplus/(Deficit) for the year - From Continuing Operations	56 037 447	43 188 150
	<b>Adjustments for:</b>		
	Depreciation	11 766 313	12 918 558
	Loss on disposal of property, plant and equipment	1 925 704	1 092 310
	Impairments	-	10 595
	Reversal of Impairment Losses of Property, Plant & Equipment	(4 094)	-
	Contribution from/to employee benefits - non-current	1 935 257	1 845 982
	Contribution from/to employee benefits - non-current - expenditure incurred	(384 875)	(255 814)
	Contribution from/to employee benefits - non-current - actuarial gains	(585 789)	(2 079 250)
	Contribution to employee benefits – current	3 740 444	2 206 720
	Contribution to employee benefits – current - expenditure incurred	(2 999 069)	(1 741 547)
	Contribution to provisions – non-current	166 064	151 666
	Contribution to provisions – bad debt	5 823 363	5 059 014
	Bad debts written off	(675 770)	(1 611 528)
	Grants Received	135 611 377	134 390 321
	Grant recognised as revenue	(147 213 069)	(123 541 323)
	Unspent Grant returned to National Revenue Fund	(1 307 000)	296 000
	Unspent Grant transferred to Trade Payables	(4 602 000)	-
	Transfer of Function - Water and Sanitation	-	(6 541 551)
	Operating lease income accrued	(9 084)	(24 828)
	Operating lease expenses accrued	3 402	(630)
	Operating Surplus/(Deficit) before changes in working capital	59 228 622	65 362 844
	Changes in working capital	2 732 187	809 905
	Increase/(Decrease) in Payables from Exchange Transactions	8 282 677	(1 503 596)
	Increase/(Decrease) in Taxes	(4 106 054)	(384 880)
	(Increase)/Decrease in Inventory	(297 853)	(230 751)
	(Increase)/Decrease in Receivables from exchange transactions	565 291	3 729 748
	Increase in Other Receivables from non-exchange transactions	(1 711 875)	(800 616)
	<b>Cash generated/(absorbed) by operations</b>	<b>61 960 809</b>	<b>66 172 749</b>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
<b>38</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 20	161 791 490	153 075 703
	Cash Floats - Note 20	700	700
	Bank - Note 20	1 197 764	1 176 531
	<b>Total cash and cash equivalents</b>	<b>162 989 955</b>	<b>154 252 933</b>
<b>39</b>	<b>RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
	Cash and Cash Equivalents - Note 38	162 989 955	154 252 933
	Less:	162 989 955	154 252 933
	Unspent Committed Conditional Grants - Note 9	11 300 729	27 825 349
	<b>Net cash resources available for internal distribution</b>	<b>151 689 226</b>	<b>126 427 585</b>
	<b>Allocated to:</b>		
	Capital Replacement Reserve	99 138 779	95 532 283
	Valuation Roll Reserve	613 936	330 838
	Employee Benefit Reserve	17 403 219	15 697 251
	<b>Resources available for Working capital requirements</b>	<b>52 550 447</b>	<b>30 895 301</b>
<b>40</b>	<b>UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
	Long-term Liabilities - Note 3	14 437 246	15 230 570
	Used to finance property, plant and equipment - at cost	(14 437 246)	(15 230 570)
	<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 6.75 % and 8.92 % and will be repaid by 2030.		
<b>41</b>	<b>BUDGET COMPARISONS</b>		
	In order to comply with the requirements of GRAP 24.12 and GRAP 24.27, all required disclosures are included in pages 8 to 13.		
<b>42</b>	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>42.1</b>	<b>Unauthorised expenditure</b>		
	Reconciliation of unauthorised expenditure:		
	Opening balance	-	-
	Unauthorised expenditure current year - capital	-	-
	Unauthorised expenditure current year - operating	-	-
	Unauthorised expenditure awaiting authorisation	-	-
		<b>-</b>	<b>-</b>
		<b>-</b>	<b>-</b>
	<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>	
	Over expenditure on votes -None	None	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

42

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)

	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 R (Unauthorised)
<b>Budget Comparison by Vote - Unauthorised expenditure current year - Operating</b>				
Executive & Council	21 670 269	22 759 341	(1 089 073)	-
Planning & Development	11 654 635	12 712 004	(1 057 369)	-
Corporate Services	10 850 609	13 641 927	(2 791 318)	-
Housing	1 393 437	1 835 496	(442 059)	-
Public Safety	14 413	66 828	(52 415)	-
Budget & Treasury	15 525 040	16 325 225	(800 185)	-
Road Transport	27 056 559	29 566 102	(2 509 543)	-
Waste Water Management	-	827 365	(827 365)	-
Electricity	31 519 043	36 994 414	(5 475 371)	-
Community & Social Services	7 159 079	8 133 120	(974 041)	-
Sport & Recreation	242 705	528 089	(285 384)	-
Waste Management	10 923 677	12 634 333	(1 710 656)	-
	<b>138 009 468</b>	<b>156 024 245</b>	<b>(18 014 777)</b>	<b>-</b>
	2014 R (Actual)	2014 R (Budget)	2014 R (Variance)	2014 R (Unauthorised)
<b>Budget Comparison by Vote - Unauthorised expenditure current year - Capital</b>				
Executive & Council	301 907	825 000	(523 094)	-
Planning & Development	49 947	270 000	(220 053)	-
Corporate Services	5 298 065	9 700 000	(4 401 935)	-
Public Safety	714 460	900 000	(185 540)	-
Budget & Treasury	393 320	500 000	(106 680)	-
Road Transport	35 306 465	37 793 968	(2 487 503)	-
Electricity	1 275 693	4 450 000	(3 174 307)	-
Community & Social Services	4 089 958	6 254 582	(2 164 624)	-
Sport & Recreation	2 350 545	5 366 000	(3 015 455)	-
Waste Management	2 947 020	4 430 000	(1 482 980)	-
	<b>52 727 380</b>	<b>70 489 550</b>	<b>(17 762 170)</b>	<b>-</b>
			2014 R	2013 R

42.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	-	742 700
Fruitless and wasteful expenditure current year	978 906	2 029 794
Condoned or written off by Council	-	(2 772 494)
Fruitless and wasteful expenditure awaiting condonement	<b>978 906</b>	<b>-</b>

Incident	Disciplinary steps/criminal proceedings
Electricity losses higher than the norm 2012	None - R742 700
Electricity losses higher than the norm 2013	None - R2 029 794
Electricity losses higher than the norm 2014	None - R969 302
Interest paid to Eskom, Telkom and Kirchmanns	None - R9 604.63

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)

42.3	<u>Irregular expenditure</u>	2014 R	2013 R																				
Reconciliation of irregular expenditure:																							
	Opening balance	-	1 466 110																				
	Irregular expenditure current year	20 900	762 757																				
	Condoned or written off by Council	-	(2 228 867)																				
	Irregular expenditure awaiting further action	<u>20 900</u>	<u>-</u>																				
<table><tr><th>Incident</th><th>Disciplinary steps/criminal proceedings</th><td></td><td></td></tr><tr><td><i>Payments made to the supplier exceeded the tender price</i></td><td><i>None</i></td><td>-</td><td>227 127</td></tr><tr><td><i>Deviations from Supply Chain regulations - Sect 44 - Awards to persons in service of state.</i></td><td><i>None</i></td><td>20 900</td><td>181 087</td></tr><tr><td><i>Payments made in contravention with Section 11(1) of MFMA - UIF refund to Councillors.</i></td><td><i>None</i></td><td>-</td><td>354 543</td></tr><tr><td></td><td></td><td><u>20 900</u></td><td><u>762 757</u></td></tr></table>				Incident	Disciplinary steps/criminal proceedings			<i>Payments made to the supplier exceeded the tender price</i>	<i>None</i>	-	227 127	<i>Deviations from Supply Chain regulations - Sect 44 - Awards to persons in service of state.</i>	<i>None</i>	20 900	181 087	<i>Payments made in contravention with Section 11(1) of MFMA - UIF refund to Councillors.</i>	<i>None</i>	-	354 543			<u>20 900</u>	<u>762 757</u>
Incident	Disciplinary steps/criminal proceedings																						
<i>Payments made to the supplier exceeded the tender price</i>	<i>None</i>	-	227 127																				
<i>Deviations from Supply Chain regulations - Sect 44 - Awards to persons in service of state.</i>	<i>None</i>	20 900	181 087																				
<i>Payments made in contravention with Section 11(1) of MFMA - UIF refund to Councillors.</i>	<i>None</i>	-	354 543																				
		<u>20 900</u>	<u>762 757</u>																				

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

42.4 **Material Losses**

**Electricity distribution losses**

Kwh purchased	26 275 380	25 626 083
Kwh sold	22 278 982	20 349 847
Kwh losses	3 996 398	5 276 236
Kwh cost	0.7081	0.7480
% Losses - Notes - 42.2	15.21%	20.59%
Amount of Units lost considered fruitless expenditure above a norm of average 10%	1 368 860	2 713 628
Cost of units lost considered fruitless expenditure	969 302	2 029 794

43 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

43.1 **Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**

Opening balance	-	-
Council subscriptions	482 265	400 000
Amount paid - current year	(482 265)	(400 000)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

43.2 **Audit fees - [MFMA 125 (1)(b)]**

Opening balance	-	13 695
Current year audit fee	1 644 465	1 593 872
Amount paid - current year	(1 644 465)	(1 593 872)
Amount paid - previous year	-	(13 695)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

43	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)	2014 R	2013 R
43.3	<b><u>VAT - [MFMA 125 (1)(b)]</u></b>		
	Opening balance	(1 854 772)	(1 703 281)
	Amounts received - previous year	1 854 772	1 703 281
	Amounts received - current year	4 817 110	15 223 886
	Amounts claimed - current year (payable)	(9 899 128)	(17 078 658)
	<b>Closing balance Cr/(Dt)</b>	<b>(5 082 019)</b>	<b>(1 854 772)</b>
	<b>Vat in suspense due to cash basis of accounting</b>	<b>1 146 073</b>	<b>1 293 873</b>
	VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		
43.4	<b><u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u></b>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	8 725 830	6 543 688
	Amount paid - current year	(8 725 830)	(6 543 688)
	<b>Balance unpaid</b>	<b>-</b>	<b>-</b>
43.5	<b><u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u></b>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	5 703 501	4 894 398
	Amount paid - current year	(5 703 501)	(4 894 398)
	<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
43.6	<b><u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u></b>		
	No Councillors had arrear accounts outstanding for more than 90 days during the year		
	Refer to Note 51.1 for outstanding accounts at year-end for Councillors		
43.7	<b><u>Non-Compliance with Supply Chain Management Regulations</u></b>		
	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 and condoned by Council.		
43.8	<b><u>Reporting i.t.o Section 45 - Supply Chain Management Regulations</u></b>		
	The following business were done with employees of the municipality with an influence in decision making:		
	<u>Staff Member</u>	<u>Entity</u>	
	NG Ndlangwe	SJN Construction (Spouse is Director)	5 300
	TG Koena	Masekeleng Trading (Father is Owner)	60 501
	M A Theron	Lady Grey Joinery and Construction (Spouse is Director)	28 913

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

44	<b>CAPITAL COMMITMENTS</b>	<b>2014 R</b>	<b>2013 R</b>
	<b>Commitments in respect of capital expenditure:</b>		
	Approved and contracted for:	39 595 034	28 728 555
	Land & Buildings	10 688 439	2 063 852
	Infrastructure	15 298 248	21 838 199
	Community	13 608 347	4 826 503
	<b>Total - Reclassified 2013</b>	<b>39 595 034</b>	<b>28 728 555</b>
	This expenditure will be financed from:		
	Capital Replacement Reserve	11 645 699	3 418 057
	Government Grants - MIG	23 460 213	22 555 074
	Department of Sport	4 489 122	2 755 424
		<b>39 595 034</b>	<b>28 728 555</b>

45 **FINANCIAL RISK MANAGEMENT**

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

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

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

This risk is managed on an on-going basis.

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

1% (2013 - 0.5%) Increase in interest rates	1 485 520	695 108
0.5% (2013 - 0.5%) Decrease in interest rates	(742 760)	(695 108)

**(d) Credit Risk**

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

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

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

All rates and services are payable within 30 days from invoice date. Refer to note 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

45

FINANCIAL RISK MANAGEMENT (CONTINUED)

Balances past due not impaired:

	2014 %	2014 R	2013 %	2013 R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	761 415	100.00%	575 795
<u>Exchange Receivables</u>				
Electricity	92.53%	942 840	94.57%	1 466 329
Refuse	6.34%	64 634	4.19%	64 995
Other	1.13%	11 500	1.24%	19 171
	100.00%	1 018 974	100.00%	1 550 494

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

Due to the short term nature of trade and other receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

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

	2014 %	2014 R	2013 %	2013 R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	5 851 688	100.00%	4 845 700
<u>Exchange Receivables</u>				
Electricity	66.43%	9 045 497	61.85%	5 860 386
Refuse	30.88%	4 204 586	36.12%	3 422 772
Other	2.69%	366 351	2.02%	191 671
	100.00%	13 616 434	100%	9 474 829

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

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

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

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

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

	2014 R	2013 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	8 226 138	12 933 034
Cash and Cash Equivalents	162 989 955	154 252 933
Unpaid conditional grants and subsidies	986 071	-
	172 202 164	167 185 967

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity Risk

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

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

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

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

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2014</b>				
Long Term liabilities - Annuity Loans	1 904 768	6 993 162	7 602 683	7 372 657
Capital repayments	791 775	3 286 625	4 437 524	5 921 323
Interest	1 112 994	3 706 538	3 165 159	1 451 334
Provisions - Landfill Sites	-	1 802 055	1 183 289	3 938 216
Capital repayments	-	1 470 153	882 988	1 362 978
Interest	-	331 902	300 300	2 575 239
Trade and Other Payables	4 455 775	-	-	-
	<u>6 360 543</u>	<u>8 795 218</u>	<u>8 785 972</u>	<u>11 310 874</u>
<b>2013</b>				
Long Term liabilities	1 925 432	7 195 606	7 855 737	8 791 884
Capital repayments	779 689	3 237 337	4 357 588	6 844 446
Interest	1 145 743	3 958 269	3 498 149	1 947 438
Long Term liabilities - Finance Leases	11 738	-	-	-
Capital repayments	11 510	-	-	-
Interest	229	-	-	-
Provisions - Landfill Sites - Restated	-	712 848.09	2 173 522.65	3 502 569
Capital repayments	-	597 767	1 631 590	1 297 754
Interest	-	115 081	541 932	2 204 815
Trade and Other Payables	1 018 187	-	-	-
	<u>2 955 358</u>	<u>7 908 454</u>	<u>10 029 260</u>	<u>12 294 453</u>

46

FINANCIAL INSTRUMENTS

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

		2014 R	2013 R
<b>46.1 Financial Assets</b>	<b>Classification</b>		
<b>Receivables</b>			
Receivables from exchange transactions	Financial instruments at amortised cost	7 489 159	12 424 965
<b>Other Receivables</b>			
Government Subsidies and Grants	Financial instruments at amortised cost	986 071	-
<b>Short-term Investment Deposits</b>			
Call Deposits	Financial instruments at amortised cost	161 791 490	153 075 703
<b>Bank Balances and Cash</b>			
Bank Balances	Financial instruments at amortised cost	1 197 764	1 176 531
Cash Floats and Advances	Financial instruments at amortised cost	700	700
		<u>171 465 185</u>	<u>166 677 898</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

46	<b>FINANCIAL INSTRUMENTS (CONTINUED)</b>		<b>2014 R</b>	<b>2013 R</b>
	<b>SUMMARY OF FINANCIAL ASSETS</b>			
	Financial instruments at amortised cost		<u>171 465 185</u>	<u>166 677 898</u>
46.2	<b>Financial Liability</b>	<b>Classification</b>		
	<b>Long-term Liabilities</b>			
	Annuity Loans	Financial instruments at amortised cost	13 645 472	14 439 371
	Capitalised Lease Liability	Financial instruments at amortised cost	-	-
	<b>Payables from exchange transactions</b>			
	Trade creditors	Financial instruments at amortised cost	779 114	63 721
	Deposits: Other	Financial instruments at amortised cost	8 278 661	954 467
	<b>Current Portion of Long-term Liabilities</b>			
	Annuity Loans	Financial instruments at amortised cost	791 775	779 689
	Capitalised Lease Liability	Financial instruments at amortised cost	-	11 510
			<u>23 495 021</u>	<u>16 248 757</u>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>			
	Financial instruments at amortised cost		<u>23 495 021</u>	<u>16 248 757</u>
47	<b>EVENTS AFTER THE REPORTING DATE</b>			
	No events after reporting date			
48	<b>IN-KIND DONATIONS AND ASSISTANCE</b>			
	The municipality did not receive any in-kind donations or assistance during the year under review.			
49	<b>PRIVATE PUBLIC PARTNERSHIPS</b>			
	Council has not entered into any private public partnerships during the financial year.			
50	<b>CONTINGENT LIABILITY</b>		<b>2014 R</b>	<b>2013 R</b>
	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:			
	<b>Traffic Officers</b>			
	Appeal against arbitration outcome to reinstate traffic officers who were found guilty of corruption. This is a pending review in the Labour Court along with an ancillary urgent application. The potential cost of R550 000 includes the retrospective reinstatement of three former employees.		550 000	550 000
	<b>Contingencies arising from pending litigation on wage curve agreement</b>			
	On 21 April 2010 SALGA signed the "Categorisation and job evaluation wage curves collective agreement" (wage curve agreement) with IMATU and SAMWU on behalf of municipalities. The agreement established the wage curves and wage scales to be used by municipalities in determining the wages of municipal employees, based on an evaluation of employees' jobs per the TASK job evaluation system.			
	Subsequent to the signing of the agreement, the unions declared a dispute with the agreement. The dispute was referred to the Labour Court and the court delivered a ruling on 22 June 2012 that employees receive a salary increase backdated with effect from 1 July 2010 instead of 1 July 2011. SALGA, on behalf of municipalities, applied for leave to appeal this ruling and was granted the right to appeal against the judgement on 29 August 2012.			
	As a result of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement, the municipality may have an additional receivable/ payable for employee wages, depending on the outcome of the pending litigation. It is not practicable to reliably estimate the amount of this receivable/ payable prior to the outcome of the pending litigation.			
	The Labour Appeal Court ruled in favour of SALGA during the 2013-2014 financial year.			

**SENQU MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

<b>50</b>	<b>CONTINGENT LIABILITY (CONTINUED)</b>	<b>2014 R</b>	<b>2013 R</b>
	<b><u>Landfill Sites</u></b>		
	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.		
	<b><u>Hawks matter</u></b>		
	Currently a Pending Investigation from the HAWKS is on-going, a case has been opened and employees has been charged.		
	<b><u>Ex-gratia payment</u></b>		
	Upon termination of MM and 3 other Section 57 Managers contracts, an ex-gratia amount of 1.25 x the employees' gross annual salary will be paid to these employees.	7 337 511	7 417 680
	<b><u>Land Invasion</u></b>		
	The municipality is currently engaged in litigation in respect of various land invasion cases in Sterkspruit and Herschel.	-	17 690
	<b><u>Moeletsi, Ngogodo &amp; April defamation claims</u></b>		
	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 August 2013.	300 000	-
<b>51</b>	<b>RELATED PARTIES</b>		
	Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
<b>51.1</b>	<b>Related Party Transactions</b>		
		<b>Rates - Levied 1 Jul 13 - 30 Jun 14</b>	<b>Service Charges - Levied 1 Jul 13 - 30 Jun 14</b>
	<b>Year ended 30 JUNE 2014</b>		
	<b>Councillors</b>	<b>5 078</b>	<b>111 090</b>
	N Mtyali	-	26 284
	J Konstable	1 749	6 593
	M Mjali	8	7 685
	R M Joubert	1 576	10 074
	Mpelwane	834	3 366
	M Mfisa	-	10 314
	M Mafilika	-	3 974
	M Eliya	26	3 919
	N C Motemekwana	-	3 974
	S Thindleni	459	22 693
	NR Nthako	426	3 357
	HI van Der Walt	-	3 974
	MA Mshasha	-	4 882
	<b>Municipal Manager and Section 57 Employees</b>	<b>4 246</b>	<b>27 553</b>
	MM Yawa	-	9 619
	R Crozier	4 246	17 934
	The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.		
<b>51.2</b>	<b>Compensation of key management personnel</b>		
	The compensation of key management personnel and the Remuneration of Councillors is set out in notes 25 and 26 to the Annual Financial Statements.		
<b>51.3</b>	<b>Other related party transactions</b>	<b>2014 R</b>	<b>2013 R</b>
	The following purchases were made during the year where Councillors or Management have an interest:		
	<u>Councillor/Staff Member</u>	<u>Entity</u>	
	M A Theron	Copper Leaf Trading (Spouse is Director)	- 151 651
	M M Yawa	JoGeda (MM on Board of Directors)	- 333 000

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

11 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2014

Reconciliation of Carrying Value

	Cost				Accumulated Depreciation			Carrying Value	
	Opening Balance R	Additions * R	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals/ Revaluation R	Closing Balance R	R
<b>Land and Buildings</b>	<b>52 998 259</b>	<b>6 366 392</b>	<b>-</b>	<b>59 364 651</b>	<b>-</b>	<b>448 457</b>	<b>448 457</b>	<b>-</b>	<b>59 364 651</b>
Land	11 480 951	-	-	11 480 951	-	-	-	-	11 480 951
Buildings	41 517 309	6 366 392	-	47 883 700	-	448 457	448 457	-	47 883 700
<b>Infrastructure</b>	<b>155 036 100</b>	<b>34 169 011</b>	<b>63 513</b>	<b>189 141 598</b>	<b>47 349 832</b>	<b>7 419 490</b>	<b>4 847</b>	<b>54 764 476</b>	<b>134 377 123</b>
Main: Roads	98 777 351	28 988 934	57 602	127 708 683	38 992 930	5 944 046	2 142	44 934 834	82 773 849
Main: Storm Water	30 829 712	4 013 053	1 280	34 841 485	5 161 122	1 013 834	1 260	6 173 695	28 667 789
Main: Waste Management	2 904 379	220 098	-	3 124 477	1 063 045	150 928	-	1 213 972	1 910 505
Main: Electricity	10 163 842	791 311	4 631	10 950 522	2 132 736	309 625	1 444	2 440 917	8 509 605
Taxi Ranks	12 360 816	155 616	-	12 516 431	-	1 058	-	1 058	12 515 374
<b>Community Assets</b>	<b>11 456 762</b>	<b>4 754 143</b>	<b>-</b>	<b>16 210 904</b>	<b>4 530</b>	<b>321 621</b>	<b>-</b>	<b>326 150</b>	<b>15 884 754</b>
Sports Fields	2 780 560	2 120 192	-	4 900 752	-	44 455	-	44 455	4 856 297
Node Development	8 380 791	-	-	8 380 791	3 570	260 605	-	264 175	8 116 616
Parks & Gardens	9 579	944 813	-	954 392	960	5 450	-	6 410	947 982
Cemetery	285 832	1 689 138	-	1 974 969	-	11 110	-	11 110	1 963 859
<b>Leased Assets</b>	<b>91 610</b>	<b>-</b>	<b>-</b>	<b>91 610</b>	<b>80 650</b>	<b>3 263</b>	<b>-</b>	<b>83 913</b>	<b>7 697</b>
Office Equipment	91 610	-	-	91 610	80 650	3 263	-	83 913	7 697
<b>Other Assets</b>	<b>35 161 963</b>	<b>7 381 484</b>	<b>3 278 093</b>	<b>39 265 354</b>	<b>10 075 567</b>	<b>3 345 856</b>	<b>1 285 934</b>	<b>12 135 489</b>	<b>27 129 865</b>
Motor Vehicles	5 295 561	1 381 816	97 703	6 579 674	2 584 682	725 187	75 209	3 234 660	3 345 014
Plant & Equipment	21 357 014	2 304 553	2 837 337	20 824 229	4 428 820	1 545 677	921 903	5 052 595	15 771 635
Office Equipment	1 639 647	132 499	166 646	1 605 500	686 566	231 914	141 308	777 173	828 327
Furniture & Fittings	2 463 377	1 086 140	46 646	3 502 871	949 459	236 828	33 324	1 152 963	2 349 908
Loose Equipment	280 788	324 821	14 864	590 746	65 222	74 816	10 704	129 334	461 411
Computer Equipment	2 385 844	419 198	114 897	2 690 145	1 302 024	376 758	103 487	1 575 296	1 114 849
Specialised Vehicles	1 736 842	1 732 456	-	3 469 298	56 605	154 097	-	210 701	3 258 597
Security Items	2 890	-	-	2 890	2 188	578	-	2 766	124
	<b>254 744 693</b>	<b>52 671 029</b>	<b>3 341 605</b>	<b>304 074 117</b>	<b>57 510 579</b>	<b>11 538 686</b>	<b>1 739 237</b>	<b>67 310 028</b>	<b>236 764 090</b>

\* Included in the Additions for 2013/2014 is an amount of R12 272 435 for work-in-progress.

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

30 JUNE 2013

Reconciliation of Carrying Value - Restated  
- Note 36.01

- Note 36.01	Cost				Accumulated Depreciation			Carrying Value	
	Opening Balance R	Additions R	Disposals - Restated R	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals/ Revaluation R	Closing Balance R	R
Land and Buildings	47 819 981	5 178 278	-	52 998 259	-	382 347	382 347	-	52 998 259
Land	11 380 951	100 000	-	11 480 951	-	-	-	-	11 480 951
Buildings	36 439 031	5 078 278	-	41 517 309	-	382 347	382 347	-	41 517 309
Infrastructure	145 273 388	10 250 299	487 587	155 036 100	37 844 279	9 730 481	224 928	47 349 832	107 686 267
Main: Roads	90 316 188	8 494 936	33 773	98 777 351	30 716 559	8 286 669	10 299	38 992 930	59 784 421
Main: Storm Water	30 935 442	17 305	123 035	30 829 712	4 235 143	987 894	61 914	5 161 122	25 668 590
Main: Waste Management	2 904 379	-	-	2 904 379	910 848	152 196	-	1 063 045	1 841 335
Main: Electricity	9 784 041	710 580	330 779	10 163 842	1 981 729	303 722	152 715	2 132 736	8 031 106
Taxi Ranks	11 333 337	1 027 478	-	12 360 816	-	-	-	-	12 360 816
Community Assets	1 116 454	10 340 307	-	11 456 762	640	3 889	-	4 530	11 452 232
Sports Fields	-	2 780 560	-	2 780 560	-	-	-	-	2 780 560
Node Development	1 106 876	7 273 915	-	8 380 791	-	3 570	-	3 570	8 377 221
Parks & Gardens	9 579	-	-	9 579	640	319	-	960	8 619
Cemetery	-	285 832	-	285 832	-	-	-	-	285 832
Leased Assets	91 610	-	-	91 610	50 114	30 537	-	80 650	10 960
Office Equipment	91 610	-	-	91 610	50 114	30 537	-	80 650	10 960
Other Assets	25 435 147	11 872 328	2 145 512	35 161 963	8 724 129	2 514 664	1 163 215	10 075 567	25 086 396
Motor Vehicles	5 497 306	675 124	876 869	5 295 561	2 425 608	517 523	358 450	2 584 682	2 710 879
Plant & Equipment	13 649 185	8 594 848	887 020	21 357 014	3 964 050	1 047 023	582 241	4 428 820	16 928 193
Office Equipment	1 411 409	282 884	54 646	1 639 647	485 759	226 805	25 997	686 566	953 080
Furniture & Fittings	2 366 751	206 518	109 892	2 463 377	770 333	236 428	57 302	949 459	1 513 918
Loose Equipment	143 451	145 879	8 541	280 788	44 030	25 945	4 752	65 222	215 566
Computer Equipment	2 364 155	230 234	208 545	2 385 844	1 032 739	403 758	134 473	1 302 024	1 083 820
Specialised Vehicles	-	1 736 842	-	1 736 842	-	56 605	-	56 605	1 680 237
Security Items	2 890	-	-	2 890	1 610	578	-	2 188	702
	219 736 581	37 641 212	2 633 099	254 744 693	46 619 162	12 661 919	1 770 489	57 510 579	197 234 114

GRAP 17 - Property, Plant and Equipment

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

	2014	2013
	R	R
Buildings	2 091 876	-
Cemeteries	1 492 194	285 832
Infrastructure - Electricity	25 924	25 924
Infrastructure - Roads (Restated 2013)	29 055 550	8 494 936
Infrastructure - Waste Management	449 712	229 614
Parks & Gardens	721 865	-
Sports Fields	1 677 000	2 780 560
Taxi Ranks	935 995	12 360 816
	<b>36 450 116</b>	<b>24 177 681</b>



INSERT ACCOUNTING POLICY

**APPENDIX A - Unaudited  
SENQU MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014**

<b>EXTERNAL LOANS</b>	<b>Rate</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30 JUNE 2013</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30 JUNE 2014</b>
<b>ANNUITY LOANS</b>						
DBSA loan	Floating	103126/1	2029	10 425 693	631 860	9 793 833
DBSA loan	Fixed	103126/2	2030	4 793 367	149 954	4 643 414
<b>Total Annuity Loans</b>				<b>15 219 060</b>	<b>781 814</b>	<b>14 437 246</b>
<b>LEASE LIABILITY</b>						
Finance Leases			2013	11 510	11 510	-
<b>Total Lease Liabilities</b>				<b>11 510</b>	<b>11 510</b>	<b>-</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>15 230 570</b>	<b>793 324</b>	<b>14 437 246</b>

**APPENDIX B - Unaudited  
SENQU MUNICIPALITY**

**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2014  
GENERAL FINANCE STATISTICS CLASSIFICATION**

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions (Includes WIP)	Disposals	Closing Balance	Opening Balance	Additions	Disposals/ Revaluation	Closing Balance	
Executive & Council	2 404 864	301 907	20 735	2 686 035	712 338	372 338	16 774	1 067 902	1 618 133
Planning & Development	10 423 021	49 947	2 481 296	7 991 672	1 080 605	94 774	735 147	440 231	7 551 441
Corporate Services	59 732 749	5 298 065.45	50 675	64 980 140	543 757	593 268	493 238	643 787	64 336 353
Budget & Treasury	2 901 017	393 320	150 358	3 143 979	1 445 740	395 227	135 861	1 705 106	1 438 873
Road Transport	160 479 223	35 306 465	211 387	195 574 302	48 458 723	8 483 517	132 000	56 810 240	138 764 062
Electricity	10 661 376	1 275 693	50 423	11 886 646	3 354 860	578 958	33 680	3 900 137	7 986 509
Community & Social Services	4 520 076	4 089 958	181 154	8 428 881	364 793	394 486	138 457	620 822	7 808 060
Public Safety	-	714 460	-	714 460		5 131	-	5 131	709 329
Sport & Recreation	5 178 987	2 350 545	-	7 529 532	96 505	47 420	-	143 925	7 385 607
Waste Management	7 674 026	2 947 020	250 761	10 370 285	1 839 226	648 783	106 952	2 381 057	7 989 228
	<b>263 975 341</b>	<b>52 727 380</b>	<b>3 396 789</b>	<b>313 305 933</b>	<b>57 896 547</b>	<b>11 613 900</b>	<b>1 792 109</b>	<b>67 718 338</b>	<b>245 587 594</b>

**APPENDIX C - Unaudited**  
**SENQU MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R		2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R
4 836 000	19 369 927	(14 533 927)	Executive & Council	5 571 000	21 670 269	(16 099 269)
10 554 334	9 732 176	822 158	Planning & Development	878 088	11 654 635	(10 776 547)
2 285 250	10 804 555	(8 519 305)	Corporate Services	163 837	10 850 609	(10 686 772)
578 707	1 413 640	(834 933)	Housing	252 685	1 393 437	(1 140 753)
20 070	17 607	2 463	Public Safety	74 394	14 413	59 981
93 504 409	12 886 562	80 617 847	Budget & Treasury	98 705 169	15 525 040	83 180 129
15 386 969	28 721 864	(13 334 895)	Road Transport	41 118 285	27 056 559	14 061 725
30 115 520	29 482 732	632 788	Electricity	32 924 086	31 519 043	1 405 043
4 150 637	5 864 475	(1 713 838)	Community & Social Services	4 692 863	7 159 079	(2 466 216)
3 094 896	122 000	2 972 896	Sport & Recreation	2 221 294	242 705	1 978 589
7 190 470	10 113 576	(2 923 106)	Waste Management	7 445 216	10 923 677	(3 478 462)
<b>171 717 262</b>	<b>128 529 113</b>	<b>43 188 150</b>	<b>Total</b>	<b>194 046 915</b>	<b>138 009 468</b>	<b>56 037 447</b>

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

Grant Description	Balance 1 JULY 2013	Contributions during the year	Interest on Investments	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Returned National Revenue Fund	Transferred to Trade Payables	Balance 30 JUNE 2014
<b>CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>		<b>R</b>
<b><u>National Government Grants</u></b>								
Equitable Share	-	98 133 000	-	98 133 000	-	-	-	-
Municipal Finance Management	-	1 550 000	-	1 550 000	-	-	-	-
Municipal Infrastructure Grant	11 733 701	27 953 000	-	6 384 633	34 288 139	-	-	(986 071)
Municipal Systems Improvement	-	890 000	-	890 000	-	-	-	-
NDPG (Neighbourhood Development Partnership Grant)	7 919 056	-	-	-	-	1 307 000	4 602 000	2 010 056
EPWP (Expanded Public Works Program)	-	2 160 000	-	2 160 000	-	-	-	-
Dept Sport (Youth Development - Sport Fields)	-	1 398 033	-	-	1 398 033	-	-	-
<b>Total National Government Grants</b>	<b>19 652 757</b>	<b>132 084 033</b>	<b>-</b>	<b>109 117 633</b>	<b>35 686 172</b>	<b>1 307 000</b>	<b>4 602 000</b>	<b>1 023 985</b>
<b><u>Provincial Government Grants</u></b>								
Prov Gov - Housing (Hillside)	453 424	-	-	220 771	-	-	-	232 652
Herschel People's Housing	7 719 169	-	334 344	-	-	-	-	8 053 512
Vuna Awards	-	470 000	-	110 404	-	-	-	359 596
Alien Vegetation Eradication	-	1 523 000	-	878 088	-	-	-	644 912
Libraries	-	1 200 000	-	1 200 000	-	-	-	-
<b>Total Provincial Government Grants</b>	<b>8 172 592</b>	<b>3 193 000</b>	<b>334 344</b>	<b>2 409 263</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 290 673</b>
<b>Total</b>	<b>27 825 350</b>	<b>135 277 033</b>	<b>334 344</b>	<b>111 526 897</b>	<b>35 686 172</b>	<b>1 307 000</b>	<b>4 602 000</b>	<b>10 314 658</b>

**APPENDIX E - Unaudited**  
**SENQU MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**  
**REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b><u>Revenue - Standard</u></b>								
<b><i>Governance and administration</i></b>	<b>101 730</b>	<b>(314)</b>	<b>101 416</b>	<b>104 440</b>	<b>3 024</b>	<b>103.0%</b>	<b>102.7%</b>	<b>100 626</b>
Executive and council	5 571	–	5 571	5 571	–	100.0%	100.0%	4 836
Budget and treasury office	96 102	(314)	95 788	98 705	2 917	103.0%	102.7%	93 504
Corporate services	56	–	56	164	108	291.6%	291.6%	2 285
<b><i>Community and public safety</i></b>	<b>11 229</b>	<b>73</b>	<b>11 303</b>	<b>7 241</b>	<b>(4 061)</b>	<b>64.1%</b>	<b>64.5%</b>	<b>7 844</b>
Community and social services	5 382	(585)	4 797	4 693	(104)	97.8%	87.2%	4 151
Sport and recreation	4 793	573	5 366	2 221	(3 145)	41.4%	46.3%	3 095
Public safety	1 033	(308)	725	74	(650)	10.3%	7.2%	20
Housing	21	394	415	253	(162)	60.9%	1191.9%	579
<b><i>Economic and environmental services</i></b>	<b>26 499</b>	<b>14 519</b>	<b>41 018</b>	<b>41 996</b>	<b>978</b>	<b>102.4%</b>	<b>158.5%</b>	<b>25 941</b>
Planning and development	1 287	1 745	3 032	878	(2 154)	29.0%	68.2%	10 554
Road transport	25 212	12 774	37 986	41 118	3 132	108.2%	163.1%	15 387
<b><i>Trading services</i></b>	<b>35 657</b>	<b>(261)</b>	<b>35 396</b>	<b>40 369</b>	<b>4 973</b>	<b>114.1%</b>	<b>113.2%</b>	<b>37 306</b>
Electricity	27 753	159	27 912	32 924	5 012	118.0%	118.6%	30 116
Waste management	7 904	(420)	7 484	7 445	(39)	99.5%	94.2%	7 190
<b>Total Revenue - Standard</b>	<b>175 115</b>	<b>14 017</b>	<b>189 133</b>	<b>194 047</b>	<b>4 914</b>	<b>102.6%</b>	<b>110.8%</b>	<b>171 717</b>
<b><u>Expenditure - Standard</u></b>								
<b><i>Governance and administration</i></b>	<b>47 788</b>	<b>4 939</b>	<b>52 726</b>	<b>48 046</b>	<b>(4 681)</b>	<b>91.1%</b>	<b>100.5%</b>	<b>43 061</b>
Executive and council	20 442	2 318	22 759	21 670	(1 089)	95.2%	106.0%	19 370
Budget and treasury office	15 707	618	16 325	15 525	(800)	95.1%	98.8%	12 887
Corporate services	11 639	2 003	13 642	10 851	(2 791)	79.5%	93.2%	10 805
<b><i>Community and public safety</i></b>	<b>13 125</b>	<b>(1 911)</b>	<b>11 214</b>	<b>8 810</b>	<b>(2 405)</b>	<b>78.6%</b>	<b>67.1%</b>	<b>7 418</b>
Community and social services	10 182	(2 049)	8 133	7 159	(974)	88.0%	70.3%	5 864
Sport and recreation	348	181	528	243	(285)	46.0%	69.8%	122
Public safety	637	80	717	14	(703)	2.0%	2.3%	18
Housing	1 958	(123)	1 835	1 393	(442)	75.9%	71.2%	1 414
<b><i>Economic and environmental services</i></b>	<b>45 454</b>	<b>(3 176)</b>	<b>42 278</b>	<b>38 711</b>	<b>(3 567)</b>	<b>91.6%</b>	<b>85.2%</b>	<b>38 454</b>
Planning and development	12 479	233	12 712	11 655	(1 057)	91.7%	93.4%	9 732
Road transport	32 975	(3 409)	29 566	27 057	(2 510)	91.5%	82.1%	28 722
<b><i>Trading services</i></b>	<b>51 098</b>	<b>(1 292)</b>	<b>49 805</b>	<b>42 443</b>	<b>(7 363)</b>	<b>85.2%</b>	<b>83.1%</b>	<b>39 596</b>
Electricity	35 883	460	36 344	31 519	(4 825)	86.7%	87.8%	29 483
Waste water management	827	0	827	–	(827)	–	–	–
Waste management	14 387	(1 753)	12 634	10 924	(1 711)	86.5%	75.9%	10 114
<b>Total Expenditure - Standard</b>	<b>157 465</b>	<b>(1 440)</b>	<b>156 024</b>	<b>138 009</b>	<b>(18 015)</b>	<b>88.5%</b>	<b>87.6%</b>	<b>128 529</b>
<b>Surplus/(Deficit) for the year</b>	<b>17 650</b>	<b>15 458</b>	<b>33 108</b>	<b>56 037</b>	<b>22 929</b>	<b>169.3%</b>	<b>317.5%</b>	<b>43 188</b>

**APPENDIX E - Unaudited  
SENQU MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014  
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>Revenue by Vote</b>								
Executive and Council	5 571	–	5 571	5 571	–	100.0%	100.0%	4 836
Budget and Treasury Office	96 102	(314)	95 788	98 705	2 917	103.0%	102.7%	93 504
Corporate Services	56	–	56	164	108	291.6%	291.6%	2 285
Community and Social Services	5 382	(585)	4 797	4 693	(104)	97.8%	87.2%	4 151
Sport and Recreation	4 793	573	5 366	2 221	(3 145)	41.4%	46.3%	3 095
Public Safety	25	–	25	74	50	301.0%	301.0%	20
Housing	21	394	415	253	(162)	60.9%	1191.9%	579
Planning and development	1 287	1 745	3 032	878	(2 154)	29.0%	68.2%	10 554
Road Transport	25 212	12 774	37 986	41 118	3 132	108.2%	163.1%	15 387
Electricity	28 761	(149)	28 612	32 924	4 312	115.1%	114.5%	30 116
Waste Management	7 904	(420)	7 484	7 445	(39)	99.5%	94.2%	7 190
<b>Total Revenue by Vote</b>	<b>175 115</b>	<b>14 017</b>	<b>189 133</b>	<b>194 047</b>	<b>4 914</b>	<b>102.6%</b>	<b>110.8%</b>	<b>171 717</b>
<b>Expenditure by Vote to be appropriated</b>								
Executive and Council	20 442	2 318	22 759	21 670	(1 089)	95.2%	106.0%	19 370
Budget and Treasury Office	15 707	618	16 325	15 525	(800)	95.1%	98.8%	12 887
Corporate Services	11 639	2 003	13 642	10 851	(2 791)	79.5%	93.2%	10 805
Community and Social Services	10 182	(2 049)	8 133	7 159	(974)	88.0%	70.3%	5 864
Sport and Recreation	348	181	528	243	(285)	46.0%	69.8%	122
Public Safety	67	(0)	67	14	(52)	21.6%	21.6%	18
Housing	1 958	(123)	1 835	1 393	(442)	75.9%	71.2%	1 414
Planning and development	12 479	233	12 712	11 655	(1 057)	91.7%	93.4%	9 732
Road Transport	32 975	(3 409)	29 566	27 057	(2 510)	91.5%	82.1%	28 722
Electricity	36 454	540	36 994	31 519	(5 475)	85.2%	86.5%	29 483
Waste water management	827	0	827	–	(827)	–	–	–
Waste Management	14 387	(1 753)	12 634	10 924	(1 711)	86.5%	75.9%	10 114
<b>Total Expenditure by Vote</b>	<b>157 465</b>	<b>(1 440)</b>	<b>156 024</b>	<b>138 009</b>	<b>(18 015)</b>	<b>88.5%</b>	<b>87.6%</b>	<b>128 529</b>
<b>Surplus/(Deficit) for the year</b>	<b>17 650</b>	<b>15 458</b>	<b>33 108</b>	<b>56 037</b>	<b>22 929</b>	<b>169.3%</b>	<b>317.5%</b>	<b>43 188</b>

**APPENDIX E - Unaudited  
SENQU MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014  
REVENUE AND EXPENDITURE**

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b><u>Revenue By Source</u></b>								
Property rates	4 612	(314)	4 298	4 492	194	104.5%	97.4%	4 312
Service charges	21 721	159	21 880	26 052	4 171	119.1%	119.9%	25 267
Rental of facilities and equipment	278	–	278	501	223	180.2%	180.2%	424
Interest earned - external investments	7 000	–	7 000	8 881	1 881	126.9%	126.9%	7 476
Interest earned - outstanding debtors	843	–	843	1 544	701	183.1%	183.1%	1 092
Fines	60	–	60	34	(26)	56.7%	56.7%	65
Licences and permits	1 140	–	1 140	1 548	408	135.8%	135.8%	1 750
Agency services	1 802	300	2 102	1 956	(146)	93.1%	108.6%	1 619
Transfers recognised - operational	106 932	2 145	109 077	111 527	2 450	102.2%	104.3%	103 398
Other revenue	371	(6)	365	1 824	1 460	500.3%	491.9%	5 952
Gains on disposal of PPE	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>144 760</b>	<b>2 284</b>	<b>147 043</b>	<b>158 361</b>	<b>11 317</b>	<b>6438.5%</b>	<b>109.4%</b>	<b>151 355</b>
<b><u>Expenditure By Type</u></b>								
Employee related costs	57 313	(7 908)	49 405	48 400	(1 005)	98.0%	84.4%	40 018
Remuneration of councillors	9 635	208	9 843	9 580	(262)	97.3%	99.4%	8 858
Debt impairment	4 270	0	4 270	5 093	823	119.3%	119.3%	5 093
Depreciation & asset impairment	15 224	326	15 550	11 766	(3 784)	75.7%	77.3%	12 929
Finance charges	1 639	–	1 639	1 281	(358)	78.1%	78.1%	1 299
Bulk purchases	26 677	–	26 677	19 424	(7 253)	72.8%	72.8%	19 167
Transfers and grants	334	–	334	111	(223)	33.2%	33.2%	333
Other expenditure	42 373	5 934	48 306	40 428	(7 878)	83.7%	95.4%	39 739
Loss on disposal of PPE	–	–	–	1 926	1 926	–	–	1 092
<b>Total Expenditure</b>	<b>157 465</b>	<b>(1 440)</b>	<b>156 024</b>	<b>138 009</b>	<b>(18 015)</b>	<b>-10832.3%</b>	<b>87.6%</b>	<b>128 529</b>
<b>Surplus/(Deficit)</b>	<b>(12 705)</b>	<b>3 724</b>	<b>(8 981)</b>	<b>20 351</b>	<b>29 332</b>	<b>-226.6%</b>	<b>-160.2%</b>	<b>22 826</b>
Transfers recognised - capital	30 355	11 734	42 089	35 686	(6 403)	84.8%	117.6%	20 143
Contributed assets	–	–	–	–	–	–	–	219
<b>Surplus/(Deficit) for the year</b>	<b>17 650</b>	<b>15 458</b>	<b>33 108</b>	<b>56 037</b>	<b>22 929</b>	<b>169.3%</b>	<b>317.5%</b>	<b>43 188</b>



**APPENDIX E - Unaudited  
SENQU MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014  
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Description  R thousand	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>Capital expenditure - Vote</b>					-	-	-	
<b>Multi-year expenditure</b>					-	-	-	
Vote 3 - Corporate Services	4 000	(4 000)	-	-	-	-	-	-
Vote 5 - Road Transport	18 554	(8 834)	9 720	11 048	1 328	113.7%	59.5%	349
Vote 10 - Sport & Recreation	4 793	(427)	4 366	2 036	(2 330)	46.6%	42.5%	2 586
Vote 12 - Electricity	1 508	(1 508)	-	-	-	-	-	-
<b>Capital multi-year expenditure</b>	<b>28 855</b>	<b>(14 769)</b>	<b>14 086</b>	<b>13 084</b>	<b>(1 002)</b>	<b>92.9%</b>	<b>45.3%</b>	<b>2 935</b>
<b>Single-year expenditure</b>								
Vote 1 - Executive & Council	1 625	(800)	825	302	(523)	36.6%	18.6%	714
Vote 2 - Planning & Development	100	170	270	50	(220)	18.5%	49.9%	7 319
Vote 3 - Corporate Services	400	9 300	9 700	5 298	(4 402)	54.6%	1324.5%	2 191
Vote 4 - Budget & Treasury	500	-	500	393	(107)	78.7%	78.7%	330
Vote 5 - Road Transport	7 160	20 914	28 074	24 258	(3 816)	86.4%	338.8%	18 598
Vote 9 - Community & Social Services	7 850	(1 595)	6 255	4 090	(2 165)	65.4%	52.1%	2 868
Vote 10 - Sport & Recreation	-	1 000	1 000	315	(685)	31.5%	#DIV/0!	195
Vote 11 - Public Safety	1 100	(200)	900	714	(186)	79.4%	65.0%	-
Vote 12 - Electricity	3 920	530	4 450	1 276	(3 174)	28.7%	32.5%	775
Vote 13 - Waste Management	4 970	(540)	4 430	2 947	(1 483)	66.5%	59.3%	1 741
<b>Capital single-year expenditure</b>	<b>27 625</b>	<b>28 779</b>	<b>56 404</b>	<b>39 643</b>	<b>(16 760)</b>	<b>70%</b>	<b>144%</b>	<b>34 730</b>
<b>Total Capital Expenditure - Vote</b>	<b>56 480</b>	<b>14 009</b>	<b>70 490</b>	<b>52 727</b>	<b>(17 762)</b>	<b>75%</b>	<b>93%</b>	<b>37 665</b>
<b>Capital Expenditure - Standard</b>					-	-	-	
<b>Governance and administration</b>	<b>6 525</b>	<b>4 500</b>	<b>11 025</b>	<b>5 993</b>	<b>(5 032)</b>	<b>54.4%</b>	<b>91.9%</b>	<b>3 235</b>
Executive and council	1 625	(800)	825	302	(523)	36.6%	18.6%	714
Budget and treasury office	500	-	500	393	(107)	78.7%	78.7%	330
Corporate services	4 400	5 300	9 700	5 298	(4 402)	54.6%	120.4%	2 191
<b>Community and public safety</b>	<b>13 743</b>	<b>(1 222)</b>	<b>12 521</b>	<b>7 155</b>	<b>(5 366)</b>	<b>57.1%</b>	<b>52.1%</b>	<b>5 649</b>
Community and social services	7 850	(1 595)	6 255	4 090	(2 165)	65.4%	52.1%	2 868
Sport and recreation	4 793	573	5 366	2 351	(3 015)	43.8%	49.0%	2 781
Public safety	1 100	(200)	900	714	(186)	79.4%	65.0%	-
<b>Economic and environmental services</b>	<b>25 814</b>	<b>12 250</b>	<b>38 064</b>	<b>35 356</b>	<b>(2 708)</b>	<b>92.9%</b>	<b>137.0%</b>	<b>26 265</b>
Planning and development	100	170	270	50	(220)	18.5%	49.9%	7 319
Road transport	25 714	12 080	37 794	35 306	(2 488)	93.4%	137.3%	18 947
<b>Trading services</b>	<b>10 398</b>	<b>(1 518)</b>	<b>8 880</b>	<b>4 223</b>	<b>(4 657)</b>	<b>47.6%</b>	<b>40.6%</b>	<b>2 517</b>
Electricity	5 428	(978)	4 450	1 276	(3 174)	28.7%	23.5%	775
Waste management	4 970	(540)	4 430	2 947	(1 483)	66.5%	59.3%	1 741
<b>Total Capital Expenditure - Standard</b>	<b>56 480</b>	<b>14 009</b>	<b>70 490</b>	<b>52 727</b>	<b>(17 762)</b>	<b>75%</b>	<b>93%</b>	<b>37 665</b>
<b>Funded by:</b>					-	-	-	
National Government	30 355	11 734	42 089	35 686	(6 403)	84.8%	117.6%	20 143
Transfers recognised - capital	30 355	11 734	42 089	35 686	(6 403)	85%	118%	20 143
Internally generated funds	26 125	2 276	28 401	17 041	(45 442)	-60.0%	-65.2%	17 522
<b>Total Capital Funding</b>	<b>56 480</b>	<b>14 009</b>	<b>70 490</b>	<b>35 686</b>	<b>(34 803)</b>	<b>51%</b>	<b>63%</b>	<b>37 665</b>

**APPENDIX E - Unaudited  
SENQU MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014  
CASH FLOWS**

Description	2013/2014							2012/2013
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>					-	-	-	
Ratepayers and other	28 531	(3 413)	25 118	33 318	8 200	132.6%	116.8%	35 066
Government - operating	106 932	1 532	108 464	134 304	25 840	123.8%	125.6%	134 390
Government - capital	30 355	11 734	42 089	-	(42 089)	-	-	-
Interest	7 843	-	7 843	8 881	1 038	113.2%	113.2%	7 476
<b>Payments</b>					-	-	-	
Suppliers and employees	(137 130)	(22 011)	(159 141)	(113 152)	45 989	71.1%	82.5%	(109 128)
Finance charges	(1 639)	-	(1 639)	(1 281)	358	78.1%	78.1%	(39 261)
Transfers and Grants	(334)	-	(334)	(111)	223	33.2%	33.2%	(1 632)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>34 559</b>	<b>(12 158)</b>	<b>22 401</b>	<b>61 961</b>	<b>39 560</b>	<b>276.6%</b>	<b>179.3%</b>	<b>26 912</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					-	-	-	
<b>Receipts</b>					-	-	-	
Proceeds on disposal of PPE	-	-	-	128				236
<b>Payments</b>					-	-	-	
Capital assets	(56 480)	(14 009)	(70 490)	(52 727)	17 762	74.8%	93.4%	(37 665)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(56 480)</b>	<b>(14 009)</b>	<b>(70 490)</b>	<b>(52 600)</b>	<b>17 890</b>	<b>74.6%</b>	<b>93.1%</b>	<b>(37 429)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					-	-	-	
<b>Receipts</b>					-	-	-	
Increase (decrease) in consumer deposits	43	32	75	169	94	226.3%	397.1%	417
<b>Payments</b>					35 746	-	-	
Repayment of borrowing	(899)	108	(791)	(793)	(2)	100.3%	88.2%	(805)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(856)</b>	<b>140</b>	<b>(716)</b>	<b>(624)</b>	<b>92</b>	<b>87.1%</b>	<b>72.9%</b>	<b>(388)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(22 777)</b>	<b>(26 028)</b>	<b>(48 805)</b>	<b>8 737</b>	<b>57 542</b>	<b>-17.9%</b>	<b>-38.4%</b>	<b>(10 905)</b>
Cash/cash equivalents at the year begin:	101 623	52 630	154 253	154 253	-	100.0%	151.8%	125 897
Cash/cash equivalents at the year end:	78 846	26 602	105 448	162 990	57 634	154.6%	206.7%	154 253